Encouraging Collective Farmers Marketing Initiatives

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Collective Farmers’ Marketing Initiatives across Europe – Driving Forces, Diversity & Challenges

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Outline

- Past and present of collective action in European agriculture
- Main lines and objectives of COFAMI project
- Wider market & policy trends and driving forces of COFAMIs
- Different COFAMI strategies and examples across Europe
- Conclusions
Past and present of collective action

- Important role of collective action by farmers in history of European agriculture
  - Marketing and buying co-operatives → improved market access, farm incomes, regional employment
  - Farmer study groups → technological innovation, spread of sustainable production methods

- Traditional co-operative strategies run counter to changing market contexts, societal demands and internal management challenges
Past and present of collective action

New collective farmers’ marketing initiatives (COFAMIs) are emerging throughout Europe, including:

- Producer groups of organic and regional/local foods
- Supply chain co-operation to guarantee product quality
- Direct producer-consumer associations
- Groups providing public goods & services (tourism, landscape, care etc.)

What can we learn from new COFAMIs? Do they provide answers to challenges of EU agriculture? If so, how can they be best supported?
Objectives of COFAMI project


- To identify (social, economic, cultural & political) factors that limit / enable farmers to pool ideas, experiences and capital in the development of co-operative producer organisations and marketing initiatives
  - To obtain overview of diversity of COFAMIs across Europe and identify different strategies
  - To identify different limiting / enabling factors and their importance according to regions, COFAMI strategies and development stages
  - To formulate support strategies and policy measures for the development, performance and dissemination of COFAMIs
COFAMI research activities

- **Literature research**, incl. ‘quick-scan’ of results from 8 previous research projects
- **Status-quo review** of collective marketing in 10 countries, resulting in typology of COFAMI strategies
- 18 in-depth **case studies** of representative set of COFAMIs, covering: strategy, relevant networks, sustainability impacts & support strategies
- **Comparative analysis** of case studies to identify (general and specific) limiting / enabling factors
- **Stakeholder & expert consultation** by European Expert Group and National Stakeholder Forums in all countries
COFAMI study countries & research teams

The Netherlands
Wageningen University
(Co-ordinator)

Germany
Institute for Rural Development Research

France
QAP Decision

Denmark
Aarhus University

Latvia
Baltic Studies Centre

Czech republic
Czech University of Agriculture in Prague

Hungary
Institute for Political Sciences

Austria
Innsbruck University

Switzerland
Research Institute for Organic Agriculture

Italy
Research Centre on Animal Production

Sixth Framework Programme
18 COFAMI case studies
Relevant market & policy trends

Countryside as production space

Differentiated qualities
Demand driven

1) Concentration in retail & processing
2) Growing importance of quality standards
3) Changing consumer habits & preferences

Multifunctional agriculture

Productivist agriculture

Commodity production
Production driven

4) Emergence of new actors in rural areas
5) New markets for public goods & services

Countryside as multiple land-use space (leisure, food, nature, etc.)
Relevant market & policy trends

- Concentration in retail & processing
  - Transnational retailers have obtained central position as ‘gatekeepers’ between farmers and consumers
  - ‘Global sourcing’ of retailing & processing → competition and substitution amongst primary producers world-wide
  - Dominance of large retail surface → general lack of small and medium-sized retail / processing infrastructures

Consumers: 160,000,000
Customers: 89,000,000
Outlets: 170,000
Supermarket formats: 600
Buying desks: 110
Manufacturers: 8,600
Semi-manufacturers: 80,000
Suppliers: 160,000
Farmers/producers: 3,200,000
Relevant market & policy trends

- Growing importance of quality standards
  - Shift from ‘bulk’ markets to differentiated product qualities and brands
  - Increase of public requirements for environment, safety, hygiene, animal welfare etc.
  - Multiplicity of private quality standards on top of public ones

- Changing consumer habits & preferences
  - Changing consumer habits (convenience, grazing & snacking, outdoor consumption)
  - At same time appreciation for food quality, authenticity and mode of production (environment, animal welfare)
  - More active involvement of consumer NGOs in food and rural issues
Relevant market & policy trends

- Emergence of new actors in rural areas
  - Rural areas no longer strongholds of farming, but meeting place of variety of rural actors
  - From production space to ‘consumption countryside’
  - Growing role of partnerships in rural development policy

- New markets for public goods & services
  - Recognition of contribution agriculture in preservation biodiversity, landscape, culture etc. (multifunctionality)
  - Emergence of new non-food markets in rural areas, e.g. energy production, tourism, care etc.
  - Importance of synergies between different functions / activities in successful regional development
Different COFAMI strategies

Consumers

Chain Intermediaries (processors / retail)

Extra-local policy actors

Local social & policy actors

COFAMI

Other economic actors

Product specificity

Location Factors

Ecology

Culture / Identity
Different COFAMI strategies

- Consumers
- Extra-local policy actors
- Local social & policy actors
- Chain Intermediaries (processors / retail)
- COFAMI
- Other economic actors
- Product specificity
  - Location Factors
  - Ecology
  - Culture / Identity

Territorial resource base
Different COFAMI strategies

Consumers

COFAMI

Chain Intermediaries (processors / retail)

Extra-local policy actors

Local social & policy actors

Other economic actors

Market environment

Product specificity

Location Factors

Ecology

Culture / Identity
Different COFAMI strategies

Policy environment

Extra-local policy actors

Local social & policy actors

Consumers

Chain Intermediaries (processors / retail)

Other economic actors

Product specificity

Location Factors

Ecology

Culture / Identity

COFAMI

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Different COFAMI strategies

Differences in:
- Relevant social networks
- Role of policy & state agencies

Differences in:
- Market strategy
- Alliances with other market parties

Differences in:
- Specific product quality
- Use of local resources
1. Countervailing power

Undermined by:
- Concentration in retail
- Market saturation, competition
- Food quality standards

Building market power by:
- Pooling volume
- Risk management
- Investment in processing
- Shared market knowledge

Important in CEE countries and non-food markets (e.g. energy crops)
Examples

NAWARO - Germany

LATRAPS - Latvia
2. Producer-consumer co-operation

- Producers & consumers jointly put pressure on / circumvent intermediaries
- Key role of engaged consumer
- Market knowledge

- Local & regional governments can play facilitating role
- Enabling role NGOs and social movements

- Product specificity
- Local food, fair trade, authenticity, freshness

- Location Factors
- Ecology
- Culture / Identity

- Consumers
- Chain Intermediaries (processors / retail)
- Other economic actors
- Extra-local policy actors
- Local social & policy actors
Examples

AMAP - France

Organic webshops in Netherlands, Italy and Switzerland
3. Quality differentiation

Building ‘niche’ markets by:
- Creating specific product quality
- Quality agreements along chain
- Collective processing
- Reputation, premium prices

Quality differentiation by:
- Strong links with territory (e.g. PDO/PGI)
- Adhering to quality standard (e.g. organic)

External quality guarantee

Promotion

Location Factors
Ecology
Culture / Identity

Consumers
Chain Intermediaries (processors / retail)

Extra-local policy actors
Local social & policy actors
Other economic actors

COFAMI

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Examples

Beaufort - France

Fejø- Denmark

Arany Sárfehér - Hungary
4. Region marketing / branding

Territorial policy schemes (e.g. LEADER+, Biosphere)

Extra-local policy actors

Local social & policy actors

COFAMI

Consumers

Chain Intermediaries (processors / retail)

Local shops / restaurants

Tourism enterprises

Product specificity

Services & public goods (e.g. landscape)

Basket of products & services → Region as a whole becomes product / brand

COFAMI

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Examples

Fuchsia Brand - Ireland

Region branding in Netherland, Czech republic and Germany
Conclusions

- New forms of collective farmers’ marketing that go beyond traditional co-operative mechanisms (´countervailing power´) can be observed across Europe.

- These can be understood as responses to changing market, policy and societal contexts:
  - Loss of control over supply chains due to concentration in retailing & processing
  - Growing differentiation of rural areas, evolving urban-rural relations, and changes in EU rural policy frameworks
  - New markets for distinctive food qualities, services & public goods

- COFAMIs apply a diversity of strategies - sometimes in combination - that are crucial to understand their functioning and (potential) impacts.
Conclusions

- COFAMIs are mainly driven by the collective entrepreneurship of farmers, but have in common that build and capitalize on new networks beyond the agricultural sector.

- The nature of new (supply chain, territorial, community, private-public) networks and relevant actors for these is different for COFAMI strategies.
Thank you for your attention