Collective approach to farmers marketing

The history of European agriculture and rural development would be very different indeed if various collective actions by farmers across the continent had not taken place.

In the last century the foundation of agricultural marketing co-operatives helped to secure better market access and increase farm incomes and regional employment. Latterly, collectives such as study groups and producer associations have made an important contribution to the spread of sustainable production methods. Market contexts and societal expectations have changed considerably over the years, however, and today European agriculture faces a range of new challenges. The growing power of retailers and processors has led to diminished control over supply chains by farmers. At the same time there is a need to respond to changing demands for food safety, quality, environmental sustainability and an attractive and diverse countryside.

The COFAMI (Encouraging Collective Farmers Marketing Initiatives) Project has studied the way in which COFAMIs can respond to changing market and policy conditions. It has attempted to identify the social, economic, cultural and political factors that limit or enable the development of such initiatives and strengthen their contribution to sustainable rural development and food provisioning.

Project activities included a look at the policies and experiences in 10 countries with the aim of obtaining an overview of collective marketing initiatives across Europe. Also, 18 in-depth studies of COFAMIs, representing different strategies and settings, were carried out to provide insights into their methods of operation and the factors that enable and limit their progress. The impact and contribution of these initiatives to sustainable development was assessed. Finally, a set of recommendations for support strategies and policy measures to further enhance the performance of COFAMIs was developed, building on two stakeholder consultation rounds in all study countries.

Research results have shown that new collective initiatives were emerging among European farmers in response to these challenges. Examples found included groups that produced specialised or organic foods; those that collectively promoted and marketed regional foods, others which made joint investments in non-food products and services such as bio energy production or tourism, and a final group which developed new forms of producer/consumer co-operation. A number of strategies were identified. These are:

1) Initiatives that aim at pooling volume.
Both traditional co-operatives and producer organisations emphasise the pooling of goods produced by a large number of farms, thereby enabling scale advantages in logistics, lower transport costs and the ability to exercise more influence on price levels. However, wider changes in terms of markets and policy have affected such co-operatives, including the loss of market power due to concentration processes in retailing. Also, their generally large size may undermine the identification of member farmers with the organisation. The challenge for co-operatives is to find ways of reconciling member involvement with effective marketing strategies, and to strengthen their bargaining power all along the supply chain by differentiating quality.

2) Initiatives with a focus on high-quality food products
The common aim of such initiatives is to create an exclusive product with a distinctive enough mode of production to generate a premium price and/or customer loyalty. Examples of this group include collective marketing initiatives of organic or animal-friendly produce. Labels and guaranteed production standards play a crucial part in communicating the exclusivity of such products, helping to build reputation. This cluster might also include processors and retailers who are part of the marketing initiative, and a key challenge is to co-ordinate actions of all chain partners.
3) Initiatives concentrating on regional food products

This category is related to the previous one, but with one specific difference: quality is determined by strengthening the links between the food product and the territory. Examples of this group include associations of producers who create and market products with reference to local/regional provenance, and the specific qualities arising from this. This group uses marketing initiatives that build on strong traditions of regional quality production, strongly present in France, Italy and other southern European countries, often facilitated by state-guaranteed labels ensuring origin and production methods. Other countries, which don't have such a strong traditions, are also witnessing an upsurge in local food initiatives in response to a growing consumer appreciation of authentic food and cuisine. A key challenge for such initiatives, especially where traditions have been lost, is to find ways to emphasise territorial identity and product characteristics.

4) Initiatives aiming at direct producer-consumer relations

The main characteristic of this cluster is a strategy to avoid middlemen and increase the understanding and communication between both ends of the supply chain by applying direct marketing strategies such as farm shops, vegetable box schemes and farmers markets. This ties in with ethical concerns about business relations, an important issue when combined with organics, and also builds on the desire of a dedicated consumer segment to consciously decide where their food comes from. A feature of these initiatives is their bottom-up nature, with little government or other regulatory involvement. Their roots lie mainly in social coalitions at local or regional level. An important challenge here is how to upscale direct selling activities beyond the individual farm without losing the strength of face-to-face contact. Interestingly, the use of ICT by means of webshops and home delivery services in recent years has helped these initiatives.

5) Initiatives developing non-food markets for non-food products and services

Two groups can be identified here: initiatives offering agri-environmental and rural services (including tourism and nature and landscape conservation), and those producing and marketing non-food products (mainly energy and industrial crops). Despite their differences, both share the challenge of constructing new supply chains they are unfamiliar with and for which market networks and knowledge are missing. Non-food initiatives tend to share major characteristics of co-operatives in the traditional food sector, including the pooling of volume to become an attractive market partner for potential processors, or the pooling of capital for joint investment in collective processing facilities. A major challenge for initiatives offering rural services is to build new networks with (semi-) public institutions, which is often a prerequisite to generate income from the provisioning of public goods.

6) Initiatives establishing a regional brand

This is a much more comprehensive approach, normally involving an "umbrella"-type label to market different products and services from the same region. This could include farm produce, processed products and agro-tourism, but also combinations with nature conservation and goods and services provided by handicrafts and cultural industries. These initiatives are often territorially organised and include farmers, small regional processors, other rural entrepreneurs and local public institutions. The basic idea is to create, by means of collective action, an assortment of goods, products and services which all carry the same regional connotation. No longer the individual product as such, but the region as a whole becomes the collective "product" that is marketed to add value and build reputation for a basket of goods and services. A critical challenge for this cluster is the reaching of agreement between different producers, who mostly already have their own marketing networks. Also, the diverse range of people involved in the initiatives, which goes beyond traditional boundaries, may be an obstacle in the formation and alignment of networks.

The six clusters identified are indicative of the richness and diversity that characterises collective marketing across Europe. The relevance and applicability of various strategies strongly depends on the specific regional context, ranging from isolated, marginalised rural areas to urban fringes, and challenges for producers arise from these. There is, therefore, no blueprint for successful collective action, but new collective marketing initiatives do have several characteristics in common.

Perhaps the most striking is that they all build and capitalise on new networks that go beyond the agricultural sector, and thereby actively contribute to renewed relations between agriculture and the wider society. It seems increasingly irrelevant to make rigid distinctions
Recommendations from the research

1. COFAMIs require a supportive environment which coordinates interventions from various public and private institutions.
2. Overall, more room needs to be given to supporting learning processes and an exchange of experiences.
3. Longer-term commitment for support is necessary.
4. Skill-building and learning/knowledge-related measures should be expanded beyond technical issues. Management, entrepreneurial skills, network building and ways of processing and marketing quality products are key issues that are not yet sufficiently addressed.
5. Support in the starting phase is particularly important (especially financial support for initial investments; also advocacy and legal/technical issues).
6. Access to support measures should be facilitated, with better information on availability and streamlining of application procedures.
7. Existing support should be better co-ordinated between different policy domains and different policy levels and gaps in the availability of support at national level should be addressed.
8. At the same time support measures need to be well-tailored to needs and bottlenecks encountered by the particular COFAMI.

between agricultural and other rural economic activities, as well as between different parties within supply chains. Some initiatives are more vertically orientated (food chains) while others are characterised by horizontal (territorial) network links; others again mainly face challenges to build links between private and public parties. In all cases, however, the alignment of new networks and the co-ordination of actions of different parties within these, are a key success factor for the particular COFAMI strategy.

As for their contribution to sustainable development the research showed that COFAMIs, in spite of their sometimes young development stage and incomplete fulfilment of potential, do make a difference and are instrumental to improved impacts with respect to social, economic and environmental rural policy aims. Positive impacts are observed in all fields, but positive social performances often appear to be a prerequisite for delivering impact in other fields (market, environmental, educational). COFAMIs develop their activities and capacities over longer periods of time, and the initial building of social capital and trust in later stages gradually pays off in improved market and sustainability performances.

COFAMIs, therefore, offer opportunities both for involved member farms and for public administrations. On the one hand, they can play a crucial role in the professionalisation, dissemination and mainstreaming of new marketing opportunities and open up new economic perspectives for the farming sector. On the other hand, they may improve the effectiveness of policies and be beneficial for public administrations in delivering and implementing rural and food-related policies.

The research showed that COFAMIs are mainly driven by the collective entrepreneurship and initiative of member farmers, and generally they are eager to avoid structural dependence on external support. At the same time, their success depends on the collaboration of others, and targeted support measures from various institutions (governments, development agencies, but also farmers organisations and advisory services) are conducive to their effectiveness. Generally across the study countries, financial support from the public sector constitutes more than half the support given to the COFAMIS analysed mostly consisting of project-based funding for start-up expenditures, investment support, and the putting into place of marketing strategies. More than a third of the support measures are related to training, consulting and learning processes.★

At a glance

Encouraging Collective Farmers Marketing Initiatives

Objective:
This project aims to strengthen the role of COFAMIs in rural development by identifying the social, economic, cultural and political factors that limit/enable their development.

Project Partners:
Wageningen University, The Netherlands; Research Institute for Organic Agriculture, Switzerland; QAP Decision, France; Institute for Rural Development Research, Germany; Centre for Mountain Agriculture, Innsbruck University, Austria; Baltic Studies Centre, Latvia; Research Centre on Animal Production, Italy; Aarhus University, Denmark; Hungarian Academy of Sciences, Hungary; Czech University of Agriculture in Prague, Czech Republic.

Contact:
t: +31 317 484507
f: +31 317 485475
e: henk.renting@wur.nl
www.cofami.org

Funding:
FP6, Instrument: STREP

Costs:
€1,030,987

Project Duration:
September 2005 – May 2008

Henk Renting

Cooperator
COFAMI

Henk Renting holds MSc degrees in environmental sciences and rural sociology. Since 2001 he is associated to the Rural Sociology Group of Wageningen University (The Netherlands) as senior staff member.