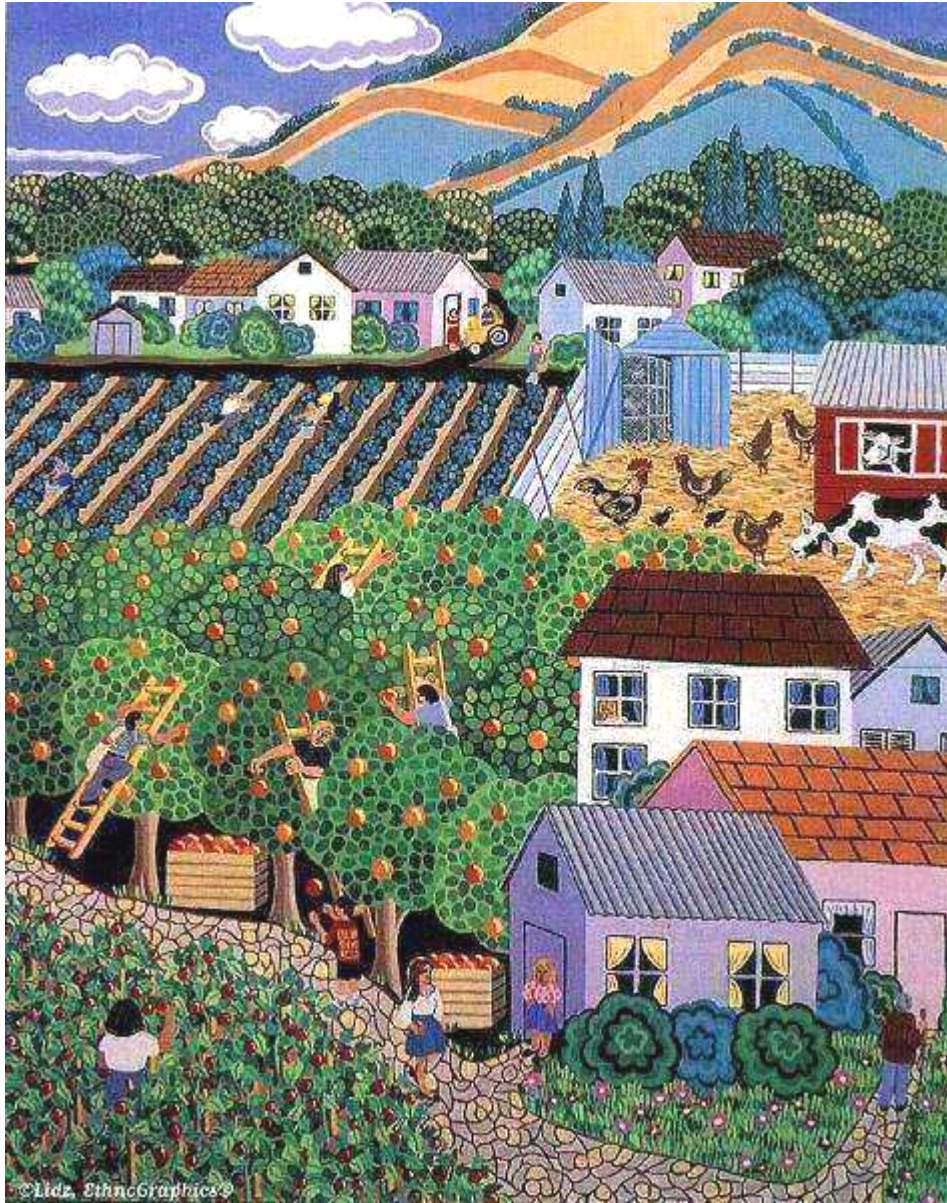


Marketing Sustainable Agriculture

Case Studies and Analysis from Europe



Edited by the Institute for Agriculture and Trade Policy

Marketing Sustainable Agriculture

Case Studies and Analysis from Europe

Edited by the Institute for Agriculture and Trade Policy (IATP) Staff
with contributions from Bill Vorley, Hal Hamilton, Kathryn Gilje,
Vicki van Zee and other participants of the 1998 Marketing
Sustainable Agriculture Tour and Symposium.

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and Martine Francois in France, and
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WK Kellogg Foundation

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Marketing Sustainable Agriculture Report

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Part 1. INTRODUCTION

Les barrages paysans se multiplient en Pologne

BBC News Online 10/31/98

<http://www.bbc.co.uk>

UK: Government to tackle farm crisis

Even well diversified farms face bankruptcy

The government is set to announce plans to boost farm incomes as the industry faces its worst crisis since the 1930s... Average earnings have fallen 80% since 1996, raising the prospect of thousands of farms going bankrupt with the loss of many thousands more jobs...

The principle causes of the slump are the strong pound, which makes British exports expensive; the BSE crisis, which has destroyed the beef market; and a worldwide collapse in prices for farm produce generally.

Farmers Weekly

Interactive 13 May 1999

<http://www.fwi.co.uk>

Farm crisis could get worse - NFUS

JIM Walker, president of the National Farmers' Union of Scotland (NFUS)...said the last few years in agriculture had been the worst since the depression of the 1930s.



BBC News

Friday, January 8, 1999

PRESS RELEASE !

A foreseeable and announced crisis

A new pig crisis is raging within the whole of the European Union. Increased production during the last three years in some production areas inevitably led to such an overproduction situation. Brussels, 7 September 1998

Coordination Paysanne Européenne (European Farmers Coordination)

<http://www.farmcrisis.net/>

An economic crisis is gripping the nation's heartland.

Family farmers, unable to pay their bills because of plummeting prices for the commodities they sell, are falling by the wayside. In their place, giant companies are taking over the world's production of food. This alarming trend could have a massive impact on prices in the future as the whole world is forced to buy its food from a handful of huge corporations.

CNN Interactive 11/23/98

<http://www.cnn.com/>

Bountiful crops mean hard times for farmers

BARRINGTON, Illinois (CNN)

... economic troubles in Asia are depressing prices, causing a financial crisis for U.S.

farmers, many of whom are struggling to survive.

Low prices for Elmer Zarndt's corn and soybeans will cut his income by half this year...

That has forced the Illinois farmer to look for work to make ends meet...

Corn prices have been hit hard this year, plunging more than 50 percent from their peak two years ago. Prices for soybeans also have dropped, nearly 40 percent in the past year and a half. Prices for wheat and livestock have plummeted.

Hog prices have fallen to a 30-year low.

Economists don't expect things to get better for farmers any time soon.

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d'importants crédits.

JAN KRAUZE

Challenges to Marketing Sustainable Agriculture

Marketing is one of the greatest challenges to expanding the impact of sustainable practices across the farming landscape in industrialized countries. Pressures on farming in the form of collapsing prices, overproduction, market saturation, internal and global competition, concentration of powerful buyers, and agricultural policy reform are pushing interest in alternative marketing into the mainstream.

Many groups who are involved or interested in alternative marketing are isolated and seek ideas and inspiration from successful strategies in other parts of the world. Europe, with its long history of niche marketing and "green" consumerism, as well as its array of historically produced landscapes and tradition of culinary regionalism, is a rich source of case studies of successful marketing in sustainable agriculture.

In order to facilitate an information exchange between marketing initiatives in Europe and North America, a series of concurrent tours in six European countries was organized in November 1998, culminating in a two day symposium in the Netherlands. A total of eighty people from the United States, Canada, the United Kingdom, France, Italy, Switzerland, Germany, the Czech Republic and Poland participated in this exchange. This report summarizes the process of international learning on marketing sustainable agriculture that resulted from the tours and symposium.

How do we define sustainable agriculture? By sustainable, we mean an agriculture that regenerates the natural and social capital upon which our food system depends. The term sustainable, however, does not occur very often in the case studies presented in this report. You will read about preserving small farms, reducing food miles, regional food systems, animal welfare, reduced-input or organic production practices, farmer control or ownership of the food chain, and farmer-consumer partnerships. These are examples of real-life progress towards socially and environmentally regenerative agriculture.

Parallel Crises in Agriculture

European and North American agriculture have much in common. Characteristics such as market size, income, percentage of population involved in farming and the share of agriculture in national Gross Domestic Product (GDP) are similar. Traditionally, Europe spends a higher percentage of disposable income on food and net transfers to agriculture are also higher in Europe; government support (price support and direct payments) provides approximately 50 percent of gross revenue for European Union (EU) grain, oilseed, and livestock producers. Farming subsidies total around \$43billion, making up half of the EU budget. On both sides of the Atlantic, around 20 percent of farmers receive 80 percent of farm support.

The amount of taxpayer support for agriculture has led to criticisms of farmers as "subsidy junkies" and of "welfare for the rich." Similarly the impact of farming on the countryside and rural environment continues to draw increased attention from the general population in both Europe and North

Part 1. Introduction

America. With the additional issues of biotechnology and food safety and widespread attention on production systems across all sectors of the agri-food industry, the social contract between farming and society is clearly under strain.

There are also parallels of economic crisis in North American and European farming. Both have seen a collapse in export markets. Prices paid to producers on both sides of the Atlantic have been suppressed by markets overwhelmed with supplies of grain, beef, mutton and pork. Prices for a wide range of commodities - soybeans, corn (maize), cotton and wheat - are at historic lows. The number of hog farms in the United States halved between 1994 and 1999. In the United Kingdom over 1997 and 1998, farm income fell by some 74 percent, reducing actual earned income to its lowest level since the 1930s. At the time of the tours, the European Union hog producers were losing around \$30 per animal.

Some of these economic factors are specific and some are cyclical. The effects of Mad Cow disease (Bovine Spongiform Encephalopathy or BSE), for instance, hit the UK beef sector very hard. But other factors represent a more permanent shift in power and profit away from family farmers. Trade liberalization is exposing more farmers to global price cycles and to competition with farmers who operate under less stringent food safety regulations, welfare, environment or unit-size standards, or who have access to much cheaper animal feed. Even American pork or poultry producers who are aiming to be global, low-cost producers are suffering from competition from Canada and Asia. Almost every product - fruit, cereals, meat, dairy - can be grown and imported cheaper than local produce. The only thing that importers of food cannot compete on is local identity. Many of the projects reported here aim to stimulate or rebuild local markets for regional food, especially by incorporating aspects of ecology, animal welfare, traceability and food safety.

We also feature some successful examples of retailers who differentiate their products with green marketing. But there is considerable anger in both North America and Europe on the widening spread of profit between farm and retail. Concentration and competition in the retail and processing sectors, in the name of "consumer sovereignty," is squeezing costs out of the whole agri-food system. Farmers who have no control over key processes, products or markets, see profits made elsewhere along the food chain. Many of the case studies described in this report are attempts by farmers to take control of the market, either by selling direct or by becoming owners of the processing and distribution or retail chain.

In Part 2, we report on 35 case studies, ranging from farmers and community groups organizing themselves to take greater control of the food marketing chain, to large retailers and processors who have chosen to adopt sustainable and organic initiatives. The case studies presented here are divided into the following broad categories: Direct Marketing, Cooperative Marketing, Vertical Integration and Ownership, Farmer-Owned Retail, Marketing Nature and the Environment, Marketing the Region, Agri-tourism, Retailer Initiatives and Industry Initiatives. In Part 3, we attempt to find the elements of success that characterize these case studies and we also propose an agenda for action.

Part 2. MARKETING INITIATIVES



Frome Farmers' Market, United Kingdom

Local produce for local people

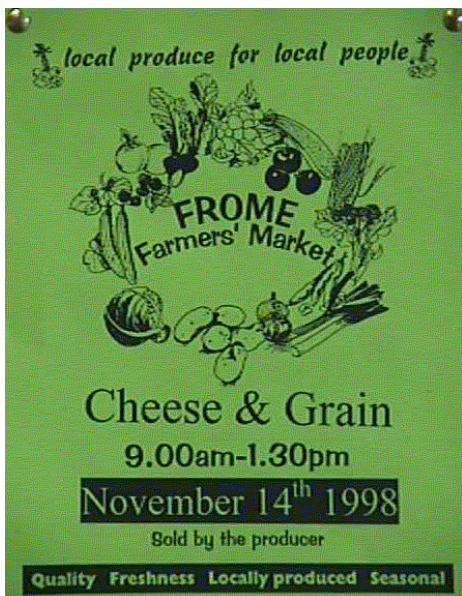
Farmers' Markets enable local farmers and producers to sell directly to consumers. The key traits used to promote the Frome Farmers' Market in the English county of Somerset are quality, freshness, and local production. Organizers have focused on the need to 1) develop selection criteria and to identify local producers and processors; 2) identify the most suitable location for the market; and 3) promote the Farmers' Market as an enjoyable and festive event.

Vendors at the Frome Farmers' Market have grown, bred, processed, pickled, brewed or baked the goods themselves. The range of produce and products available includes local fruits, vegetables, fish and meats as well as specialty cheeses, organic wines and cider, free range eggs, home baking, flowers, plants, and cottage crafts. In addition, food demonstrations and live entertainment will also be provided to create an exciting atmosphere for the family.

Local authorities and communities in the United Kingdom hope to revitalize Farmers' Markets because of their many benefits. Farmers' markets:

- ◆ support local production of fruits, vegetables, flowers, meats and other processed goods;
- ◆ foster environmental and social stewardship since long distance transportation and over-packaging is avoided;
- ◆ make shopping an enjoyable experience;
- ◆ build community by creating an informal gathering place; and
- ◆ connect consumers with a face to food production.

The success of Farmers' Markets in the United States has influenced its re-establishment in the United Kingdom.



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Bio-Direct, Switzerland

Using the Internet to link producers & consumers

Bio-Direct was created when the local milk company refused to pick milk up from six organic milk producers in Jura, Switzerland. The farmers banded together to market their milk via the Internet. This initiative led to several offers from different milk companies. Finally, the local milk company shifted from their earlier position, offering to pick milk up from the producers at one central location.

The program currently involves 160 producers. All are small scale farmers, allowing for a wide range of product availability. Each member decides what to produce and how much to charge. Although the program got its start in the Jura, producers from other areas such as Neuchâtel, Berne and Laud have also been added. Bio-Direct will facilitate direct sales opportunities for products from these regions.

Bio-Direct hopes to attract investor, both participating producers and retailers as well as other interested organizations, with a limit of 40% non-producers. Bio-Direct will trade products that are already certified by Bio-Suisse, an organic certifying organization. The organization aims to promote organic production and the products of participating producers.

The Internet is an important component of Bio-Direct, bringing consumers and producers together. Consumers have the option of purchasing directly from the website or contacting the individual producers. On the Bio-Direct website, consumers can order the products as well as read about the participating farm families. Links to other web sites further enhance the educational opportunities of the site.

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Distelhof Rodenberg, Germany A Year-Round Community-Supported Scheme

The Distelhof subscription box scheme started four years ago and has grown into a partnership between approximately 20 farms and 400 individual or family subscribers. It serves a 50-60 km radius from its base in south-central Germany. Each farm specializes in a product, such as eggs, wheat, seedling production, potatoes, vegetables, milk or bread. Vegetables are grown from non-hybrid, traditional varieties. There is no formal contract between the participating farmers.

In contrast with many Community Supported Agriculture (CSA) schemes, Distelhof delivers every week throughout the year. In fact, demand is actually less in the summer months, when people's own gardens come into production. The boxes are supplemented with certified organic imports during the winter. Distelhof has two vans and four drivers, delivering about 23-25,000 boxes per year. Distelhof requires at least 500 customers to break even; about 100 are lost every year. Mr. Sachsenmaier stresses that the service must be 100% reliable; customers must be assured that they do not have to go shopping and can rely on the boxes for their weekly needs. Every week the boxes contain information and recipes. The organizers sponsor an open house once every year.



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ALLES Feuchtwangen, Germany The Power of Direct Action



Artenreiches Land - Lebenswerte Stadt (ALLES), which loosely translates into "Diversified Countryside—A Town Worth Living In," grew from a simple alliance between farmers and environmentalists. Their main goal initially was to increase biodiversity in the countryside, with no thought to marketing. But as the project progressed, it became clear that the future of wildlife in the countryside was intrinsically linked to the future of farming in this area without rich soils or infrastructure. Furthermore, the chain connecting the future of farming and wildlife in the countryside also linked the economy and livelihood of the old town. Founders of the movement saw out-of-town supermarkets and fast food chains as bringing about the demise of the local economy. "The landscape reflects how we feed ourselves," said Mr Sindel, founder of ALLES, "A fast food desert or a diversity of craftsmanship."

This philosophy led the alliance of farmers and environmentalists to include representatives of the town and its small businesses. A series of very dramatic campaigns were staged in and around the town. In 1995, the ALLES group organized their first act, literally wrapping a hamlet in 17,000 square meter of blue fabric to dramatize the disappearance of farm houses. "Dammed – packed – forgotten" was the message. In September 1996, ALLES burned 80 fires on a one kilometer long path to a ruined farm house to highlight their issue of "Migration to cities: a burning problem."

Another ALLES campaign put young people into shop windows, holding signs that explained their wishes for the future. This tactic demonstrated the need for the community to maintain high-quality jobs to keep its young people from migrating to urban areas. ALLES has also graphically drawn attention to the issue of food miles. Chains of yogurt cups and beer bottles were laid out on the roads leading to the nearest creamery and brewery from Feuchtwangen.

All of these campaigns have drawn wide media attention, thus boosting ALLES' efforts at marketing their regional products - meat, flour, cheese, potatoes, beer, vegetables, milk, bread, honey, etc. Supermarkets have also started to feature shelves of regional products from ALLES. In Fall of 1999, a "Day of the Regions" campaign, linking Germany, Austria and Switzerland, is planned to raise awareness around the issue of regional economies.



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Tagwerk Bavaria, Germany An Eco-Regional Cooperative



Formed in 1984 east of Munich, Tagwerk is an eco-regional cooperative of farmers, consumers, bakers and butchers. Named after the traditional measure of land that could be worked in one day, Tagwerk Coop focuses on the non-industrial marketing of agricultural goods, emphasizing direct marketing and short producer-consumer links.

Retired banker Rudolf Oberpriller founded the enterprise which has grown into an extraordinary success. Tagwerk now boasts 180 farmer members, with landholdings averaging 18 hectares. In cooperation with the 1200 Bavarian members of Bioland, the two groups supply Tagwerk's seven shops, two "biomobiles" (mobile market stalls), five bakeries and three butchers. The cooperative also produces cereals, vegetables, meat products and fruits and has its own advisory services. The cooperative employs over 40 people, mostly part-time.

The cooperative is also active through its Tagwerk magazine and a support group (Förderverein für ökologischen Landbau, Landschaftspflege und bewusste Lebensführung e.V.) in regenerating ecological and landscape features such as hedgerows and ponds and in agricultural and local Agenda 21 policy development.

The farm of Fritz and Christa Kratzer in Neuharting is a typical supplier to Tagwerk stores. The 36 hectare farm generates enough income from deliveries to two Tagwerk stores, a trailer at local markets, a small farm shop, schnapps and jam production, and on-farm butchery and meat curing business to make it attractive for their 24-year old son to take over the business. The farm has been organic since 1984. They raise 240 pigs and 24 beef cattle per year. The pigs are a cross between traditional and wild races, which are slow growing but hardy and very good flavored.



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Nautilus, Netherlands

A showpiece of organic farming



Nautilus is an organic farmer cooperative that has differentiated its product by social criteria, environmental standards and price. The farmers are their own marketing agents and are extremely influential negotiators with retailers throughout Europe. Nautilus employs a savvy business strategy by growing to their market. As proactive marketers, they are "price makers, not price takers." The results? Annual contracts for their produce as well as long-term, on-going relationships with retailers. The cooperative has conducted effective outreach, communications and planning activities.

The majority of the Nautilus growers farm in the Flevoland region of the Netherlands. Flevoland is an area that was converted to farmland from sea bottom after World War II. Nautilus farmers grow mostly organic field crops on large, diversified commercial farms. Although Dutch tourists might describe the Flevoland area as flat, cold and far away, Nautilus has built a visitor center and runs a restaurant (primarily organic).

The walls in the visitor center are covered by set of Flevoland maps and displays that show seeds and other details of organic production. Visitors can watch a slide presentation that discusses the history of organic agriculture and describes the Nautilus organization. The Dutch government provides financial assistance in promoting the idea of organics. Nautilus has become a showpiece of organic farming for the government and industry.



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Schwäbisch Hällisches Schwein Cooperative, Germany

Marketing a traditional product

The cooperative Schwäbisch Hällisches Schwein (Pork from Schwäbisch Hall) was established in 1988 in the SW German town of Wolpertshausen, with the objective of giving members a better price for their pork product, through:

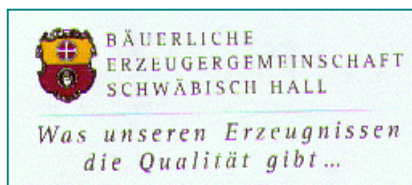


- Producing a quality product according to ecological and social criteria
- Guiding members in the production, with their own extension service
- Bringing the entire producer-to-consumer chain into their own hands
- Being a lobby for small farmers

The cooperative has grown from eight to 340 farmer members, each with landholding of around 25 ha, and has a turnover of DM 40 million.

The cooperative raises and markets a traditional local breed from the region, that was brought back from the brink of extinction. The breed is stress resistant, well suited to being kept outdoors. No hormones or antibiotics are used. Animal density is restricted to two animal units or less per hectare (equivalent to 12 pigs per ha per year). Animals are kept on straw. Separate organisations have been developed for breeding and for production. Production standards and independent monitoring for producers are very strict. Slaughtering is also done by the cooperative, subject to strict European Union standards. The pork product rates very high in consumer surveys.

The group markets in a 150 km radius, as far as Heilbronn and Mannheim. They sell their product to about 100 hotels and 150 independent butchers who have exclusive contracts with Schwäbisch Hällisches Schwein. They are very careful to avoid over-dependence on one company. Although they sell to a local supermarket chain with 70 stores, they do not deal with the large supermarkets, who do not accept the price set by Schwäbisch Hällisches Schwein. At the time of our visit, pork prices were very depressed. Members of the SHS Coop were receiving DM 2.21/kg compared with DM 1.60/kg for top grade animals in the normal market. A very limited market for organic pork was yielding DM 4.00/kg.



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Cooperatives and Collective Bargaining, Denmark

Danish agriculture is highly organized in a democratic network of farmer federations, worker unions and an extensive system of farmer-owned cooperatives. The result is a food system that preserves some economic reward and control over decision-making with farmers and workers in the food system.

Born of cultural philosophies and social movements, as well as the Danish history of socialist politics, cooperatives control most of the food processing and distribution industries, and a third of the food retail stores. Sugar production is the only agricultural industry that is not cooperatively owned in Denmark. The power and influence of multinational agribusiness has been muted due to the steady presence of co-ops, as well as high taxes levied by the government on multinationals.

The vast majority of farmers also belong to one of two unions -- the Danish Farmers Union or the Local Family Farmers Union. Most agricultural workers belong to the European Federation of Agricultural Workers. Unions provide voice for farmers and farmworkers in government and related institutions. The Danish Farmers Union, for example, represents 68% of active Danish farmers organized into 86 local chapters. A powerful example of how unions ensure results for farmers is the Agricultural Council of Denmark, the body that provides a wide variety of functions to support the agricultural sector. The Danish Farmers Union funds 71 local advisory centers. The advisory service is free for members, but non-members obtain the service for a fee. The Centre is owned, controlled and funded by farmers.

Concentration of cooperatives is an increasing trend in Denmark. Farms are getting bigger and the number of farms is on the decline. This is quite evident within the milk industry, where although levels of milk production have remained steady, the number of dairy farmers has dramatically decreased from 185,000 in 1950 to 13,600 in 1996. One cooperative processor controls 72% of the Danish milk market. The number of cooperative dairies has decreased from 1326 in 1950 to just 15 in 1996. Private dairies decreased from 245 to 19 in the same time period. While farmers still have considerable control and voice in these systems, as companies grow and choices diminish, the squeeze is placed on independent producers.



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Øko Maelk, Denmark EcoMilk Organic Dairy



Although cooperative ownership is widespread throughout Denmark, increasing consolidation of these cooperatives into a few large processors is a trend that some farmers feel dilutes their power to impact company decisions. In 1995, a group of 20 organic farmers broke away from the largest Danish dairy cooperative. At that time, the focus of the large co-op did not include organic, and this group of farmers was committed to producing organic milk. The farmers were also aware that the demand for organic milk was outstripping the supply. They created their own brand, "EcoMilk," certified by the state controlled organic system. The cooperative has secured an exclusive contract with the Danish Supermarket retail chain and sells their products in 60 stores. Promotion is done by the EcoMilk company with some assistance from the Organic Service Centre. Farmers themselves do in-store taste tests at the Danish Supermarket for publicity. Surveyed consumers say they buy EcoMilk because it is organic *and because it comes from a small dairy*. The EcoMilk farmers say they prefer the smaller company over a large co-op because they have more control over business decisions and they can be more flexible to meet changing consumer preferences.

EcoMilk makes skim, light and sweet milk, buttermilk and butter. They will begin to make yogurt soon. They sell a fresh product and allow one week on the shelves before the product expires. To maintain their contract with Danish Supermarket and to do effective marketing, EcoMilk has hired someone to run the processing plant so that farmers are freed up to do the marketing. 20 of the 25 farmers go into the stores to market and negotiate their contracts. They have begun to do marketing trainings among the farmers. EcoMilk also hired a marketing consultant to design their brand and image on the carton. EcoMilk has found that they have been more successful when farmers personally interact with the retailer to explain why keeping the contract with EcoMilk supports smaller dairies and organic production. Farmers have also successfully bargained with the retailers to pay a price that allows them to stay in business, while the market is constantly asking for a lower price. EcoMilk often collaborates on marketing relationships with other small, organic dairies. Their small size allows them to receive orders from shops each morning and gear their production to these requests.

EcoMilk is a publicly-held company showing steady growth. About 25 farmers are currently involved, with more farmers expected to join in the coming year. They decided not to form a co-op because they created start-up capital through shares (and Danish law prevents farmers from joining more than one co-op). Farmers have votes proportional to how many shares they own.

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MD Foods, Denmark

"Give a Thought to Nature"



MD Foods is a large cooperative dairy processor and marketer. There are 9500 dairy members, 233 member representatives and five people on the Supervisory Board. MD Foods produces milk, cheese, and butter for sale in Denmark (35%), the European Union (60%), and overseas. MD foods controls 72% of the Danish market. In 1995-96, the company had a turnover of 21,021 million Danish Kroner. A multinational cooperative, MD Foods owns production plants in Brazil, Saudi Arabia, the UK and South Korea. MD Foods has a staff of 130.

MD Foods began production of organic milk in 1988 and developed standards to meet the International Organization for Standardization (ISO) quality criteria in 1994. MD is inspected every month for compliance with all regulations. Their goal is to actively extend the long-term business foundation for a viable organic agriculture in Denmark, and to head this organic growth.

MD Foods pays organic dairy farmers a 40% premium above conventional prices, and MD earns a price 20-30% above conventional milk prices. If MD can't sell all their organic supply for a premium, MD absorbs this loss. All co-op members get a return from the co-op; organic farmers receive a different ratio payout based on quality and how much organic milk goes into organic finished products. Organic production currently makes up about 28% of the total volume processed.

MD Foods organic products carry the state-controlled organic label, as well as their own slogan *Give a Thought to Nature*. The strategy is to help consumers understand that the MD product is better for nature, their families, consumers themselves, and the world. Their marketing platform is multi-faceted. The company communicates a commitment that: the project is positioned to the everyday life of consumers; the co-op is trustworthy, honest, and responsible; the consumer information is concrete and informative; and the brand prompts the consumer to visualize the cycle of nature. They hope that their marketing brand and platform will differentiate MD Foods from poor quality organics.

Organic milk holds a 19% share of the Danish milk market and is the fastest growing organic sector, expected to control 50% of the market in five years. MD Foods has encouraged many farmers to change to organic production with the 40% premium they pay for organic milk. Some of the traditional organic farmers question the integrity and philosophy of switching to organic for the premium and somewhat resent the involvement of such a large cooperative in the organic movement. It cannot be disputed, however, that MD Foods has played a critical role in the large-scale transition towards organics in the Danish dairy industry.

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Bäuerlicher Rastmarkt Aurach, Germany Marketing along the highway



Bäuerlicher Rastmarkt is a one-stop market, restaurant, hotel and agri-tourist center next to the busy highway A6 in Mittelfranken (Upper Bavaria). The township of Aurach (pop. 2840) voted to support their local rural economy when they granted land near the highway intersection to farmers rather than to McDonalds.

A society of 30 members owns this building. Each invested DM 50,000 to DM 200,000 to build a foundation of DM 3 million, which was then supplemented by the European Union structural development funds and money from the Bavarian state. They rent space to the "markthalle" (covered farmers market, in supermarket format) as well as a 60-bed hotel and restaurant featuring local specialties and biomass energy power plant run on waste wood from neighboring farm woodlots. In all, 60 jobs have been created.

The markthalle is a limited company (GmbH) with 42 farmer shareholders. About 150 farmers from west Mittelfranken have contracts to supply produce. The market features 5000 items, including homemade bread, locally produced noodles, local milk, cheeses, meat, juices and schnapps from old fruit trees, etc. The format is ambitious and uncompromisingly professional. There are 150 square meters of retail floor space and 150 square meters of cool shelf and freezer space. Coolers are available for customers to keep purchased meat fresh between purchase and arrival at their destination. One shelf is stocked with basic household goods that are not produced in the region, to allow one-stop shopping. Festivals and other events—from the traditional to the zany—keep the Rastmarkt high on the public radar.

One of the suppliers is another GmbH - Franki Weidefließch - which produces "extensive" (pasture-raised) beef. Farmers control the whole process from the grass that the animals feed on to the market where the meat is sold. Other eco- and regional labels are featured, such as "Quality from Bavaria," Demeter and Bioland.

Not yet developed is a one-stop promotion of regional agri-tourism, with rental of bicycles and canoes, and accommodation. While over 50,000 people take the Aurach exit from highway A6 each day, most customers of the Rastmarkt are from the locality. It is proving difficult to attract customers from the highway.



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Farm Shops, United Kingdom

Because England is relatively small and its infrastructure was developed prior to the automobile, diversified agricultural production areas are found close to villages, towns and cities. This geographic proximity has created a market environment for retail sales at the farm. Farm shop sales in the UK are increasing by 20% or more a year, according to a survey presented at the Farm Retail Association conference.

The Farm Shop provides direct interaction between the consumer and the producer, giving farmers greater control than in the farmers' market. It would work well in a place where farmers produce many different foods but may be more difficult to promote successfully in regions where farms are geographically remote from consumers.

Farm Shops are valuable to the economy for several important reasons. First, Farm Shops sell their own produce as well as food and other products from nearby areas. Second, Farm Shops provide employment for the rural community. By offering outlets for other local producers they help sustain many jobs. Third, Farm Shops provide an ideal opportunity for city folks to see farming and the countryside. Farmers can take this opportunity to educate consumers on how fruits and vegetables are grown, how long it takes to grow vegetables from planting to harvest, what is involved in the production of meat, how the animals are kept, what breed they are, what special or traditional processes are used to make a product, etc. Fourth, Farm Shops may be promoted as a unique tourist destination. Some allow the riding, viewing and petting of their farm animals. Fifth, Farm Shops, similar to other small retailers, are important in the life of the local community, offering an informal gathering place for social interaction.



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AVEC and Uniferme Rhone-Alpes, France



AVEC (Agriculteurs en Vente Collective Direct) is an example of a co-operative network focusing on collective marketing rather than production. The network comprises 19 cooperative farm stores in the Rhone-Alpes region of Southwest France. One of those stores, UNIFERME, provides a year-round market for its ten member producers in the village of St. Andeol-le-Chateau. As part of their responsibilities, farmers take turns staffing the store each week. Each farmer in Uniferme is specialized, and most of them add value to their commodities with such items as cheeses, wines, jams, sausages, and other retail products. They market only the products they themselves grow and process on their own farms. And except for the wine, the farmers market 100% of their products through Uniferme. As they grow, their chief concern is how to maintain Uniferme's "group culture" and the social and economic relationships built up over two decades. They now have an annual turnover of about \$2 million, shared in proportion to sales by 25 families on 10 farms. The store receives about 2,000 customers store each week.

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Vinatura, Switzerland

Producing and marketing "green wine"



The Vinatura label guarantees that the wine has been produced using sound ecological methods. Initiated in 1993, the Vinatura program provides a marketing niche for wine producers who use Integrated Production (IP) methods. Approximately 150 wine producers use the Vinatura label, taking up more than 50% of Swiss vineyards. Due to the costs associated with using the Vinatura label, approximately 2000 producers adhere to the Vinatura guidelines but market their wine as "processed from IP production."

The Vinatura wine label is managed by Vitiswiss, the Swiss federation for ecological production of wine. Members who use the Vinatura label conform to several regulations to ensure ecologically sound production. These methods include: 1) maintaining soil fertility and protecting water sources by limiting the use of chemical inputs; 2) cultivating vine varieties that are adapted to the soil and climate of the region so as to obtain the best quality grapes and to reduce the need for fertilizers and pesticides; 3) using ground cover to minimize water loss, create habitat for beneficial organisms and reduce erosion. Vitiswiss wine producers also take training courses to keep up with the latest technology in wine production. These measures taken will maintain the longevity and health of the vineyard.

The quality of the wine is ensured through annual independent inspections and taste tests. Producers must record and justify the use of chemical inputs. The annual inspection includes checks on soil conservation, disease prevention, and grape quality.

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Waterland, Netherlands

"Selling" Nature



Having no remaining wild landscapes, the Dutch have a long tradition of conserving agricultural land as habitat for wildlife and as cultural landscapes. Dutch farmers have discovered the production and conservation of "nature" as a means to improve the public image of the agricultural sector, to find allies in the competition for green space, and to create extra income. In Waterland, a region famous for its characteristic landscape and birdlife, farmers have a long tradition of conserving nature. To compensate for the relatively low productivity of the typical peat soils, they make money by "selling" nature, specializing in high quality food and marketing directly to consumers.

The Waterland farmers produce mostly dairy products, cheeses and milk, although meat and vegetables are also available. A consumer taste survey showed that Waterland beef and lamb compare with the top of the European market. This has been an impetus for farmers, caterers and processors to pay more attention to production and sales. The meat is promoted to cooks and restaurateurs, and is available to the public. They sell their products at homestead cheese shops and on-farm retail stores, as well as to restaurants throughout the European Union. The farmers have created a promotional association and a brand, or ecolabel, that bears the image of a threatened bird which environmental groups and concerned citizens are working to preserve. The farmers encourage visits by environmentalists and consumers interested in nature, and are working to promote agri-tourism.

Waterland farmers collaborate with organizations for Nature Conservation. Members of this group are independent monitors of the farms, providing the intensive labor needed for habitat protection by building wildlife areas and counting bird nests.

Waterland is located on the northern edge of the large city of Amsterdam. Increasingly, farmers are finding suburbanites as their neighbors. Unique to this initiative is the collaboration between the farms and the suburbs to preserve small farms and wildlands. Many of the farmers "sell in the subdivision" by putting a sign up and selling directly from their homes.



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Rare Breeds Survival Trust, UK

Marketing and conserving rare breed farm animals

In England, the Rare Breeds Survival Trust is saving rare breeds of farm animals from becoming extinct. Between 1900 and 1973, more than 20 breeds of British farm animals became extinct. Modern farming trends tend to favor a narrow range of breeds and hybrids. The Rare Breeds Survival Trust is creating a demand for many of the characteristics found in the older breeds, such as better resistance to disease, better flavor and meat texture, higher quality wool, suitability to particular environments and farming systems.

The Rare Breeds Survival Trust maintains a priority list of breeds with status ranging from (in order of highest priority) Critical, Endangered, Vulnerable, and At Risk to Imported, Feral and Native Breeds. The farm animals targeted are cattle, sheep, pigs, chickens, goats, horses and ponies.

The Rare Breeds Survival Trust administers many activities, including:

- ◆ Surveying and documenting breed populations;
- ◆ Conducting blood and DNA typing as well as other bio-physical evaluations;
- ◆ Formulating sound breeding policies;
- ◆ Purchasing animals from vulnerable bloodlines and maintaining vital stocks of genetic material in semen banks;
- ◆ Providing information and advice, registration facilities, and advertising as well as sponsoring shows and sales; and
- ◆ Educating and promoting rare breeds through their magazine *The Ark* and through the use of illustrative posters, fact sheets and national media

Other innovative strategies undertaken by the Rare Breeds Survival Trust include forming partnerships with butchers to market rare breed meat. Every county in the United Kingdom has one authorized rare breeds butcher. In addition, the Rare Breeds Survival Trust collaborates with farm parks to promote the conservation of rare breeds.

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Farmers of Vercors Regional Park, France

"Exigez la marque!" Demand the Label!



An example of labeling which is directly associated with the image and landscapes of designated environmentally sensitive areas is operated by the French regional parks, the Parks Naturals Regionaux (PNR). These are similar to U.S. National Parks, and have been established under national legislation which allows regional governments to designate areas with the aim of promoting environmental protection, sustainable development and eco-tourism. There are 38 PNRs across France. These are administered by the Federation of Parks Naturals Regionaux (FNPR).

The PNRs have developed a labeling scheme to help them to promote selected farms products that are produced within the parks. These must be produced in an environmentally sensitive way, be locally distinctive, and have a high quality image. Guidelines developed by the FNPR set broad brush criteria for judging products, which are then refined at the local level to suit the needs of each park.

FNPR have also produced a national brochure which lists over 100 products carrying the FNPR label. These include cheese, wines, honey, meat and preserves. The label can also be applied to tourism facilities such as restaurants and hotels which use the products and whose business aims are compatible with the with the park.

An example of this labeling scheme occurs in the Vercors Regional Park. A local association of beef producers sets strict standards for quality and production methods. These standards help reinforce the characteristic landscapes and habitats of the Vercors - for example by specifying the cattle breeds which are indigenous and adapted to the area, and restricting the use of silage in the winter, which helps ensure the continued survival of the rich plants in the area.

The FNPR scheme builds on the strong emotional links which exist in parts of France between people, farming and the landscape. It aims to build a mutually beneficial relationship between producers and the parks. The promotion of traditional and environmentally sound products can strengthen awareness of the park and help to sustain its characteristic cultural and ecological values. From a farmer's point of view, the FNPR label brings additional advantages by helping consumers to distinguish their products from those of competitors and by promoting a high quality image. Producers also benefit from increasing visitor numbers and access to a more diverse market. There may be considerable scope for developing similar initiatives in other countries which have an established national or regional park system.

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Rhönhöfe, Germany

Organic food from a cultural landscape



The Rhön is a specially protected low mountain landscape, designated as a UNESCO biosphere reserve. It straddles the borders between the German states of Bavaria, Hesse and Thüringen, (i.e., the previously fortified border between West Germany and the GDR). The basalt and limestone geology offers a particularly good habitat for wildlife. Reforestation on the extensive hill-top meadows has been inhibited through grazing by native breeds of cattle and the Rhön sheep. On the former West German side, farms are very small, averaging only 9 hectares. On the former East German side, by contrast, there are the usual problems and opportunities associated with converting the huge collective farms of 2-5,000 ha into viable agricultural businesses.

The Biosphere Reserves, of which approximately 100 have been designated worldwide, are model areas where people and nature should live in harmony, achieving a balance between ecology and economy. By opening up new income alternatives resulting from the marketing of high-quality products from the region, a large proportion of the approximately 4000 agricultural smallholdings supplementing the main income should be assured a future. The emphasis is not on the protection of nature by prohibitions, but on a sustainable development in accord with nature.

At the time of German reunification, the collective dairy farm around Kaltensundheim/ Rhön had few assets in terms of cash, buildings, equipment and animals. To distribute the land back to the 600 original owners for individual farms would have been a potentially big loss. Instead, they formed a new corporation on the acreage of 4 villages and decided to put all 3000 ha into organic farming. Employment was given to 55 workers (down from pre-unification figure of 350). Over the past few years, the company has been able to develop markets with large companies for 1.2 million kg of its 6 million kg milk production, commanding a premium of DM 0.10/kg. The rest is sold through conventional supermarket channels. The entire business has been certified by ISO 140000.

The Rhönhöfe producers' cooperative was formed to jointly market the products of the huge Kaltensundheim farm company in Thuringen and seven small farms from Hesse, under the Rhönhöfe logo. Other initiatives of Rhönhöfe include the promotion of regional gastronomy, self-guided agro-ecological trial around the village, a "green belt" of traditional apple trees to prevent sprawl and produce cider, and the promotion of the Rhön sheep.

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Milieukeur, The Netherlands A National Ecolabel



Besides the organic hallmark, Milieukeur (milieu - "environment"; keur - "hallmark") is the only nationally recognized label for products produced in an environmentally friendly way in the Netherlands. Established in 1995, the Milieukeur environmental label for both food and non-food products is managed by the Milieukeur Foundation (SMK). This independent foundation is a joint venture between the Dutch government, producers/manufacturers, retailers, consumer and environmental organizations. These committed organizations represent the Board of Experts that sets the environmental requirements for Milieukeur.

Milieukeur production schemes focus on the reduction of negative environmental impacts and include standards for all relevant environmental aspects. Milieukeur requirements are stricter than Integrated Production recommendations. Milieukeur certification, like organic certification, requires strict control by the license holder. The product and the production process are subject to inspections according to the certification scheme. The label is promoted through television spots and printed material and can also be used in promotional campaigns by retailers.

Milieukeur has developed certification schemes for potatoes and other arable crops as well as fruits, vegetables, flowers, pork, and processed foodstuffs such as beer and bread. Production levels are similar to conventional agriculture, but there are extra costs for control and certification.

The marketing of the label has so far not been very successful. For potatoes, the market share is 1.5% of the domestic market. For other products, it is still insignificant although there is some indication of growth. In 1998, for instance, three percent of the apples grown domestically adhere to the requirements of Milieukeur.

Retailers are very reluctant to promote independent third party labels. The only exception is the label for organic production. The Milieukeur label is not very well known among consumers. The label has been developed for the national market while 60-70% of Dutch agricultural produce is exported. Milieukeur does not seem to have a very good selling point since consumers consider environmental standards as "standard". Other quality aspects are becoming more important in the market, such as HACCP or animal welfare. The Milieukeur program is currently funded by the Ministry of Environment and the Ministry of Agriculture. A small part comes from contributions of the license holders. In the long term, the program is intended to be self-supporting.

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L'Etivaz, Switzerland

The manufacture of the L'Etivaz cheese is strictly regulated. The cheese is only processed in the summer using a wood fire, with everything being done by hand. The code specifies the height of the wheel, the temperature of the fire, quality standards, etc. The cows go to the alpine pastures from May to October for summer grazing and cheese making. Cows grazing on the mountain pasture rich in plant diversity contributes to the flavor of the cheese. Cheese is brought down every 2-3 days to the ripening house. In November, there is a three-week period when the cooperative buys the cheese from its members. Ninety percent of the cheese is sold within Switzerland, generating about CHF 6 million for the cooperative.



The L'Etivaz cheese is actually a Gruyère cheese. Prior to 1987, the L'Etivaz cheese was called a "Gruyère cheese from L'Etivaz." The difference between the two products is that the L'Etivaz cheese is produced in the mountain pastures using a more rustic and traditional production method. The L'Etivaz cheese will soon be protected by a PDO label which designates the origin of a product.

The L'Etivaz cheese cooperative involves 80 farmer members with 2800 cows that produce 14,000 wheels (3000 tons) of cheese per year. The cooperative employs about a dozen people, including the director, secretary, and staff to ripen cheese and work in the store.

The L'Etivaz producers have had some success marketing organic L'Etivaz cheese as distinct from conventional Gruyère. Sixty percent of the L'Etivaz cheese is sold to large retailers such as Migros and Coop. The L'Etivaz group plans on starting with small quantities of organic cheese and expanding slowly. The current price differential is CHF 22 for conventional cheese and CHF 35-50 for organic cheese. Marketing strategies for organic cheese include taking part in exhibitions and using a distinct label.

The L'Etivaz program has taken the burden of cost off of the farmers. Sophisticated marketing materials, a state-of-the-art ripening facility, and a modern visitor's center have helped to greatly expand the market for L'Etivaz cheese and to position it as a high quality, limited production product. The number of visitors is increasing, with about 200,000 per year, mostly in the summer. Yet, the cheese production is still carried on in the traditional manner, allowing the farmers to gain access to a broad market with a minimal investment in new equipment.

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Tastes of Anglia, United Kingdom

Specialty Food & Drink Producers



East Anglia produces a diverse range of food and drink with its own distinctive flavor. Tastes of Anglia is a non-profit organization which works with producers, processors, retailers and caterers of East Anglia to bring high quality food and drink from the region to consumers. Examples of specialty products available include traditional and smoked hams, poultry and game, rare breeds meats, traditionally baked bread and handmade pies. Other gourmet selections include award winning ales, wines, fruit juices and preserves.

The organization has created four levels of membership:

- ◆ Producer/Processor Members produce fine food and drink.
- ◆ Associate Members are businesses committed to selling and processing high quality food and drink
- ◆ Affiliate Members are businesses and professionals who provide services of interest to other members of the group.
- ◆ Patron Members are companies who support Tastes of Anglia.

Tastes of Anglia offers a variety of business development and services to support their members in expanding their businesses. The organization also provides information and advice to its members in addition to finding new markets for its member produce. A website is maintained at <http://www.tastesofanglia.com/> and some of the publications available include the Consumer Guide, Trade Buyers Guide, and the Gourmet Discovery Food Trail Map.

Tastes of Anglia has implemented a three-year project to promote public awareness to increase sales and to stimulate new businesses. An annual two-day rural festival was organized to showcase their members' fine food and drink. This festival provides a splendid opportunity for consumers to sample the best of the region's food and drink.

Substantial promotion and media coverage was available to highlight the event. Additional promotional venues revolve around attendance at food festivals such as the Fakenham Food Fair, Taste of Success, and the International Food and Drink Exhibition.



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Pays d'En-Haut, Switzerland "Authentic products from the highlands"

Pays d'En-Haut is in the western Swiss Alp Mountains, home to three communities with about 200 farms and a population of about 4,500. Agriculture accounts for about 17% of the employment. In 1976, a local association was created to guide development. The goals of the community are: 1) to reduce emigration; 2) to create employment; and 3) to maintain and enhance quality of life.

One way these goals are realized has been through the creation of a Pays d'En-Haut label. The label guarantees the following characteristics to consumers:

- that the product originated in the Pays d'En-Haut region,
- that it was produced from a traditional mode of production, and
- that the method of production met the environmental, political, and cultural needs of the region.

The label is used in all the villages of the region and is available to producers whose products are 100% produced in the region. For example, the label was denied to a farmer whose cheese was ripened in Lausanne because it is outside the regional boundary. The Association has responsibility for regulation and inspection. All products are at least IP (Integrated Production), but the IP designation does not show up on the label. The Association believes the regional message is stronger than an environmental message. For example, in the case of cheese, the message is that "this cheese is authentic from the mountain region." Because the region is associated with high quality, the regional message is a powerful one.

The Association further believes that it is important to educate people about agricultural practices such as cheesemaking so that they understand why the product is so expensive. At trades shows and events, women wear traditional costumes and educate the public about how the product is produced. Tourism also provides an opportunity for educational experiences. The area has developed "cheese trails," where visitors can walk for one or two days in the mountains. Visitors see cows, watch the cheese being made, eat and stay with the farmers, and visit cheese cellars. The experience helps people understand the price of the cheese. After seven years, the program continues to be well received.

As the Association tries to take food products outside the region and the canton, they see restaurants as the only reasonable way to go. People are more critical of restaurant food so quality is particularly important.

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Natürlich Aargau, Switzerland



A 1995 market study in Switzerland showed that consumers ranked price, quality and origin high on their list of priorities for food purchases. With these themes in mind, organizers of the Natürlich Aargau label began developing their strategy in 1996; by 1998, the organization began publicizing program "Create your environment by the way you shop." The major goals of the program are to:

- Increase the value and consumption of food products from the region;
- Coordinate regional processing and regional production;
- Launch an integrated promotional program within and beyond the region;
- Sustain the quality of the agricultural land in the region; and
- Maintain a high quality of life in the region.

The Natürlich Aargau label guarantees quality from the farm to the consumer. The label appears on products, on farms, in stores and in various media throughout the region. As of April 1998 there were 650 farmers participating in the program. Farmer, processor and restaurant members pay fees for the use of the label on their products. Each participating farmer pays about \$70 per year. All farmers must meet the Swiss government's integrated production standards. Organic farmers are also eligible to participate in the program. When fully operational, the program will require that farmers who use the label to sell directly to consumers and processors will pay a 1% fee based on the wholesale value of products sold. Retailers are not required to pay for use of the label.

Natürlich Aargau has a special initiative for restaurants called Gastro Argo. Participating restaurants can purchase access to the program's overall promotional materials and outlets by paying about \$700 for the first year and \$240 per year after the first year. Natürlich Aargau has recipes, a cookbook, a television program featuring regional restaurants, radio ads, Internet access and menu plans that are available to participants in the Gastro Argo initiative. Natürlich Aargau also has an insert in a regional magazine that is sent to every business and residential address in the canton. The quarterly magazine reaches 180,000 addresses.

Fifty percent of products with the Natürlich Aargau label are sold to food service organizations (hotels, restaurants, business cafeterias, etc.); forty percent go to retail businesses; and ten percent are sold directly by farmers. While there is no evidence that the label provides farmers with a higher price for products at this time, the program does give farmers better access to markets and a more secure relationship with retail food chains. In 1998, about \$55 - \$60 million worth of food items are projected to carry the Natürlich Aargau label.



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Hohenloher Höfe Germany

Regional links between producers, processors and consumers

The *Hohenloher Höfe* cooperative in the state of Baden Württemberg has 50 farmer members, plus 30 from outside the 50km radius region who work closely with them. The label under which the group produces and markets features the traditional half-timbered farmhouse typical to the Hohenloher plateau. The goal of the cooperative is to meet consumer demands for a new kind of agriculture, getting a better price in return. The label has programs for linseed, wheat, rye, dinkel and potatoes.

While the group is not organic, they set strict production conditions. All grain must be grown without pesticides, and no additives are allowed in storage and milling. Fields are "marked" with a strip of flowering crops and/or wild herbs, which also protect their fields from chemical drift from their neighbors and create a habitat for beneficial organisms. But what better way to market local production than to allow customers to recognize the fields where their bread flour comes from through flashes of wildflower color?

The cooperative owns four retail outlets, including a large shop in Stuttgart and one in Schwäbisch Hall shared with the Schwäbisch Hällisches Schwein Cooperative. Shops also feature organic labels and stock non-regional products to cover most basic needs, so that customers do not have to make multiple trips to different stores. Customers appreciate the freshness and locally produced products and also the competitive prices.

The group has been very successful in creating and protecting their own market niche and high price. For instance, in the Farmers Market they get DM 1.80-2.00/kg for their flour, compared with DM 0.30/kg for conventional product.



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Comté cheese, France

Comté Cheese has been made in the Franche region of the French Jura for hundreds of years. The area is very rural and depends heavily on income from dairy farming and tourism. Since the 1970s, Comté Cheese has received France's national labeling designation, the Appellation D'Origine Controlée (AOC). This label provides legal protection for the use of the label throughout the European Union.

The Comté cheese label is based on very specific characteristics. They include a limit of eight miles from milk production to processing, plus regulations on silage, pasture plants, soil types, and geographic boundaries. In addition, Comté cheese conforms to the regulations included in the AOC label designation: the Jura mountains as the place of production, Montbeliarde cattle as the only authorized breed, restrictions on cattle feed, including a ban on silage, the prohibition of coloring and additives, the strict use of unpasteurized milk, and the maturation time of the finished cheese. Even the size of the milk collecting tanks and the number of cattle per hectare (1 per 2.5 acres) are part of the regulations to insure the craftsmanship quality of the cheese and its unique qualities. All of these regulations protect the low-technology standards for production and processing.

About 3,500 farmers, 195 cheese houses, and 20 cheese ripeners are part of Comté cheese. The average operation has about 30 cows. The cheese is graded, and the grade determines the selling price. Annual sales for Comté cheese amount to about \$1.3 billion French francs, with most of it sold in the region. About 4% of sales is exported.

Comté cheese is the traditional farm product, formed in the wake of World War II as part of a rural economic recovery plan. Comté co-operatives are supported by a public and private partnership with funds coming from the producers and the government. Money to run the Comté system comes from a percentage of retail cheese sales.

Comté is an example of the "terroir" concept which characterizes a complex set of relationships between people, region, land, and food. These relationships work together to reinforce local pride, tradition, environmental sustainability, and quality of life. Terroir incorporates the ideas of hand-craft, culture, soils, and micro-climates. The strength of Comté cheese is its strong "social capital." Quality is identified with place and tradition.

The success of Comté cheese brings pressure to increase its production. However, farmer leaders and the Comté board want to limit growth to 3 percent a year to ensure quality. The traditional system benefits small producers by competing in the larger market on the basis of artisan quality and special taste.

Family Eisgruber Bavaria, Germany Diversified income on a small farm

The Eisgruber farm in Bavaria is a bio-dynamic farm with 27 milking cows and about a dozen beef cattle. All the feed was grown on this small farm of about 20 hectares. Cattle graze on pasture in the summer. The Eisgrubers' milk is marketed by Bioland and is sold as cream, cheese and yogurt. The quality and flavor of these products was excellent.



The family enterprise now has diversified income across the farm (40%), a Peasant Pub and restaurant (40%) and holiday accommodations (20%). The Peasant Pub, a wonderful but endangered German tradition, is often the large front room of a farm house. Open hours are generally after milking when local farmers gather in this intimate setting for beer, conversation and maybe supper. The farm wife serves the beer and wine and if supper is desired, it is usually meat, potatoes, vegetable and salad.

Mrs. Eisgruber's cooking was excellent and much of the food was produced and butchered on the farm. The Pub earned its 40% by hosting local meetings as well as "drop buys" from the neighborhood for beer. For city guests, there are bicycles available and trails through the woods, down and around a fishing stream. The Eisgrubers had a very efficient manure lagoon system. The Eisgruber farm is a model of linking farmers with consumers. Agri-tourism in Germany is apparently becoming very popular.

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Coop, Switzerland Natura Plan



Coop is the second largest retailer in Switzerland with 1.5 million household members. The stores aim to be responsive to the needs of consumers and to give consumers added value and choice.

In an effort to promote environmental conservation and to support farmers, Coop launched a line of organic products in 1993. Coop ran a full page, full color ad in the national paper that encouraged Integrated Production (IP) farmers to convert to organic so that they could work with Coop. The ad drew over 3000 responses.

Coop markets organic products that have been certified by Bio Suisse under the house brand 'Natura Plan.' The Natura Plan program includes sheets, towels, baby clothes, and underwear made from organic cotton. In addition to Natura Plan, Coop also offers Natura Line, Eco Plan, and Cooperacion. The Eco Plan program includes ecologically progressive non-food products such as cleaning agents and recycled products. The Cooperacion program markets fair trade for products such as coffee, tea, honey and bananas certified by Max Havvelaar.

To date, the labels have been well received by Coop shoppers. For example, Natura Plan sales amounted to CHF 232 million in 1997, an increase of about 50% over the previous year. Organic fruit, vegetables and dairy products accounted for three quarters of sales while free range animal products accounted for the remaining quarter.

To educate consumers about Natura Plan and the other ecologically friendly options available to shoppers, Coop spends significant resources on consumer education. Coop educates consumers through a brochure that goes to all members. An ad campaign for organic products also ran in magazines, explaining that organic products may look and taste different because they do not contain artificial coloring or preservatives.

It appears that Coop's consumer education campaign paid off. In 1993, 25% of Coop shoppers knew or had heard of the Natura Plan program. By 1998, 82% of the shoppers polled were familiar with the program. In addition, Coop benefits from the positive public image that it has received from its marketing and support of organic production.

According to the company, the Coop Natura Plan is the most important factor for the company's growth and positive image. The basis of Coop's success in this area is their "highly motivated, strongly engaged, creative and competent collaborators." Natura Plan fits in with Coop's 'ethical identity and corporate culture.'

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Tengelmann's Naturkind™ Germany "Child of Nature"

Tengelmann, the world's fifth biggest supermarket company, owns 4,000 supermarkets in Germany and 7,000 worldwide, including the A&P chain in the US. Annual turnover is DM 50 billion, and the company has 200,000 employees. Their experience with marketing sustainably produced food, with 12 years of development yielding only 0.5 percent of turnover, points to the challenges of green marketing in the highly competitive retail sector.

The Naturkind brand originated with organic agriculture in the Netherlands in the 1980s. Tengelmänn purchased the brand in 1985, and relaunched it in 1997, adding internal quality control to the organic licensing.

There are approximately 100 articles under the Naturkind label, with sales price 30-40 percent higher than conventional products. But with such a low share of turnover and high processing and marketing costs, Tengelmänn is losing money on the brand. It is clear that consumers do not put Tengelmänn in the "natural" segment, and that in some markets, corporate identity is even a barrier to moving into "sustainable" markets. Strongest competition in this sector is from farmer direct marketing and Farmers Markets.

Tengelmänn have had great success with their quality beef brands "Birkenhof" and "Wörther Hof" as a result of the BSE and other scandals in the meat industry. By following strict criteria for animal welfare, pasture production and quality, the 500 farmers who supply Tengelmänn with these beef product receive approximately 20 percent above market price.



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FDB, Denmark An Environmental Retailer

Retailer Initiatives

FDB, the largest retailer in Denmark, markets itself as an environmental store with three main components to its marketing philosophy: giving the consumer a choice, promoting products with fewer environmental impacts, and promoting organic products. FDB believes that consumers are willing to pay for ensuring that foods are environmentally and socially friendly, and removes products that have highly visible environmental problems. Organic products were introduced in FDB stores at the same price as conventional foods. Now, organics never run more than 20% above conventional prices.

A consumer cooperative, FDB has 33% of the Danish market with 1200 shops and the associated chains of Kvickly, Super Bruksen, Irma, and Fakta. FDB boasts 2 million members. They return to members a 2% dividend on all products, and a 5% dividend on organic products. FDB frequently does consumer surveys to determine preferences -- FDB is realizing that consumers want prepared organic foods.

FDB promotes and uses two ecolabels—the Scandinavian (Nordic swan) ecolabel for non-food products, and the Danish organic logo. FDB does not use the European Union ecolabel because they don't think the environmental standards are high enough. FDB prefers not to have a large number of labels, because they believe this would confuse consumers. The latest organic initiative at FDB is organic breads sold in the Kvickly chains. The breads will be priced at the same price as non-organic breads. This is an early experiment similar to what the chain did in 1993, when they marketed organics at the same price as traditional products.

FDB buys mostly from larger farms. Some small farmers initially provided products but as larger companies start to provide organics, the small farmer can't meet demand or requirements for steady supply. The chain encourages these farmers to explore smaller niche markets.

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Retailer Initiatives

Albert Heijn, The Netherlands

Albert Heijn is the largest supermarket chain in The Netherlands with about 700 stores, \$5 billion in annual sales and 28% of the Dutch retail grocery sales. It is a subsidiary of Royal Ahold, an international food retailer headquartered in the Netherlands with retailer chains in Europe, United States, Latin America and Asia. Royal Ahold had \$26 billion sales in 1997.

Since 1990 Albert Heijn developed a "monitored cultivation" program focussing on limiting fertilizer and pesticide use. This program has now been named "Earth and Values". It includes a year by year monitoring, continuous upgrading of standards and expansion to all fresh food products both domestic and imported. The program has been developed with the assistance of an independent third party, the Center for Agriculture and Environment (CLM). Organically grown products fall under a separate program "AH Biologisch."

As a result of the Earth and Values program, roughly 80% of the fruits and vegetables in the AH-supermarkets were produced under ICM practices by early 1998. An additional 1-2% was produced organically. Albert Heijn promotes its environmental performance primarily through its magazine with a circulation of three million copies per month as well as its employees and other media. There is very limited signage and no store brand or ecolabel for the "Earth and Value" program. Environmentalism is an integral part of Albert Heijn quality. However the organic store brand AH-biologisch is used for food products.

The marketing strategy is based on promoting the entire chain and each store as environmentally friendly. Albert Heijn wants consumers to expect that all its stores are environmentally responsible and that the goods sold in these stores are produced, processed and packed in a responsible manner. Thus, the chain takes the position that the message need not be repeated on each shelf and product throughout the store. (Thanks to E.G. Nadeau)

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Landoksen beef from the Countryside, Denmark



Food with a Face

The Danish Livestock and Meat Board is running a trial quality meat program, in cooperation with 70 Danish farmers and three of the FDB cooperative food retail stores. Beef from certain heifers is tracked from birth to the meat counter display using an eartag number with the body and a bar code with the cut meat. Practices are employed and documented from farm to packaging that enhance the quality of the final beef product. Emphasis is placed on selecting high quality breeds, ensuring animal welfare considerations during finishing, monitoring overall animal health, transportation to slaughter, standardizing the percentage of fat, and monitoring the aging time of the meat.

Each piece of meat in the store is packaged on a cardboard tray instead of the standard styrofoam. The package is labeled with a "Landoksen quality" label, and bar-coded with the original cow's eartag number. Customers run the meat package bar code under a computerized scanner next to the meat counter, and a video monitor displays information on the cow, the farm where the cow was raised, meat quality, and production and processing practices used when preparing this specific piece of meat for market. Pictures of the farmer and the cow are shown.

Creators of the program hope to produce and document a quality beef product that resonates well with consumers. The Danish Livestock and Meat Board is surveying customers during this trial program to find out which information is of most concern and interest. In an initial phone survey of 400 customers, the Board found that consumers are most interested in country of origin (preferably Denmark) labeling; indication of aging quality and taste; and specific information on the production practices used when raising animals. At this point, there is no premium to the farmers and no widespread promotion of the label. No conclusions have yet been made about the effectiveness of the program. The program emphasizes taste and value in its definition of a high quality meat product.



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Milieu Project Sierteelt (MPS), Netherlands Floriculture Environment Project

Milieu Project Sierteelt (MPS) is an initiative of the Dutch floricultural industry to incorporate environmental standards into greenhouse flower production in the Netherlands. MPS is grower-driven -- the project was started by the flower auctions because they wanted to be proactive about pesticide concerns in the flower industry. Seventy percent of all the floriculture greenhouses in Netherlands are participating.



To participate in the program, flower growers follow certain standards for production and share their on-farm records with a central coordinating organization. Their input figures and other numbers are placed on a sheet comparing their environmental performance with the group of growers as a whole. Growers are rated as an MPS A, B, or C level farmer, with A's being the least input-intensive. As growers compare themselves to others, they continue to decrease their input use. They've begun to significantly lower the overall inputs.

The MPS system does have a label, but the environmental differentiation happens purely on the wholesale level. Periodically, A growers receive a premium because the demand for these flowers is high. Premiums in general are rare. Over 90% of the flowers grown in Holland are exported. The MPS system positions the Dutch flower industry to be more environmentally conscious than the rest of the world -- as a trading nation, Holland needs to stay ahead of the curve.



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Kvamilla, Denmark

International standards for quality

Kvamilla means quality (*Kva*), environment (*mil*) and agriculture (*la*). Together, these characteristics are applied to a quality management program developed for use on Danish farms. The project was initiated in 1994 by staff of the Danish Agricultural Advisory Centre and has been developed and implemented by 50 farms diverse in size, production practices and type of farm. The goal of the project is to develop, implement and evaluate an integrated quality and environmental management program that can prepare farmers and farms to fulfill international quality standards, such as those developed by the International Organization for Standardization (ISO). Approximately 65% of Danish agricultural production is for export -- to the European Union and around the world. The ISO quality management systems (9002) and environmental management systems (14001) are used by many of the buyers of Danish farm products.

Kvamilla is a voluntary whole farm certification program. There is no marketing label or brand associated with the program. The project was developed in response to increasing consumer interest in quality and environmental issues related to agriculture. The Advisory Centre and the farmer partners believe it is in the interest of producers to openly explain and demonstrate production processes as a way for farmers to be out in front of consumer needs, instead of consumers and the authorities demanding changes that farmers are ill prepared to address.

The system contains two components: a joint manual common for all the farmers and an individual manual specific to each farm. The joint manual translates the quality standards into farm language and outlines general requirements and procedures relevant for farm production. The individual manual documents the details of each farm. Farmers wrote the majority of the text for both manuals.

Involved farmers are disappointed that they haven't yet gotten higher prices for their compliance, but they think the certification will be beneficial in a few years. Some farmers get discounts on insurance or note that the bank was easier to handle with this program. Farmers also felt better about their work. They want to have more benefits for farmers before they go out and widely advertise and publicize the system.

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Baby Organix, UK

Marketing Organic Baby Food



Founded in 1992 by Lizzie Vann, the Baby Organix baby food company features 100% quality organic babyfood. Baby Organix products are all-natural, with no unnecessary water or thickeners added. Since its founding, the selection of Baby Organix babyfood has expanded to a total of 54 varieties:

- ◆ 18 varieties of Babymeals for 4 month old babies
- ◆ 16 varieties of Babymeals, suitable for 7 month old babies
- ◆ 4 varieties of Juniormeals, suitable for older babies
- ◆ 13 varieties of Infant Cereals in cartons, for all ages
- ◆ 3 ranges of Baby Pasta shapes with 3 authentic Italian recipe pasta sauces, all designed to help babies begin to use their tongue muscles
- ◆ Baby Breadsticks - crunchy breadsticks free of salt and flavor to help a baby learn to chew

The ingredients in Baby Organix products are all properly labeled according to the Quantitative Ingredient Declaration Standards (QUIDS). Baby Organix products comply with strict organic standards set by the Soil Association Organic Standards - i.e., no pesticides, no fertilizers and no growth hormones.

Baby Organix also administers a free telephone helpline service, with fully trained staff available to answer questions a parent may have regarding a baby's first year. The service-oriented company also produces literature for parents and health professionals to help them understand and promote good feeding practices for children. The range of literature available includes;

- ◆ Recipe cards to make babyfood at home
- ◆ Cooking demonstrations for parents at health clinics
- ◆ Weaning charts to show the different phases of weaning
- ◆ Leaflets showing the fundamentals of healthy babyfood
- ◆ Leaflets on gluten, allergies, food labelling, and organic food

Baby Organix has won numerous awards, including the Soil Association Organic Food Award each year from 1993 to 1998; the Mother & Baby Award Winner 1994, 1996 and 1997; the Caroline Walker Award 1997 for promoting better health through diet; and the ADAS Marketing Award for Product Excellence



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Hofpfisterei, Germany

Quality through farmer-baker linkage



The **Hofpfisterei** was founded in 1330, and has belonged to one family since 1970. It has four factories including a mill, 1000 employees, and 135 retail shops, all in Bavaria, which account for 70% of its \$60 million turnover. The company has a strong regional identification, though the bread is not marketed as a specifically regional product. It produces 32 different types of bread, all of the round "farm" style, made only from flour, water, spices and salt.

The company has thought about ecological production of grains since 1982. In 1987, it decided to buy organic grains with a target of using only organic by the mid-1990s. The target was achieved by 1993. It is interesting to note that rather than marketing a distinct line of organic bread, Hofpfisterei folded the environmental feature into its overall quality presentation. In the Hofpfisterei stores, posters announce that "For a two kg Pfister loaf, five square meters of Bavaria remains free of agrichemicals."

Hofpfisterei sources exclusively from the marketing company of one of the German organic certifiers, **Naturland**. This relationship was made to ensure (1) that at least 80 percent of flour was sourced from Bavaria, and (2) a guarantee of quality and supply.



Naturland has 700 producers in Bavaria; some sell direct to consumers, but 70% is sold through the marketing company (Naturland Marktgesellschaft) as a link between producers and consumers, which has a turnover of \$23 million per year farm value. Naturland members must apply to join the company, requiring DM500 for the rights to sell DM10,000 of produce, and DM200 for each additional DM10,000. Naturland has close marketing relationship with the retail chain Rewe (ranked number two European food retailer) to supply organic products for Rewe's "Fullhorn" brand.

The Hofpfisterei won a European *Better Environment Award for Industry* in 1996 in the category "Managing Towards Sustainability."



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Milieubewuste Voedingstuinbouw (MBT), The Netherlands Environment - Conscious Cultivation by Certerra

By using the butterfly logo from Milieubewuste Voedingstuinbouw (MBT) of the Netherlands, over 5,600 producers of vegetables, fruits and mushrooms agreed to adopt the standards of environment-conscious cultivation (ECC). Growers follow environmental guidelines specific for each vegetable, fruit and mushroom grown in the Netherlands. The MBT butterfly logo on produce ensures consumers that the product has been grown using environmentally conscious methods



MBT has adopted several measures to ensure that its growers comply with ECC guidelines. Participant growers must maintain detailed records of their farm practices including crop protection methods, fertilizers and use of energy. Most farms are inspected, sometimes unannounced, by an independent body commissioned by MBT. Soil, water, crop or product samples may also be taken from producers to test for pesticide use. If growers fail to adhere to guidelines, they lose the right to use the MBT butterfly logo for one year.

Environment-conscious cultivation is popular in the Netherlands, accounting for about 75% of the area for greenhouse vegetables, 55% of fruits, 50% of mushrooms and 25% of field vegetables.

The MBT trademark for Environment Conscious Cultivation for integrated production of vegetables, fruits and mushrooms is serviced by Certerra. Certerra is the new name of the former stichting MBT, introduced by the Dutch Minister of Agriculture, Nature Management and Fisheries in November this year. With this new name, Certerra intends to provide more services on food safety, hygiene, worker health and safety.

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Part 3. Successes, Challenges & Agenda for Action



What Makes a Marketing Initiative Successful?

“We are doing many things right, that is, in a sustainable manner. Our breeds have high health standards; many are minimal disease. We have good genetics. We follow codes of practices; we do environmental audits through environmental farm plans; we use manure, instead of chemical fertilizers to grow crops locally, for our animals. We receive no recognition for this, when we sell our product to a large multinational company. Something is wrong! We have become experts at production and lousy at marketing. This tour taught me that we have to market our product in a smart manner, give the consumers what they want.”

-Farmer tour participant from Canada

The 35 case studies in this report represent windows onto a wide range of marketing initiatives that farmers, consumers, food processors and retailers have embarked upon in six European countries. Almost all are attempts to differentiate food products from mainstream, standardized food by stressing elements of sustainability. These marketing initiatives emphasize quality in today's over-supplied markets.

The themes of the marketing innovations vary, yet all are based on one or more of the following characteristics:

- ◆ Regionalism: Supporting local farmers and communities and reduced "food miles" (transportation distances);
- ◆ Fair trade: Improving farm income through direct marketing, vertical integration (ownership of processing, distribution and retail, or social labels);
- ◆ Human and environmental health: Reducing or eliminating agro-chemical inputs; excluding the use of genetically-modified organisms (GMOs), antibiotics, and irradiation;
- ◆ Culture and artisanship: Promoting landscape, breed, craftsmanship, and taste;
- ◆ Biodiversity: Creating space for nature and wildlife;
- ◆ Rights: Enhancing animal welfare.

Our task now is to highlight common success factors and stumbling blocks. We hope that these insights will assist and inspire groups in other regions to define an effective marketing strategy that favors sustainable production.

1. Measuring success of a marketing initiative

Sustainability, as a holistic concept embodying environmental health, social equity and economic profitability, is often not completely met by any one action or marketing initiative. Most of the marketing efforts we visited concentrated on certain aspects of sustainability. Since measures of sustainability differ, how does one measure the success of an initiative?

In the Netherlands, for example, measures of sustainability include a number of environmental benchmarks: the number of bird nests, numbers of native plant species, energy use, animal stocking rates, among other tangible outcomes. Progress on the realization of sustainable agriculture via marketing could be measured by documenting farmer adoption rates of certain environmental practices, documenting on-farm input reduction, looking at farmer premiums or surveying consumers about their knowledge of sustainable agriculture.

Participants in the tours and symposiums continuously struggled with how to evaluate each initiative and worked to pull important lessons from our visits. It became clear that challenging questions must always be imposed upon our work: Is this initiative sustainable and manageable for the long-term economic success of independent farmers? Does the initiative represent large-scale societal shifts towards sustainability or is it an example of a meaningful niche strategy that would lose effectiveness if implemented on a wide scale? How does the initiative impact the overall adoption of sustainable and organic practices? Are the needs of consumers met across income levels?

These and other questions are important to our continued growth and movement toward a more sustainable agriculture.

2. Quality is embodied by a blend of attributes including taste, safety, environment, regionality and artisanship.

By maintaining and ensuring high quality production, producers can demand a premium price for their products. Many of the farmers and marketing groups described in *Marketing Initiatives* (Part 2) emphasize the importance of developing and maintaining consistent quality standards that include environmental and social criteria. This encourages consumers to equate sustainable practices with high quality foods. Consumers are assured by the stamp of quality, often equating it with superb taste and safe production methods. One breach of this trust can destroy all the marketing efforts. Quality assurance often means having credible, independent monitoring and certification of marketing initiatives. Credibility is further enhanced by the involvement of "watchdog" public interest organizations. For example, in the Waterland case study from the Netherlands, members of an environmental group work with farmers to promote the ecological benefits of sustainable farming practices while simultaneously helping to build and maintain habitat for endangered species.

Farmers and consumers may view quality and sustainability as positive yet vague attributes. It may be more effective to market specific characteristics such as region, landscape, animal breed, taste and farm type since these traits may carry more meaning for consumers than just "organic" or "sustainable" production. The qualities of local production, small farm size, and independent farmer ownership have traditionally been part of the organic farming message. But these characteristics may become "lost in the translation" as organic labeling becomes standardized and is marketed globally under a "wellness" banner.

There seems to be a considerable controversy between organic and non-organic labeling, with non-organic labels branded as "light green". The Tagwerk, Bio-Directe, Waterland and the Hopfisterei initiatives highlighted in this report all promote regionally identified organic products. Other case studies, such as the Hohenloher Höfe and the Schwäbisch Hällisches Schwein programs in Germany, are not organic but do have very strict production and inspection standards that elicit consumer trust and confidence in both the production and non-production criteria (e.g., social and regional standards). These initiatives represent an agreement between producers and consumers on the combination of environmental, social, economic and gastronomic criteria that allow for a profitable, humane and regenerative food system. To represent this as a conflict between "light green" and "dark green" labels detracts from the serious efforts by these groups to bring region and social attributes into the quality and marketing mix.

We also noted that national integrated production standards are weak marketing tools without the added quality attributes of region, breed or landscape. The prospects for national or international non-organic ecolabels for food do not appear to be promising; the Dutch Milieukeur experience reinforces this conclusion. Wine, of course, already incorporates the *appellation* or region of production through the traditional label, and the Vinatura program in Switzerland can succeed by adding an environmental criterion to a very regional product. Otherwise, Integrated Production may develop as a national baseline standard for government support of agriculture as is the case in Switzerland, the Netherlands and (soon to be) Denmark. Integrated Production and Integrated Pest Management (IPM) are difficult concepts to explain to consumers in terms of food quality.

This could all change if food processors and retailers begin to seek food products or ingredients certified according to ISO 14000 set of standards. The organic farm company in Kaltensundheim Germany succeeded in integrating ISO 14000 and organic certification to ensure a certified chain of custody from "grass to yogurt." The Kvamilla program in Denmark is also betting that having products certified according to ISO 14000 guidelines will give them a comparative national advantage in the global market. However, it is questionable whether industry ISO standards will drive fundamental environmental reforms in agriculture or be marketable on the retail side. More often industry standards were developed on the wholesale level and implemented in preparation for increasingly global markets.

3. The power of regionalism

Regionalism and "made locally" messages resonate well with many consumers as quality attributes. Local, regional marketing efforts appear to be successful, especially those that suggest high quality products come from a region. Regional identification restores trust and puts a human face to a product, in the wake of what many Europeans see as an agribusiness profit-motivated break in trust which led straight to BSE and GMOs. Regionalism and the demand to reconnect "food with a face" is an important response to these food safety crises, and differ markedly from the industrial response of food irradiation and other "end of pipe" technologies.

Regionalism has the power to move people, and is perhaps more powerful than the debate over ecology. As globalization weakens the nation state, people find their identity within their region. Swiss consumers, for example, believe that high quality products do come from mountainous regions. Though organic is the most recognized label, Danes seem to pay more attention to region and aspects of place when making purchasing decisions, though for this small homogenous nation of five million people, region and nation are difficult to distinguish. Regional attributes denote high quality and taste, support of cultural traditions and the environment -- which together make an effective connection with consumers. An implication of this theme is that we need to facilitate the uncovering of a sense of place, and ways to communicate quality embedded in place, by producers who seek a more effective connection to consumers.

Strong cultural traditions related to food and eating, as well as a sense of deep-rooted connection to the land, are important contextual elements of European success that should not be underestimated. Traditions certainly vary and emphases on food and quality are played out differently. Consider the variety -- from a willingness and ability to enjoy long meals, to an extensive network of peasant pubs in Germany, or the French concept of "terroire," roughly interpreted as the integration of culture, taste, place, soil, climate and scale -- which together denote quality. Agriculture is more than producing food commodities for the global market. Farming produces non-food public goods important to communities -- landscape, the preservation of tradition, and the association with a region that is beautiful and committed to small farms and its people. Food and land are intimately related to personal satisfaction, cultural traditions and overall quality of life.

Local identity is something that importers of least-cost "global" food cannot compete on. Without some kind of regional marketing or government subsidy, agriculture will literally be abandoned in areas that are peripheral in terms of infrastructure, soils, or farm size. But those disadvantaged areas, which feature so predominantly in this report from Europe, also are usually much richer in terms of regional identity in the form of landscape, fauna, tradition, and artisanship. Regional food can be linked closely to tourism, farm stays and other benefits for the rural economy. Little is known, however, about the potential for regional marketing in the intensive agricultural heartlands of Europe and the United States.

4. Market demand and premium

Market demand for qualities associated with sustainable and regional agriculture is growing in Europe, Canada and the United States. It was clear to us that this philosophical support for sustainable agriculture must be matched with market signals to help farmers make the change. In addition, the next generation of farmers must be versatile in marketing as well as in production.

For organic products, farmers in the countryside are generally getting a premium ranging from 5% to 300% based on the season, product and quality. Apparently, the premium is high enough to encourage younger farmers to make the transition from conventional to organic. In Germany for example, we encountered a situation where

the average organic farm with a younger operator is larger than the average conventional farm with a younger operator. We asked why. The answer from two different observers was identical, "They [organic farmers] see a future." In Denmark, many conventional dairy farmers are in the process of transitioning to organic production because of the 40% premium paid for organic milk by a cooperative processor. This new generation of farmers converting to organic farming because of the increased profits is viewed with considerable suspicion by the pioneers of organic production. Increased interest in organic production also enhances the possibility of market oversupply resulting in low prices.

Some of the non-organic labels such as Natürlich Aargau are designed to improve farmers' access to markets rather than generate price premiums.

The importance of effective marketing and label programs cannot be understated. Forming alliances with or gaining the support of marketing institutions and those with marketing savvy in the early stages of a promotional effort can increase the market share of organic or sustainable products dramatically. To be competitive in the market, food products need to have an identity which differentiates their uniqueness from standardized products. Gaining an understanding of the broad themes that resonate with consumers -- as well as the specific messages that communicate effectively -- is critical to developing a successful market strategy.

Unlike large retail chains, many farming and regional development groups lack the financial resources for a grand advertising campaign to promote their products. One group, ALLES in Germany, overcame these financial barriers by organizing radical campaigns that attracted considerable media attention. Their campaign "Damned - Packed - Forgotten," which dramatized the disappearance of farm houses, generated 400 newspaper articles and 12 TV stories. ALLES is a source of inspiration to other groups interested in grabbing media attention through radical action. ALLES also exemplifies how communities can influence consumer demands in favor of sustainable agriculture using minimal financial resources.

5. The role of networks

Whether choreographed or unintentional, the collaboration of multiple sectors is crucial to effectively using marketing to support shifts towards sustainable and organic agriculture. These collaborations allow for shared risk between farmers, government and others. Structures where farmers shared the economic risks with government, with processors, or with retailers led to wider transition and adoption of sustainable practices.

In the Netherlands, for example, farmers benefit from the support of banks and lending institutions that are interested in sustainable development and have a supplemental "green agenda" as part of their business strategy. The Dutch Rabobank has provided funding for creative projects in the Netherlands, including such efforts as funding windmill construction so farmers generate their own power and sell the excess to the national power grid. Savers and investors in the Netherlands have found their way to the so-called green funds in vast numbers,

stimulated by a spectacular tax measure by the Dutch government: investors would no longer be liable for income tax on interest and dividends accrued from so-called green funds. The extensive network between government, banks, farmers and environmental groups is providing incentives and penalties, and this green financing has created considerable synergy between the sectors involved.

In Denmark, networking is very important in the transition to organic farming. The organic movement has managed to build considerable interaction and relationships among these different groups and organizations. The Danish Council of Organic Agriculture is made up of the Danish Farmers Union, organic farmers, the Biodynamic Association, the Danish Family Farmers Association, the Advisory Service's Special Committee on Organic Farming, ecological/organic trade organizations, grass roots organic organizations, marketers, and those doing consumer and farmer education. Control and processing, subsidies, research, standards and control are also all under the Ministry of Agriculture. As one organic advisor put it, "This is the most important reason that we have good success with organic farming in Denmark."

Some farmer groups reduce economic risks by negotiating contracts with retailers or processors, such as the exclusive contract between Naturland and the Hofpfisterei bakery in Munich, guaranteeing their market each year. One processor in Denmark—MD Foods—absorbed the loss in profit if supply of organics outstripped the demand, rather than docking the price at the farm gate.

6. Alternative patterns of cooperation, ownership and control of the supply chain

The case studies in this report display an exciting range of cooperative, corporate and legal forms of farmers organizing for better bargaining positions with processors and retailers, for maintaining price premiums through managing production and quality, and for capturing profits along the food chain. One only has to look at what has happened to the price of organic soybeans in the US in 1999 to appreciate the repercussions of a failure to cooperate. Denmark's unions and cooperative structures often secure a greater voice for farmers in decision making and a greater premium and control over price of their product.

Many farm associations, partnerships, and cooperatives use legal forms of relationship that are codified in national or European law. A French system that might be replicated is a legal structure of farmer-owned stores, operated primarily by their farmer owners, and supplied exclusively with products produced and processed on member farms. The products are often quite sophisticated, including dairy, wine, fruit, vegetable, and meat products. Profits for farmer owners can be extremely attractive. The systems of ownership of the production and marketing cooperatives in the Schwäbisch Hällisches Schwein program and the Farmers' "Rastmarkt" in Germany also deserve close scrutiny as model initiatives.

In some parts of Europe, farmers have scaled up their marketing strategies and are seeking opportunities for direct contact with consumers. In the Vercors region of

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France, beef producers take turns staffing the grocery store with the "farmer" presence. Other examples include Danish farmers whose image is projected on a video screen next to their product and farmers who do on-farm processing and own and run their own stores. These relational marketing tactics are aided by the notion of "traceability" from product to farmer. The BSE crisis catalyzed consumer interest in the traceability of a food product and the associated consumer confidence inherent in "food with a face." Inadvertently, the crisis helped to popularize direct marketing initiatives such as the box schemes, farmers' markets, certified rare breed butchers, etc. The Tagwerk model of farmer-consumer cooperative offers much promise for both regional marketing and activism.

These social issues associated with scale and rural community health may not resonate as well as other elements of sustainability in the marketplace, and initiatives differ markedly in the degree to which they were incorporated into the marketing mix.

7. Role of mega-retailers and industry

Green competition is keen in the highly concentrated retail sector of Northern Europe. Coop and Migros, the two largest retail stores in Switzerland, are in direct competition for consumer loyalty with their Natura Plan and Migros Sano/Migros Bio labels, respectively. FDB in Denmark also feature organic products. However, German consumers seem to hold large retailers in suspicion when it comes to credibility with green production.

Large grocery chains have played an important role in increasing the demand and market share for organic and sustainable products. But their role is not always welcomed by organic and sustainable agriculture farmers. Retailers are the gatekeepers of European retail and their ability to dictate price and production criteria is formidable. Large chains often demand a steady supply of products and prefer to work with large farms that provide a consistent supply and who can afford to sell at a lower price. Large retailers can drive prices down for small farm producers.

According to advocates of rural community life and sustainable agriculture in the UK, another negative impact of retailer adoption of organic and sustainable products is their ability to drive small producers and small retailers out of business. Local producers rely on local retailers as an outlet for their products and retailers rely on the local farmers for the fresh produce. This is a mutually beneficial arrangement that benefits the whole community because employment is generated for the community. When a large supermarket arrives near a town, it can offer better prices and convenient shopping. And although, it may provide some employment for some local community, its presence will also cause the demise of small businesses and small farms.

Programs featuring traceability for meat products push risk and responsibility away from retail back to farmers. Issues of farm size and scale are rarely considered in retail and industry initiatives. The social issue that was often addressed by retailers

was the promotion of products that represent fair trade between industrialized and non-industrialized nations.

8. Government involvement and support

European government support of sustainable agriculture ranges from subsidies, payments, quotas, the organization of collective markets, ensuring label integrity, and environmental impact reduction goals including pesticide use and stocking rates.

The European Community and most member countries provide a variety of payments to farmers and to farm cooperatives. Some of these payments are targeted at conversion from conventional to "green" production; some are targeted at rural development and job creation; and some are targeted at farm infrastructure, like buildings or roads. Although consumers resist paying higher prices for organic foods in the marketplace, they are more willing to pay farmers through government payments or farm programs. As one Swiss organizer noted, "At the polls, Swiss consumers vote with their hearts. At the supermarket, they vote with their pocket books." More often than not, Swiss consumers are unwilling to pay price premiums associated with environmental stewardship or animal welfare, yet they are very willing to vote in favor of environmental payments and "free range chickens." Higher payments to farmers will convince large numbers to convert to organic production.

In the Netherlands, small farmers have been making a transition from receiving crop subsidies to earning "green" payments where farmers are paid to take a portion of their land out of production. Farmers are also paid to preserve nesting areas for certain endangered bird species. This system is in lieu of the country maintaining a large national park in a single area, and allows wildlife access to landscape clusters.

In Denmark, there is a general farm subsidy for all farmers, and additional supplementary payments during the transition towards and on-going use of organic production techniques. The Danish government is considering a national policy requiring state institutions to procure organics. To support cities and counties interested in institutionalizing the direct purchasing of organic products, 50% of their costs of implementation are paid by the government. As one organic service provider in Denmark explained, "Nordic countries see organic agriculture as the future of agriculture...". There is significant public funding dedicated to issues related to organic conversion, research and development. Government funding is divided. One-third of government spending on organics in Denmark is devoted to farm conversion subsidies and subsidy to organic farmers. Two-thirds of the government funding is ear-marked for information to consumers and farmers, education, advisory/extension services, research and field testing, demonstration farms, product development, cooperative distribution/sales, and market analysis/test marketing. Forty per cent of the market testing and product development costs are subsidized by the Danish government.

It was noted that "subsidy" does not have to be a dirty word in the support of agriculture with provides society with a whole range of public goods, ie a multifunctional agriculture. Direct payments can level the playing field for sustainable

agriculture by rewarding the production of public goods such as landscape, biodiversity and clean water.

Marketing can add value to existing government schemes for nature protection, such as the Waterland cooperative's entry into marketing to capitalize on their state-sponsored "production" of wild birds and flowers. As already mentioned, a role of government in finance for sustainable development—as in the Netherlands—can release a wave of new investment for ventures such as organic agriculture. There is also clearly a role for government in limiting the destructive activities of the global food system, such as restrictions on multinational corporations, support for collective bargaining, and restrictions on the construction of "green field" out-of-town supermarkets.

9. Research support and technical services

Research support for farmers interested in changing practices is very important. As a Swiss participant commented, "Without research in the long-term, you can't have high-quality products." To avoid research gaps and bottlenecks there is a need to increase farmer to farmer communications and need for timely technical information and assistance. Examples from Switzerland and Denmark illustrate the roles research must play during transitional times.

Founded in 1973 in Switzerland, FiBL is one of the oldest organic research stations in the world. It currently receives funding for research (about 10 million CHF from the federal Swiss government and other sources); inspection (farmers pay); and extension (cantons pay). Its research activities include classical agronomic research, on-farm experiments, pilot farms, regional planning and modeling, and structural data. Its four research groups are soil and plant nutrition; biological plant protection and ecology; farm economy and landscape; species appropriate animal husbandry and animal health (ecological breeding).

If a company wants to test a new product, they will pay FiBL to test it for them. For example, FiBL is working with a large retailer to test new apple varieties that can be grown organically and replace some of the "tried and true" consumer favorites. Swiss consumers love Granny Smiths, but Granny Smiths are difficult to produce organically. FiBL, in this example, would search for an apple that is well adapted to the local climate, but that is also green, tart, crunchy, and bakes well.

In 1996, interest in organics in Denmark was increasing and the group of five technical advisors was not enough. They decided to adopt organics into the general advisory system. The job now is to recognize that organic advice does not disappear in this disintegration. There is a strong commitment to ecological production by research and advisory services – within the Danish Agricultural Advisory Centre there are 125 ecological advisors.

Farmer involvement in sustainable agriculture research and information exchange is critical to its relevance and success. In Denmark, farmer study groups meet once

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each month to share information. In many cases trials are done on local farms. Local organic farmers have organized to get money for grass-roots research. They are planning to develop a database of resources on the Internet so that web users can go and look as to what has been found.

Challenges

With every McDonalds that we pass between visits to successful programs, we are reminded of the enormous challenges that we face in expanding the reach of sustainable agricultural practices. Across the industrialized world, farmers have become de-skilled in marketing. The farm population is aging. Organic foods comprise less than two percent of sales in most countries. Retail is becoming astonishingly concentrated, with mega-retailers and food service companies acting as effective gatekeepers to the entire agri-food chain. The entry of deep discount stores into food retailing, with associated concentration of manufacturing and supply, is sending shock waves through farming. For many farms in Europe and North America, to stand still is to lose.

Corporate entry into specialty production

Some high-quality regional products are now processed by very large companies. The production of Roquefort cheese in southern France, for example, is now seventy percent controlled by one French conglomerate. Farmers and locally owned processors have lost control over their industry. Farmers' response has been to organize a collective bargaining organization which is allied with local processors in an industry association. The consequent arrangement is a balance of power in which farmers still receive high prices and collaborate on market development.

These tensions are difficult, however. Comté cheese producers struggle with the same conglomerate in their region of the Jura. Comté milk producers are attempting to keep production growth under two percent per year, whereas the largest marketer of Comté prefers much more rapid production growth. Farmers fear a dilution of quality and a threat to their lifestyle. They face global marketing of their cheese with apprehension, preferring, in the words of their industry manager, "to fly under the radar."

Niche marketing and farm crisis

There is skepticism about marketing of sustainable agriculture in particular and niche marketing in general as means to get farming out of its crisis. If deep structural issues, including concentration of capital and power, are driving profits off the farm, then national and international policy interventions such as anti-trust legislation should work in concert with alternative marketing initiatives.

Cheap food policy, globalization and the need for whole cost accounting

A conclusion drawn during the tour experiences is that sustainable and organic food products are competing in an unfair marketplace. While the initiatives we studied were internalizing the costs of producing and protecting public goods such as the environment, cultural traditions and rural communities. These costs were not incurred by conventional competitors in the marketplace.

Concurrent with new opportunities for green and local products in the marketplace, the industrialization, concentration and globalization of the larger agricultural economy puts countervailing pressure on quality, price, cultural and regional distinctiveness. In the context of the World Trade Organization (WTO), many labels are seen as distortions of free trade, and the United States is pushing Europe to accept meat hormones, recombinant bovine somatotropin (rBST), and genetically modified organisms without labeling. Europeans fear control of their food system by multinationals -- the "MacDonaldization" of their food culture.

In Switzerland, many of the growers and marketers that we visited expressed concern over the increased food imports that will accompany new trade treaties and laws that will take effect over the next three years. Building a loyal market for domestically produced foods will be an important factor in the future success of Swiss farmers. Building niche markets - such as organic and regional - and creating more direct sales to consumers were cited as ways to ensure that small farmers continue to have access to markets.

There is a wide range of attitudes toward scale in the marketplace. Some believe that large-scale production and/or marketing is harmful to the sustainability of local independent farms. Others believe that the only way to make big changes and societal impacts is to scale up local experiments to compete in conventional markets. Change is in the air for organic systems as the industrialization and globalization of organics increases. The premiums gained from organics will be erased without attention to the same structural issues we are struggling with in most agricultural systems.

Consumer confusion in the marketplace

Where organic standards were not mandated in green food labeling, there are usually complaints that consumers are being confused by "light green" labeling and that the words "eco" and "bio" were being misused. People involved in organics often feel threatened, and express a genuine sense of impending damage by ecolabels, especially when these products are marketed side by side in mainstream supermarkets. Ecolabelers argue that technical barriers will put a limit on the adoption of organic practices and that ecolabels are serving an important niche. Regional non-organic labels marketed through farm shops, small butchers and markets present much less of a risk. Both Danish and Swiss groups have made big efforts to avoid this confusion, and North Americans should take note of these risks. One participant noted, " The market can only accept so many claims."

Pro-active Initiatives

During the information-sharing and networking symposium of all tour participants, we generated an agenda for action. Listed below are some of the ideas that we believe need to be implemented and acted upon to better support organic and sustainable marketing initiatives.

Media clearinghouse

Media is an incredibly powerful tool in today's society, effectively used in conventional food marketing. We need to develop a press service for sustainable and organic agriculture. This group would test, unify and clarify the messages that diverse groups are sending about organics and sustainability. Related to this, it was suggested that we also create high-media events, such as developing a "Green Oscar" for the best marketing venture each year.

Market research

Market strategies are complex and vary depending on the goals of a program. There is a significant difference between strategies to gain shelf space in supermarkets and strategies to sell directly through Community Supported Agriculture, public markets, farmer-owned stores, and specialty shops.

There is a lot to learn about consumer preferences and understanding with respect to organic and sustainable food. Consumer research conducted before, during, and after the implementation of a marketing initiative is critical to success. Places like Denmark, where marketing efforts are developed and evaluated before being fully implemented, offer many valuable lessons.

To this end, we recommend that a central clearinghouse be established that would collect and analyze data on consumer trends, market share, roles of different retail outlets, message effectiveness, and other aspects of sustainable marketing.

Advisory services

Although some entrepreneurs will emerge without assistance, broader opportunity requires linkages, partnerships, and experiences that build confidence. We need to provide very easy access to information through interactive web forums and resource libraries. We could augment written resources by developing a "bank" of mentors through which experienced entrepreneurs and marketers provide technical assistance to emerging enterprises.

In order to tie these advisory services to emerging needs and new trends, we could organize regional reflection groups that include people from different sectors of the food system and at different stages of development of their idea. Technical advice would be welcome on enterprise facilitation, feasibility analysis, business planning, financing, product development, consumer research and message development.

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We could share successful tools that can reveal aspects of quality, place and farmer origin of products at the point of purchase.

Critical analysis of marketing and labeling initiatives

National and regional analyses of alternative marketing and labeling initiatives should be undertaken. The methods and goals of each initiative must be identified and differentiated. Each strategy may be appropriate in specific circumstances, but the differences also reflect ideological stances. We need to clearly distinguish the goals from tools; for example, safe food and sustainable farming are goals, whereas labels and farmer-owned stores are tools to achieve those goals. Analyses of what really works or isn't working, and why, need to be implemented. For instance, higher prices for sustainable or organic products is a barrier for many customers. Should the government level the playing field with subsidies? What are the market interactions of organic and ecolabels? How do social issues resonate in the marketplace? We could develop a system to track the experiences of regional and local labels and agri-tourism initiatives, as well as other sustainability criteria.

Policy development and analysis

Sustainable agriculture marketing is impacted by regulatory barriers, public guarantees of label integrity, tax issues, import barriers and fiscal investments. We need "think tank" capacity that can serve those working on Common Agricultural Policy (CAP) reform, farm bill policies, World Trade Organization policies, taxing consumption and pollution and private sector issues like green competition among retailers. A few of the effective policy themes from Europe are as follows:

- ◆ In farm policy, emphasize public investment in the infrastructure that opens up markets and builds farmer/consumer relationship in the marketplace, but avoid overly romanticizing the potential for niche marketing to maintain a critical mass of independent farmers.
- ◆ On the regulatory side, seek to require the internalization of all environmental and social costs.
- ◆ Require labeling of origin and labeling of products containing genetically modified organisms.
- ◆ Make public investment in infrastructure in order to achieve those public goods not produced if the market is "left to itself." For example, target public funds so that landscape is attractive, employment is generated in rural areas, water is clean and the scale of agriculture is small enough to generate local economic activity.

Currency Exchange Rates

	To US Dollar	In US Dollar
British Pounds (GBP)	0.62	1.61
Canadian Dollars (CAD)	1.48	0.68
Danish Kroner (DKK)	7.01	0.14
French Francs (FF)	6.19	0.16
German Marks (DM)	1.85	0.54
Netherlands Guilders (NLG)	2.08	0.48
Swiss Francs (CHF)	1.51	0.66

Rates from Apr 22 1999

Metric Conversion

Length

Metric ->	English	English ->	Metric ->
1 millimeter [mm]	0.04 in	1 inch [in]	2.54 cm
1 centimeter [cm]	0.39 in	1 foot [ft]	0.30 m
1 meter [m]	1.09 yd	1 yard [yd]	0.91 m
1 kilometer [km]	0.62 mile	1 mile	1.61 km

Area

Metric ->	English ->	English ->	Metric ->
1 sq cm [cm ²]	0.16 in ²	1 sq inch [in ²]	6.45 cm ²
1 sq m [m ²]	1.20 yd ²	1 sq foot [ft ²]	0.09 m ²
1 hectare [ha]	2.47 acres	1 sq yd [yd ²]	0.84 m ²
1 sq km [km ²]	0.39 mile ²	1 acre	4046.9 m ²
		1 sq mile [mile ²]	2.59 km ²

Weight

Metric ->	English ->	English ->	Metric ->
1 milligram [mg]	0.015 grain	1 ounce [oz]	28.35 g
1 gram [g]	0.035 oz	1 pound [lb]	0.45 kg
1 kilogram [kg]	2.20 lb	1 stone	6.35 kg
1 tonne [t]	0.98 ton	1 ton	1.02 t

Volume

Metric ->	English ->	English ->	Metric ->
1 liter [l]	1.76 pt	1 pint [pt]	0.57 l
1 hectoliter [hl]	21.997 gal	1 gallon [gal]	4.55 l

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