Collective Farmers Marketing Initiatives in organic supply chains – relevance, barriers and support strategies
Outline

- J. Sanders (FiBL)
  Introduction to the topic and main lines of the COFAMI project

- M. Schermer (University Innsbruck)
  Limiting and Enabling Factors for the Development and Success of Collective Organic Farmers Marketing Initiatives

- R. Lüthi (Helvetas)
  Experiences with collective farmers‘ actions in organic value chains from Laos

- Open discussion
Collective Farmers Marketing Initiatives in organic supply chains - Introduction to the topic and main lines of the COFAMI project

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Objectives of COFAMI project


- To identify (social, economic, cultural & political) factors that limit / enable farmers to pool ideas, experiences and capital in the development of co-operative producer organisations and marketing initiatives

  - To obtain overview of diversity of COFAMIs across Europe and identify different strategies
  - To identify different limiting / enabling factors and their importance according to regions, COFAMI strategies and development stages
  - To formulate support strategies and policy measures for the development, performance and dissemination of COFAMIs
COFAMI study countries & research teams

The Netherlands
Wageningen University (Co-ordinator)

Germany
Institute for Rural Development Research

France
QAP Decision

Denmark
Aarhus University

Latvia
Baltic Studies Centre

Czech republic
Czech University of Agriculture in Prague

Hungary
Institute for Political Sciences

Austria
Innsbruck University

Switzerland
Research Institute for Organic Agriculture

Italy
Research Centre on Animal Production
COFAMI research activities

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

- Important role of collective action of organic farmers in the past
  - Marketing and buying co-operatives → improved market access, supply of organic inputs (livestock breeds, seeds)
  - Farmer study groups → technological innovation, spread of production methods
  - Producer-consumer organisation

- Traditional organic co-operative strategies are facing changing market contexts, societal / consumer demands and internal management challenges

- New forms of collective actions provide possibilities to react on theses trends
Relevant market & policy trends

- Retailers become dominant market channel / concentration in retail & processing
  - (Trans)-National retailers have obtained central position as ‘gatekeepers’ between organic farmers and consumers
  - ‘Global sourcing’ of retailing & processing → competition and substitution amongst primary producers world-wide
  - Large retail surface become dominant
Relevant market & policy trends

- **Growing importance of quality standards**
  - Standardised food-chain processes
  - Increase of public requirements (environment, safety, hygiene, animal welfare) during food processing etc.
  - Multiplicity of private quality standards on top of public ones / increased awareness of food transparency

- **Changing consumer habits & preferences**
  - Changing consumer habits (convenience, snacking, out-door consumption)
  - ...and purchasing habits (internet shopping)
  - At same time appreciation for food quality, authenticity and mode of production (not just organic)
Relevant market & policy trends

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

- **New markets for public goods & services**
  - Emergence of new non-food markets in rural areas, e.g. energy production, tourism, care etc.
  - Importance of synergies between different functions / activities in successful regional development (“Organic regions”)

**COFAMI**
Encouraging Collective Farmers Marketing Initiatives
Different COFAMI strategies

Extra-local policy actors

Local social & policy actors

Chain Intermediaries (processors / retail)

Consumers

Other economic actors

Market environment

COFAMI

Product specificity

Location Factors

Culture / identity

Encouraging Collective Farmers Marketing Initiatives

Sixth Framework Programme
Different COFAMI strategies

Consumers

Chain Intermediaries (processors / retail)

Extra-local policy actors

Local social & policy actors

Other economic actors

Product specificity

Territorial resource base

Location Factors

Culture / identity

COFAMI

COFAMI

Encouraging Collective
Farmers Marketing Initiatives

Sixth Framework Programme
Different COFAMI strategies

Policy environment

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

COFAMI

Product specificity

Location Factors

Culture / identity
Different COFAMI strategies

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

Extra-local policy actors

Local social & policy actors

Chain Intermediaries (processors / retail)

Consumers

Other economic actors

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

Differences in:
- Specific product quality
- Use of local resources

Product specificity

Location Factors

Culture / identity

COFAMI

Culture / identity

Location Factors

Product specificity

Chain Intermediaries (processors / retail)

Consumers

Extra-local policy actors

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COFAMI

Encouraging Collective Farmers Marketing Initiatives

Sixth Framework Programme
1. Countervailing power

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

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

Extra-local policy actors

Local social & policy actors

Chain Intermediaries (processors / retail)

Consumers

Other economic actors

Product specificity

Location Factors

Culture / identity
Example

Biomilchpool - Switzerland
2. Quality differentiation

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

Quality differentiation by:
- Strong links with territory
- Adhering to quality standard (e.g. fair trade, wildlife-friendly)

External quality guarantee

Extra-local policy actors

Local social & policy actors

Promotion

Consumers

Chain Intermediaries (processors / retail)

COFAMI

Other economic actors

Location Factors

Culture / identity

Product specificity
Example

Napfmilch - Switzerland

Wildtierfreundlicher Landbau
3. Region marketing / branding

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

Extra-local policy actors

Local social & policy actors

Consumers

Creation of synergies within rural economy

Chain Intermediaries (processors / retail)

Local shops / restaurants

Tourism enterprises

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

COFAMI

Product specificity

Services & public goods (e.g. landscape)

Location Factors

Culture / identity
Examples

Region branding in Netherland, Czech republic and Austria
Conclusions

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

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

- Collective organic farmers’ marketing initiatives apply a diversity of strategies - sometimes in combination - that are crucial to understand their functioning and (potential) impacts.
Further information

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