

**HealthyGrowth**

From niche to volume with integrity and trust

**FULL CASE STUDY REPORT**

**Bioregion Mühlviertel - Austria**



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**Content**

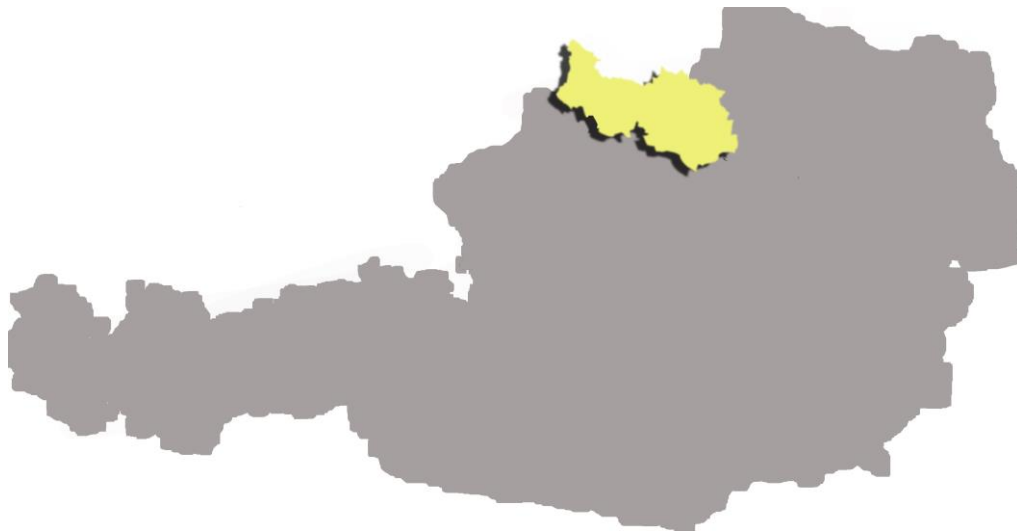
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*Most local organic market chains have inherent problems in moving from niche to volume, and mainstream large-scale market chains have inherent difficulties in securing and advancing organic values. The project “Healthy Growth: from niche to volume with integrity and trust” investigated a range of successful mid-scale organic value chains in order to learn how they are able to combine volume and values, and to use this knowledge to support the further development of organic businesses, networks and initiatives. Research teams from ten European countries contributed with 20 case studies. More information and documentation can be found at: [www.healthygrowth.eu](http://www.healthygrowth.eu)*

## 1 Introduction

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The 'Bioregion Mühlviertel' represents a territorial approach towards regional development based on a strong organic agriculture sector. The Mühlviertel region is located in the province of Upper Austria (yellow) and comprises the four districts (above the blue line in Graphic 4 marking the river Danube) of Freistadt, Perg, Rohrbach and Urfahr-Umgebung (covering 122 municipalities). On 3090km<sup>2</sup> the area inhabits 270.000 people with a density of 92 people/km<sup>2</sup>. The agriculturally used area is 2580km<sup>2</sup> of which again around one quarter gets cultivated organically. Also the proportion of organic farms (≈26%) is higher than the national average of around 17% (BMLFUW, 2014). The development process of setting up the Bioregion began in 2010. All in all around 1200 people were contributing to the process of establishing the Bioregion. During numerous workshops and events a long-term development concept was elaborated together with stakeholders. Currently 7 Austrian Leader-regions and the Euregio "Bayrischer-Wald/Böhmerwald" are involved.



Graphic 1: Geographical Location of the Bioregion Mühlviertel in Upper Austria

## 2 Case-study approach: materials and methods

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The public representation of the 'Bioregion Mühlviertel (henceforth named BRM)' was elicited from the following available material: A promotion video (24.04.2011) on [youtube](#), the [webpage](#), the '[Regional Development Concept of the Bioregion](#)' and a broadcast on a local radio station. The description of the self-representation of the Bioregion-Mühlviertel is derived from four master theses, respectively the transcripts of the interviews conducted for them. The first addresses the concept of 'Social Innovation' (Frühwirth, 2013), the second deals with sustainable development (Manzenreiter, 2009), the third tries to combine aspects of sustainability and innovation (Rumpl, 2014) whereas the fourth (Felzmann, forthcoming<sup>1</sup>) applies the 'Community Capital Framework'. All master theses include qualitative research in form of semi structured expert interviews with various actors of the Bioregion. They comprise eleven interviews regarding social innovation (three with core-team members, three direct marketers, three representatives of the gastronomy, plus one

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<sup>1</sup> The MA- thesis of Ms. Felzmann was not finished by the time of the finalization of this Full Report. The transcribed interviews are however available and quoted in the text with the exact date they took place. The other interviews are quoted with reference to the final thesis.

partner from the public service and industry sector respectively), nine interviews regarding “sustainable development” (two organic farmers & two processors, two core-team members, a regional manager plus one representative of BioAustria and the Chamber of agriculture), four concerning “sustainability and innovation” (two with core-team members + one from the organic farmers association and the chamber of agriculture respectively) and last but not least nine interviews concerning “Community Capital Theory” (three with core-team members and six with partners). Additionally, at a meeting in Linz with core-team members of the Bioregion Mühlviertel (October 22<sup>nd</sup> 2014), feedback on the collected results and an update on newest developments was obtained.

### 3 Austria – The national context

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In 1959, Austria’s first organic association (ORBI) was founded, followed by a pioneer period of around twenty years covering only a few idealistic farmers. In the late 1970s, more and more farmers (also in the Mühlviertel) started to convert their conventional farms to organic (Ollmann/Miglbauer, 2004). At end of the 1970ies, the organic farmers’ association *Ernte für das Leben* was founded on a national level and provided a strong impetus to the organic sector. Hence, it can be seen as a decisive starting point for developing organic farming in Austria. The association’s aims were to preserve the environment for everyone, to supply the public with healthy food and to contribute making Austria’s agriculture more ecological. Through educational work, seminars, information meetings etc. the association became a strong participant in the development of regional initiatives. Other important historical events for the BRM were for instance that in 1984 the first organic producer-consumer-cooperative “MüLi”, consisting of farmers and consumers of the Mühlviertel and the city of Linz, was founded (Ollmann/Miglbauer, 2004). Enabled through the city-land-cooperation, as one of the first marketing cooperatives, “MüLi” set the provision of qualitative organic food as their main objective. Two years later, in 1986, mountain farmers of the Mühlviertel decided to found the ‘*Sarleinsbacher Bergkräuter*’ in order to secure preservation of their farms through the cultivation and selling of herbs. Afterwards, following a congress organized by the regional development agencies together with a number of other organizations in 1987 another organic farmers’ association<sup>2</sup> (Schermer, 2005) was founded which still is predominant in the Bioregion Mühlviertel today (*Erde & Saat*). Finally, at the end of the 1980ies, the first support program for organic farms in Austria came up, including consultation processes and a two-year extra payment of about 6000 ATS a year (≈4506€) for conversion (Ollmann/Miglbauer, 2004). Last but not least, in 1990 further financial incentives for conversion completed the direct payments (Ollmann/Miglbauer, 2004) The second wave of conversion took place during the early 1990ies (Ollmann/Miglbauer, 2004). In 1995, when Austria became a member of the EU, the support for organic farmers was integrated into the agri-environmental program (ÖPUL) supported by EU and the federal government levels respectively (Ollmann/Miglbauer, 2004). At that time, the Mühlviertel became an “*assisted area for rural and*

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<sup>2</sup> In 1988 *Erde & Saat* (Soil & Seed) was founded (Ollmann/Miglbauer, 2004). Its main aim was to strengthen organic-cultivation-activities, but also the future of the Mühlviertel was one of their concerns (Ollmann/Miglbauer, 2004). In 2005 however, a fusion of several Austrian organic farmer associations, including the larger *Ernte* and the comparably smaller *Erde & Saat* association, resulted in the foundation of *BioAustria* which nowadays is by far the biggest organic farmers association throughout Austria. With the founding of *BioAustria* the interests were now bundled, but the fusion made a lot of farmers “homeless” and they had no more regional point of reference (Groier et al., 2008). After a while, *Erde & Saat* split of from *BioAustria* and nowadays is again independent. Hence *Erde & Saat* still has an important position in Mühlviertel’s organic scene, as today it gave many farmers back their regional point of reference.

agriculture development" (Frühwirth, 2009). From 1995 till 2000 the region was an *Objective 5b-area*<sup>3</sup> and later on, during the second period between 2000 and 2006, became an *Objective-2-area*<sup>4</sup> (Schermer, 2003). Content of the *Objective-2-program* was to qualitatively develop further the economic infrastructure including tourism, industry and public services, accompanied by a sustainable regional development and technical support (Ollmann/Miglbauer, 2004). Furthermore, also starting in 1995, the Mühlviertel particularly profited from the European LEADER program<sup>5</sup>. As the Mühlviertel is classified a geographically unfavorable and structurally weak area. The parameters for this include a weak industrial sector, a rather low purchasing power, a lack of infrastructure concerning mobility like railroad networks and was experiencing rural migration, especially of young people (Sylvander et al., 2002). National and EU payments tried to counteract these imbalances and thus significantly contributed to the regional development.

Simultaneously, the agricultural environmental program *ÖPUL*<sup>6</sup> (Austrian Program for environmentally responsible agriculture) further strengthened the position of organic agriculture (Ollmann/Miglbauer, 2004). To conclude, all these development programs were and still are a crucial source of financial support for the Mühlviertel region fostering for instance also the establishment of numerous organic marketing initiatives.

Besides, the retail sector had continuously started to incorporate the trend of organic by establishing trading marks. Hence, with the beginning of the new century, new ideas and innovative alternative marketing possibilities for organic farmers apart from the retailing sector were sought. One idea was to combine organic farming with regional development concepts.

#### 4 Overview of the case – general and common to all tasks

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<b><u>Product types:</u></b>	Various types [mainly dairy products & meat but also grain, cereals, potatoes and corn + some FFVs, herbs, hops]
<b><u>Main actor:</u></b>	Association
<b><u>Number of members:</u></b>	≈ 120 (One employed project coordinator and numerous partners comprised of various actors (see 3.3))
<b><u>Distribution channels:</u></b>	Primarily (collective) direct marketing and own small/specialised organic nature shops; Minor amounts via retailers; increasingly also via tourism/gastronomy;
<b><u>Current Turnover:</u></b>	not applicable
<b><u>Facebook Likes:</u></b>	651 (February 23 <sup>th</sup> 2015)
<b><u>Google Hits:</u></b>	48.200 (February 23 <sup>th</sup> 2015)

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<sup>3</sup> Objective 5b-area signified a specific target area in the EU - Structural Funds Program, targeting the development and structural adaptation of rural areas.

<sup>4</sup> Impoverished regions experiencing a decline of the industrial sector receiving therefor financial support from the European Regional Development Fund (ERDF).

<sup>5</sup> The program should help elected regions to create innovative strategies for an independent regional development and in this regard supports measures and co-operations for strengthening the rural living environment, the rural economy and quality of life (webpage leader.at. 2013).

<sup>6</sup> ÖPUL is part of the national program for rural development and covers payments falling under the second pillar of the EU-agricultural policy. ÖPUL supports environmental-friendly and extensive agriculture as well as the preservation of cultural land. Farmers are paid for providing important ecosystem services and maintaining environmental-friendly production methods.

## 4.1 Presentation and trajectory

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At the beginning of the 2000s not only politics and regional management were actively supporting the region, but also scientists became interested in the Mühlviertel as a case study region case. For example the Mühlviertel was one of the investigated case studies within the EU funded OMIaRD project (Organic Marketing Initiatives and Rural Development). The project report (Sylvander et al., 2002) discovered some crucial points which constrained the success of the Mühlviertel, its regional agriculture and its economy. For instance, the region's marketing of organic products had not established an own regional brand as one of the main barriers for this idea were different opinions on the marketing strategies between the organic farming associations. *Erde & Saat* saw the only way to sell organic products in a sustainable way in a network of natural food stores, whereas *Ernte* had the idea to offer larger amounts in grocery stores (supermarkets) (Sylvander et al., 2002). Therefore, the local organic scene had no common starting point and was not able to identify a consistent actor, who could unify the interests (Schermer, 2005). In addition, reinforced legal conditions, increasing costs and higher hygiene standards led to a pressure of rationalization and complicated the situation for the anyway unfavorable production conditions in the Mühlviertel.

Locally existing initiatives in favor of establishing an organic region like *Ökoregion Mühlviertel* and *Mühlviertler Urkraft* had a lot of members, but no mobilizing power. Also, networking with each other and other regional sectors was not successful (Schermer, 2005). Hence the diversity of interests caused that various stakeholders had different ideas about what constitutes an organic region (Schermer, 2005). However, in order to be able to manage an organic region there was a necessity that the different representatives of the municipalities who were part of the regional development agencies acknowledge the importance of organic agriculture (Schermer, 2005). Therefore, the idea to establish an organic region was dependent on the acceptance of the agricultural sector and the perception of being a region respectively (Schermer, 2005).

The action research project *Organic regions - A model for regional sustainable development* was approved by the Federal Ministry of Agriculture (BMLFUW), running from 2005 to 2007 elaborated five criteria as preconditions for setting up an organic region (Schermer, 2005).

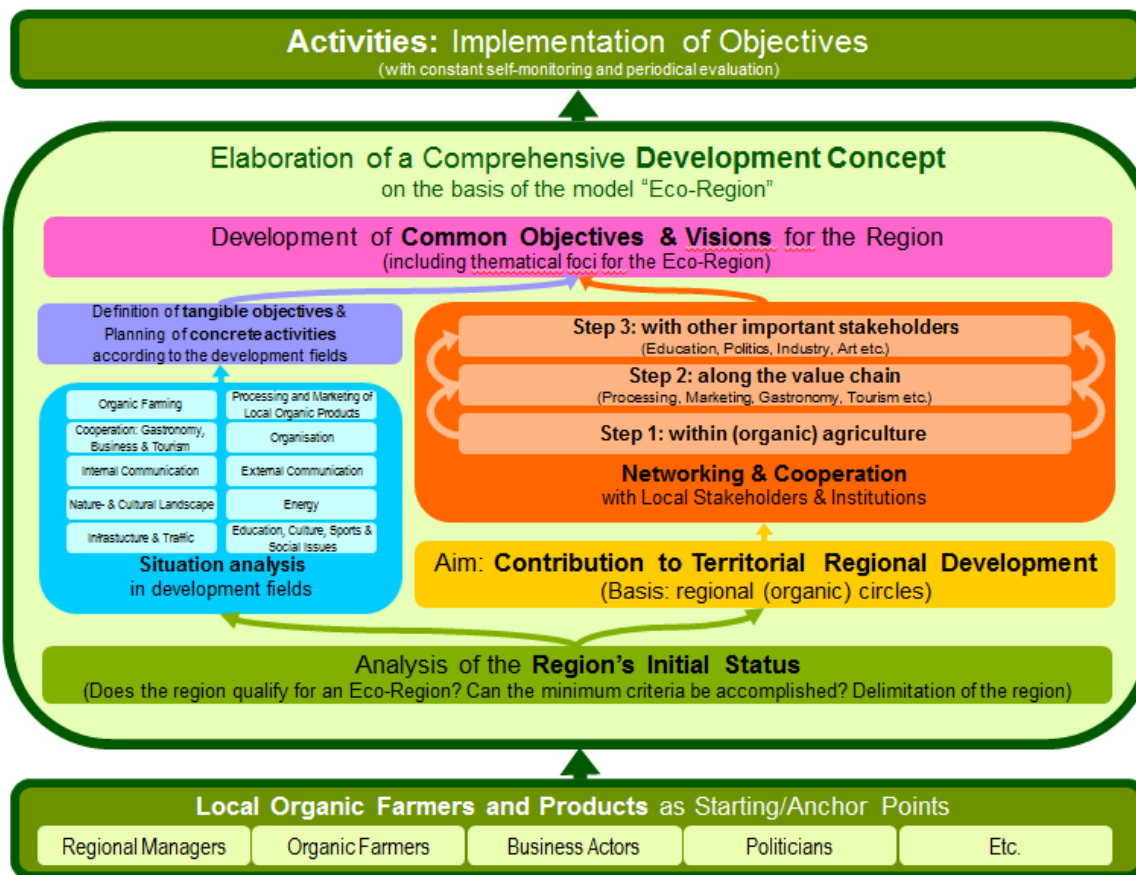
These minimum criteria are:

- The percentage of organic farms in the region should be higher than the national average
- A clear delineation of the region should be possible
- There has to be a prohibition on GMO cultivation
- An own organizational structure should be established and
- There has to be a written regional development concept

Moreover, the project also established a model for establishing an organic region (see Graphic 2)<sup>7</sup>.

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<sup>7</sup> By the way, the Bioregion Mühlviertel (BRM) is the first Bioregion that tries to employ the model elaborated in this project called 'Organic regions - A model for regional sustainable development' which took place from 2005 to 2007. Groier, M et al. (2008): Auf dem Weg zur Bioregion Ergebnisse, Erfahrungen & Reflexionen aus einem Aktionsforschungsprojekt. Forschungsbericht Nr.61. BABF Wien.



Graphic 2: Exemplary development steps towards a ‚Bioregion‘ (Kirchengast, Schermer; 2008;)

When the proponents of Bioregion Mühlviertel<sup>8</sup> started to set up the project, they related to this model and tried to follow it. The 5 set minimum criteria were already met partially. On the one hand, with the river Danube in the South, the federal border to the province lower Austria in the east and the national borders to Germany in the west and to the Czech Republic in the North, the clear delineation of the region was evidently given. On the other hand, also the percentage of organic farms was higher than national average and the prohibition of GMOs was also granted.

The last two points, namely the establishment of an organizational structure and a regional development concept, were two points which had not been achieved by the time of the start of the project in February 2010. At that time 7 LEADER Regions [Donau-Böhmerwald, HansBergland, Mühlviertler Alm, Mühlviertler Kernland, Sterngartl-Gusental, Strudengau, Urfahr West] plus the EUREGIO Bayrischer Wald Böhmerwald joined forces to become ‘the leading European organic region’. According to the project coordinator, this step could only be realized by including further driving forces or partners who were included and helped finally laying hands on. These were the Chamber of Agriculture, the Chamber of Commerce, Tourism Upper Austria, Bio Austria, the province of Upper Austria itself and the organic agricultural school ‚Bioschule Schlägl‘. The process of

<sup>8</sup> Hence, as the definite origin of the idea for a lot of the interviewed actors is hard to grasp, today these people often differently root the origins of the idea of establishing the BRM or do not really know them at all [Interview-Felzmann, 2013]. For example the principal of Austria’s first organic agricultural school believes the idea dates back to the beginnings of the 1990ies when the former district administrator of Rohrbach wanted to establish an eco-region, but later on during the interview emphasizes that actually it all started when the provincial agricultural minister (Landesrat Stockinger) gave his approval [Interview-Felzmann, 2013].



establishing a Bioregion got funded for a period of four years by the LEADER-program and resulted in an organizational structure (see chapter 3.3).

The establishment can be subdivided into three main stages. First, a participative process had been started including farm visits, organic-days, workshops, an online survey and a kick-off-meeting to which representatives of the various LEADER regions of the Mühlviertel were invited (Regional development concept, 2010/11: 9). This process was organized by the project coordinator and was accompanied by an external consulting firm (SPES Zukunftsakademie). Apart from the capital resources of the participating organizations and institutions named above, this first phase got financed by LEADER (Regional development concept, 2010/11: 6). As the project in the beginning was limited to 2 years, in 2012 and 2013 the team decided to apply for a second LEADER project because the first round was used only for the development phase.

The second phase was designed for building up a long-term organizational structure. Moreover, as a result of this second stage, not only an operational core group was founded (Interview-Felzmann, 2013), but also a regional development concept was written, integrating the analyzed results of the participative process. With this regional development concept, a long-term basis was defined, addressing fundamental questions like: What is the Bioregion Mühlviertel? What are the fields of action? What direction should these fields take? What are guidelines for the food sector? What kind of concrete aims do we have and what kind of measures do we take? Thereafter, first concrete projects emerged.

The third phase was then designed for implementation and offered the possibility to achieve official recognition as an association capable of entering contracts. During the implementation there was and still is a lot to do like managing public relations, doing the project monitoring and expanding the network.

According to core-team members, the pivotal motive of establishing the Bioregion Mühlviertel was that the public appearance, significance and value of organic farms within the region was at the time of starting the project, unsatisfactory (Frühwirth, 2013). Besides, the idea of an organic region as a *bottom-up* concept, targeting the active participation of the local organic-actors in a cross-sectorial, integral und sustainable regional development seemed to be a fitting approach.

## 4.2 Basic facts

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First and foremost due to the relatively long distance to larger urban agglomerations, the agricultural sector plays an economically and socially important role in the Mühlviertel region. Furthermore the Bioregion Mühlviertel has some climatic and topological disadvantages.

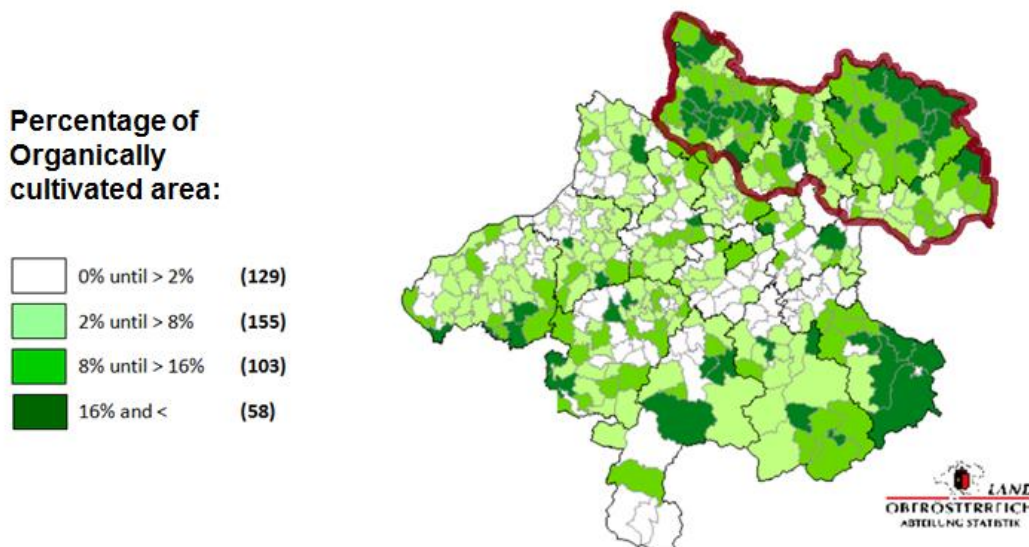
The landscape is very hilly, a rather rough climate prevails and the soil conditions are unfavorable as it builds on granite rock. The agricultural structure of the region is characterized by a very high percentage of grasslands (about 50% of the agricultural land) combined with arable land. Besides, the farms usually do also have a high proportion of forestry which thus also contributes significantly to the income of the people in the region.

Hence, the biggest sector is by far dairy production, while on the arable land a variety of crops ranging from grain, potatoes and maize to also some herbs and hops is cultivated. The combination of grassland and arable land with grain or corn production enables the region to produce almost all of their fodder in the area. Besides also the beef and pork production is important.



Graphic 4: Geographical Location of the Bioregion Mühlviertel in the four district of Upper Austria

The average farm size lies between 20 and 30 acres. Around 25% out of around 250.000 hectare of agriculturally used land are cultivated organically (roughly 65.000 hectare). Besides also the percentage of organic farms with 27% is around one quarter (see Tables 3 and 4). This means that out of the approximately 8000 farms in the region, around 2000 farms are cultivated organically. These 2000 farms are however, more than 50% of all organic farms in the province of upper Austria. That's also why the region portrays itself being the cradle of organic agriculture. A picture which maybe illustrates this high concentration of organic farms in the 'Bioregion Mühlviertel' better is this graph.



Graph 5: Percentage of organically cultivated areas in Upper-Austria. Source: (Chamber of Agriculture)

Graph 5 underlines that in the Bioregion Mühlviertel (red line) the concentration of organic farms is comparably higher than in other parts of the province. Therefore the conditions for establishing an organic region seemed to be ideal. For the future, the region wants to raise the current percentage of 27,4% organic farmers by another 25% until 2020 and also aspires to continuously increase its independence from external inputs, be it seed production or other external resources. In the end, a result which can already be felt is that – with the launch of the Bioregion – the self-image, confidence and thus the public appearance of organic farmers got strengthened (Regional Development Concept, 2010; 10). Furthermore, as a broad network with several actors involved, it

offers a wide range of research and learning possibilities. Besides, as the development process started in 2010, the experiences made are quite young and it is therefore difficult for people involved in the project to evaluate the developments and impacts.

### Number of farms/Mühlviertel's districts in 2010

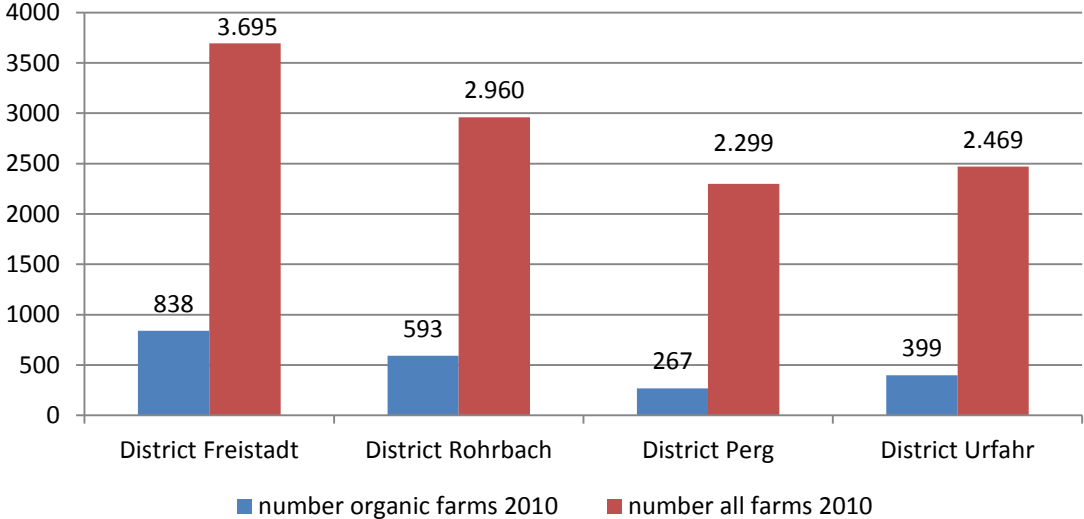


Table 1: Numbers of farms/Mühlviertel's districts in 2010 Source: Agrarstatistik/Agrarstruktur-erhebung 2010, Land Oberösterreich

### Total area (ha) of farms/Mühlviertel's districts in 2010

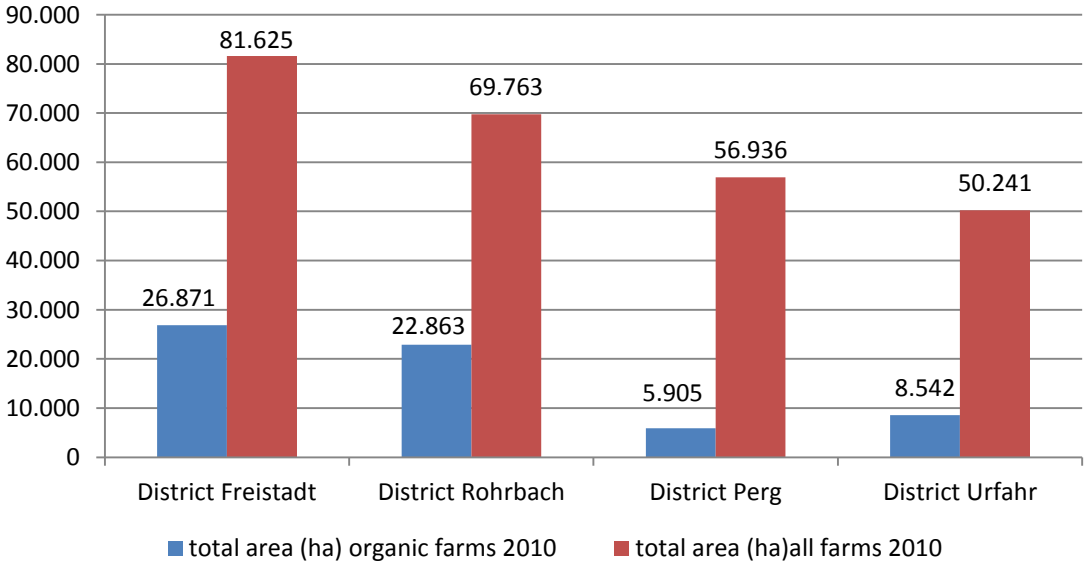


Table 2: Total area (ha) of farms/Mühlviertel's districts in 2010 [Source: Agrarstatistik/ Agrarstruktur-erhebung 2010, Land Oberösterreich]

Apart from this general data and information on the Mühlviertel, the four districts covering the respective LEADER regions could again be described more in detail with their topological distinct characteristics and conditions. **Perg** (Inhabitants: 66.269 – Municipalities: 26 – Area: 613,18km<sup>2</sup>) is Mühlviertel's south-east district characterized by strong segmented mountains and foothills ranging from the north to the center, with inner basins that reach to the Danube plains in the south.

Especially the district's north-eastern high and middle altitude levels are characterized by a hilly and natural countryside with lots of woods (webpage, Federal Government Upper Austria<sup>9</sup>).

**Rohrbach** (Inhabitants: 56.455 – Municipalities: 42 – Area: 827,95 km<sup>2</sup>) is the northernmost district of Upper Austria and borders Germany in the west and the Czech Republic in the north. The district is located on the granite plateau of the Bohemian Massif. The midland has brown earth soils, is characterized by the Bohemian Forest and has a rough and damp climate (ibid.).

The district of **Urfahr** (Inhabitants: 82.809 – Municipalities: 27 – Area: 649,33 km<sup>2</sup>) is in the centre of the Mühlviertel and reaches from the river Danube respectively the capital city Linz to the northern border of the Czech Republic. Urfahr's district is partly located in the Danube lowlands, especially in the northern part of the Eferding Basin and the Steyregg's Bay with the advantages of fertile soils and a mild climate). Another part of Urfahr's district is the Granite- and Gneiss plateau of the Bohemian Massif with deep valleys, leading to the Danube. Most parts of this district's area in turn suffer from bad soil quality and a rough climate (ibid.).

The fourth district – **Freistadt** (Inhabitants: 65.208 – Municipalities: 27 – Area: 999,86 km<sup>2</sup>) – is located in the east of the Mühlviertel and borders in the north to the Czech Republic. A combination of the soil's low fertility, the rough climate, fewer rainfalls and a difficult terrain as well as the cold Bohemian wind and cold nights negatively affect harvests. 21 out of 27 municipalities are located above 500m and have only three frost-free months (July – August). 40% of the district is still woods. As well as in the other districts a lot of people are commuting to the provinces' capital (ibid.).

Furthermore, the districts are also embedded in diverse structures with a variety of actors like cultural initiatives, tourism organizations, chambers of commerce and agriculture that have to be taken into account (Interview, Rumpl 2013).

The following organic actors are actively involved as members in the Bioregion: At the members level (as of 18<sup>th</sup> of March 2014) the 'Bioregion Mühlviertel' comprises

- 72 direct marketing farms
- 16 processors (including 6 bakers, 3butchers, 2 brewers, 1 vintner, 1 miller, 1 beekeeper, 1 mountain herb cooperative and 1 enterprise processing fruits to juices, syrup, compote...)
- 12 enterprises from the gastronomy sector
- 6 public service providers (i.e. nature park, children adventure park, Kräuter- Lehr- und Schaugarten)
- 4 public caterings (2 schools, 1 bed & breakfast housing)
- 4 artisanry/handicraft businesses and
- 3 agritourism farms

According to the project coordinator, there is an increase of partners up to two or three per week (Interview-Rumpl, 2013). This estimation is to be taken with caution though, as this would mean that by average the BRM would gain approximately more than 100 new partners per year which seems rather exaggerated. What can definitely be said is that the Mühlviertel is built on and also owes part of its success to the suitable region's infrastructure with strong producers and processors (mills, bakeries, meat-producers) as well as to the organic school, the nature-tourism-sector and the special natural conditions (Interview-Rumpl, 2013). Some of their most outstanding or commonly named

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<sup>9</sup> Webpage Federal Government Upper Austria/BH Perg – Unser Bezirk:  
[http://www.land-oberoesterreich.gv.at/cps/rde/xchg/ooe/hs.xml/13440\\_DEU\\_HTML.htm](http://www.land-oberoesterreich.gv.at/cps/rde/xchg/ooe/hs.xml/13440_DEU_HTML.htm) - 20.08.2014

flagship-enterprises named by the two core-team representatives which produce, supply and/or distribute products for and within the Mühlviertel are the following, which should therefore shortly be introduced a bit more in detail:

- Sonnberg-Biofleisch<sup>10</sup>: The enterprise is Austria's biggest 100% organic meat processor. Founded in 2004, it significantly contributed distributing an awareness and consciousness of high-organic quality among producers as well as consumers. Apart from their slaughterhouse, they also run an observable butchery for customers to follow processing steps (→ see more in chapter 4.6). Today, the enterprise employs around 50 people. The products are mainly distributed via organic retailers (shop-in-shop concept) and own stores. Also canteens are important customers. According to a core-team member, the manager of Sonnberg is one of the central promoters and supporters of the BRM also actively bringing himself in with ideas (Interview-Rumpl, 2013).
- Organic Bakery Stöcher<sup>11</sup>: Since 1934 *Family Stöcher* is the owner of the bakery house, which exists since the year of 1260. The family led enterprise bakes bread and pastries in the third generation. They do not use ready-made baking mixtures or artificial additives. Regional ingredients are preferred and production (based on traditional receipts) is still done by hand. Due to a modern refrigeration plant they managed to use less yeast in order to produce digestible bread.
- The Köglerhof in Gramastetten<sup>12</sup>: The farm of the family Bauernfeind got named by the project coordinator (Interview-Rumpl, 2013) to be a flagship enterprise and he praises their achievement of a high added value and their great self-presentation. They have a very modern building where they produce and sell several different products (juice, meat, sheep, ox, goose). To the farm also belongs a traditional gastronomy, called '*Mostschenke*' and an organic store (open every Friday afternoon) where they sell their own but also co-market products of 13 other members of the Bioregion.
- Highland Bee-Keeper<sup>13</sup>: The enterprise was founded in May 2004. Its bee colonies are located in the natural habitats of the *Granithochland* (con.: granite highlands) of the Mühlviertel, where rare flowers blossom. The philosophy of the owner is not to expand the bee colony, but to have an innovative product development linked to a marketing concept that allows conducting beekeeping as secondary occupation. Beneath classic honey the enterprise produces honey wine, honey brandy, honey beer (in cooperation with organic brewery Hofstetten), sparkling honey wine and three types of honey vinegar.
- Organic Bakery Mauracher<sup>14</sup>: First mentioned in 1619, the *Mauracher Hof* was taken over by the parents of today's owner family in 1957. In 1980 they converted to organic. In 1996 five regional organic farmers merged to found a processing plant for cereals and since then supply the Mauracher's mill. Two years later the farm's organic bakery was founded which today employs 70 people. The mill is the only supplier for the bakery's main ingredient. Therefore the origin and quality (no GM technology or fertilizer) of the main resource is known. In order to preserve all nutrients of the grain the flour is directly milled before the baking process. All ingredients are organic, the water comes from the own on-farm spring and the bakery relinquishes to use ready bake or flour mixtures. In addition, the enterprise fosters the cultivation of old types of grains. For

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<sup>10</sup> Webpage Meat processor Sonnberg: <http://www.biofleisch.biz/>

<sup>11</sup> Webpage Bakery Stöcher: <http://www.stoecher.at/home/>

<sup>12</sup> Webpage Köglerhof: <http://www.koeglerhof.at/>

<sup>13</sup> Webpage Highland Bee-Keeper: <http://www.diehochlandimker.at>

<sup>14</sup> Webpage Bakery Mauracher: <http://www.mauracherhof.com>

the owner it is important to produce a digestible product, therefore it is necessary to calculate enough time for producing a multilevel sourdough. To heat their baking ovens they use wood waste from their own and surrounding forest areas. Besides the Mauracher Hof offers tours for interested consumers.

- Bakery Hörschläger<sup>15</sup>: Founded in 1900 the family-led bakery was taken over by the son and current owner, Wolfgang Hörschlägler, in 1997. In 2011 he complemented his supply with his own Vinothek-store. Besides selling organic bread and pastries in their branches, they offer a home delivery service (webpage Bakery Hörschläger).
- Nestelberger Mill<sup>16</sup>: After a fire in 1980, the mill was renewed and converted. Today the plant mainly processes organic cereals from Mühlviertel's and Waldviertel's farmers and other areas of Austria. In addition the family owns a store for natural products (webpage Nestelberger Mill).
- The Organic School Schlägl<sup>17</sup>: The school, educating people who are interested in organic agriculture and ecology, is an important local partner for the BRM. After the education the graduates are prepared for a farm-takeover as well as working on farms or in crafts. Research projects are part of the education. For example the research on an old type of organic rye in cooperation with the *Genussregion Schlägl*. In addition, the school offers specific, entrepreneurial and personality trainings for graduates and external stakeholders. However, the school is not only responsible for education. It is also a contact point and service provider. It helps to link institutions and production sites in the rural area and contributes to preserve farms (webpage Organic Competence School Schlägl).
- Mountain Herb Cooperative<sup>18</sup>: In order to secure preservation of their farms through the cultivation and selling of herbs, in 1986 the cooperative 'Sarleinsbacher Bergkräuter' was founded by 37 mountain farmers of the Mühlviertel. Far away from industry and highways they cultivate their herbs on small fields. On a sea level of 500 to 900m and a mountainous landscape with mainly granite soil, the plants grow excellently. However, the farmers often have to harvest the herbs by time-consuming handwork, but therefore the herbs are from high quality.
- The Mühlviertler Granitland Erdäpfel<sup>19</sup> founded in 2010, is an association of originally nine (today 15) farmers from *Rohrbach* and *Urfahr* who wanted to cultivate larger quantities of organic potato varieties (at present four types). They managed to increase the production area from around 10 to 30 hectare in the last years. Also the development of product innovations is important. For instance, in order to avoid too much potato waste (unaesthetic potatoes) they developed Austria's first organic potato salad offered in a screw top jar as well as a patented packaging. The whole project is a paramount example for the success of regional projects (webpage EZA Granitlanderäpfel), among others the farmers have good sales on the market and can be proud of a high demand. For that reason they still search for new suppliers.

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<sup>15</sup> Webpage Bakery Hörschläger: [www.brotzeit.cc](http://www.brotzeit.cc)

<sup>16</sup> Webpage Nestelberger Mill: <http://www.bionaturprodukte.at>

<sup>17</sup> Webpage Organic Competence School: <http://www.bioschule.at/>

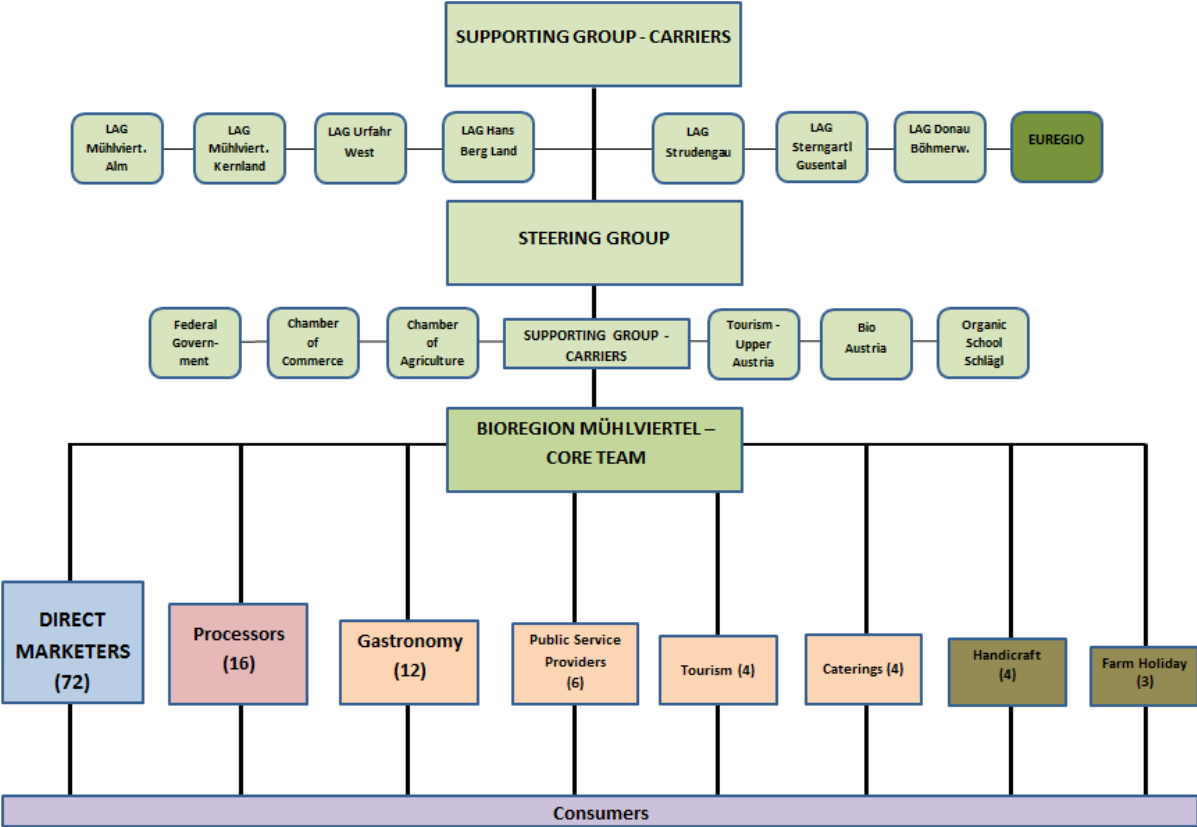
<sup>18</sup> Webpage Mountain Herb Cooperation: <http://www.bergkraeuter.at/>

<sup>19</sup> Webpage EZG Granitlanderäpfel <http://www.granitlanderdaepfel.at/>

Further members are exemplarily named and introduced in magazines like ‘Discover and be amazed (literally – ‘Entdecken und Staunen’)<sup>20</sup> or in brochures listing the 25 most successful farms and producers of the BRM (Interview-Rumpl, 2013).

Development of marketing channels: By the time of the most recent interview with the project coordinator it was still unclear which marketing channel would be the best choice to focus on in the future of the BRM (Interview-Felzmann, forthcoming). However, direct marketing is still prevailing and the shop-in-shop approach (like the cooperation with the *Genussland*- shelves at the retailer Spar) seems to be a successful strategy to cover the retailing sector.

4.3 Organizational structure (project phase)



The stakeholder network as illustrated above includes the organizational structure of the Bioregion Mühlviertel (green), the partnering farmers who are members of the Bioregion and who are doing direct marketing (blue), the processors (red), a number of other distribution channels where the products of the Bioregion are offered to consumers (orange) and some other actors (olive) like the artisanry & handicraft businesses and the ones providing farm holidays.

On the top level of the organizational structure, a supporting group has the task of taking fundamental project decisions. On this level we do have the representatives of the 7 LEADER Regions and the EUREGIO<sup>21</sup>. Below there is the steering group who is responsible for implementation related

<sup>20</sup> To be found [here](http://bioregion-muehlviertel.at/userupload/editorupload/files/files/Brosch%C3%BCre_Entdecken_Staunen.pdf) or under [http://bioregion-muehlviertel.at/userupload/editorupload/files/files/Brosch%C3%BCre\\_Entdecken\\_Staunen.pdf](http://bioregion-muehlviertel.at/userupload/editorupload/files/files/Brosch%C3%BCre_Entdecken_Staunen.pdf) 25.02.2015

<sup>21</sup> The Mühlviertel has a trilateral cooperation with Bavaria and the Czech Republic which is named the EUREGIO Bayrischer Wald – Böhmerwald

and directional decisions. This group includes also external project partners like the federal government of the province upper Austria, the agricultural school 'Bioschule Schlägl', the chamber of commerce, the chamber of agriculture, the organic farmers association Bio-Austria<sup>22</sup> and the tourism association. For the actual implementation of the project, a core-team got installed, which did the day to day work. In this group one representative of each of the six external steering group members, one spokesperson from the EUREGIO plus 2 from the LEADER Regions [HansBergLand and Mühlviertler Kernland], as well as the central project coordinator, who by the way is the only person working full time just for the Bioregion, were initially included (the composition had changed over time though as it was found to be a too large group →see Task 1 and this organizational structure has been conveyed into an association in December 2014).

## 5. Analytical perspectives

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### 5.1 Organization and governance

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#### **Modes of management and governance**

The governance structure during the duration of the BRM as a project (2010-2014) has already been outlined in chapter 3.3 (see organizational structure and the respective roles and duties of the installed governance bodies). More concretely, by the end of the project, the core-team of the *BioRegion Mühlviertel* consisted of five persons. The size of the group was reduced from initially ten to five, as according to the project coordinator, the coordination in a larger group was difficult (Interview-Rumpl, 2013). Out of these five members, actually only the project coordinator worked full-time for the BRM whereas the others contributed with their work according to their fields of expertise. The core-team aimed to create a broad network. Hence, inter alia with the help of the LEADER regions, today all municipalities of the Mühlviertel are also partners of the BRM (Interview-Rumpl, 2013).

Recently however, the internal structure has been revised. Throughout 2014, the Bioregion Mühlviertel tried to re-build its organizational structure, shifting from institutions towards membership of farms and companies. After all, the project was built on its members and they would have to support it, getting ideally only accompanied by institutions. Additionally, according to the federal government representative dealing with the BRM, there were two further outstanding motives to change the organizational structure. First, right from the start in 2010, the BRM project was always based on the LEADER regions which guaranteed that the project covered more or less the entire area (including almost all municipalities) and that basic financing was covered by the LEADER regions' contributions. However, with the time there was also the wish to get away from being dependent on funds. Secondly, as it is a central point and core objective of the development process of the BRM to find new members/partners (be it producers, processors, public service providers, organic gastronomy/hotels, schools etc.) which however were not really involved nor appropriately represented within the organizational structure of the project, had no real power nor a vote or a board which spoke up for them, the idea was to empower them by giving them a say in things. In the

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<sup>22</sup> BioAustria is an association of the Austrian organic farmers, consisting of 13.000 members. The association was and still is strongly integrated into the project's development process. Besides supporting their own members in farming and marketing they give advice to the BRM. The association fosters the expansion of sustainable organic farming and preserves the market. In addition to that, it is responsible for several tasks like support in agrarian questions, marketing, lobbying, PR, innovation, quality assurance and product management.



new founded association, all the relevant stakeholders are now comprised. At the same time, it was pivotal to keep in also the representatives of the LEADER regions. As one core-team member remarked though, it would have been decisive to convince them to stay in because, *“if you don’t manage to get the regions and the municipalities, including also the chambers of commerce of the various districts or the different local tourism associations respectively, then you’re gone (Interview-22.10.2014)”*.

Therefore, a new constitution for an association was elaborated which was endorsed in a constitutive meeting taking place on the 26<sup>th</sup> of November 2014. This meeting took place in a rather small group, meaning that not all of the current 128 partners of the BRM who have signed a membership contract during the project phase were present there. The reason for this was of juridical nature, as integrating them as founding members right from the beginning would have been much more difficult than transferring or conveying them into the structure stepwise later on by signing again a formal document (Interview 22.10.2014). So, before the actual meeting, a designated and unofficial board was nominated consisting of tradespersons, mayors and other representatives which were foreseen to form the new board<sup>23</sup>. These nominees met for a one day closed seminar to define tasks and discuss the strategic orientation. The decision on the composition of the nominees was approached systematically. *“We have been thinking, which areas we need in the board and we said, we definitely need someone from the LEADER Regions. Therefore we were talking to all of them and assured us of their commitment that it is foreseen that out of the current 7 LEADER regions of the supporting group, only one will take the role of a representative for the rest in the association. The remaining ones will be however normal members (Interview, 22.10.2014).”* So, apart from (1) the member of the LEADER regions, amongst the 8 other board members, there is one representative respectively from (2) the Euregio bayrischer Wald/ Böhmerwald, (3) the tourism associations (4) the education sector (5) the hotel & gastronomy businesses, (6) the direct marketing branch, (7) the organic farming association BioAustria and (8) the processing industry. Moreover, also a strategic advisory board in which every region can dispatch one representative has been installed. The strategic advisory board meets once a year and plans the strategy for the upcoming year. One big opportunity this new structure withholds is that you now have people on board who can actively implement things themselves and so not every incentive has to come from the core-team.

There is a membership fee of around 50€ per year foreseen for single members. In addition, for processors, depending on the number of their employees, scaling the membership fee is planned. Financing should still get accompanied by a (though very modest) contribution of the LEADER regions/municipalities which would ensure a higher liability. Partners like the chamber of commerce Upper Austria or the chamber of agriculture which already were part of the former structure (see chapter 3.3) and are still integrated as normal members in the new association as well, assured to also contribute financially.

When looking at the strategy the BRM project envisioned for territorial integration, the foundation of this new association is very much in line with what the development concept foresaw, namely that apart from the activities set by the official BRM representatives (e.g. core-team, supporting and

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<sup>23</sup> For the beginning, the plan was to make a proposal to the members of the association on who should be in the board & who should take which official role. Whether they are then generally elected always only for a certain period remains unclear. For now, the proposed representatives were legitimized for a period of 4 years (I-A, 22.10.2014, Linz).

carrying group), also members and external businesses/branches should further align forces independently and thus foster cross sectorial collaboration leading to economic success.

### **Formal and informal agreements for cooperation**

The BRM has a range of contracts for different partners. There are membership contracts and agreements concerning the use of the logo for [1] agricultural direct marketing farms, [2] the tourism and gastronomy sector and [3] for the food processing and marketing industry.

Apart from mentioned contracts that every member signs and by which he or she commits himself/herself to the basic principles and values, there are correspondingly also further trainings and measures to familiarize members with the ideals and values in order to be able to implement them (Interview-Felzmann, forthcoming). In this respect, an Organic Competence Center and also Austria's first organic school (the Bioschule Schlägl) are part of the structure, contributing with a range of courses supporting also the expansion of organic farming and processing throughout the Mühlviertel.

Additionally, on a more informal level, the interviewees generally mention mutual exchange, cooperation, getting to know each other and networking within the BRM as important to them. For instance, there are regular round tables for members, which are especially used by the organic marketing and processing businesses (Frühwirth, 2013). In the end, through (self-) monitoring, reflection, improvement and planning of new measurements the regional activities and dynamics should be kept up and the actors' ambition to cope with the concept be assured (Groier et al., 2008).

### **Public policies and relationships with other initiatives or civil society groups**

The BRM has an important position in Upper Austria. Following the last provincial elections, the BRM was even included in the government agenda (Interview-Rumpl, 2013). Moreover the BRM is generally perceived quite positively by the citizens and public institutions. For example the BRM cooperates with a number of actors ranging from tourism, gastronomy to the educational sector (see also the travelling exhibitions for compulsory, secondary and sixth grades schools (Interview-Rumpl, 2013) and – according to the project coordinator – also maintains a number of good standing relationships and cooperation's. with similar initiatives outside the region (f.i. *Citta del Bio*<sup>24</sup>, *Vulkanland*<sup>25</sup>, *Lebensmittelcluster*<sup>26</sup> or the *Bioheuregion Salzburg*<sup>27</sup>). They have a very close and good cooperation with the *Genussland* (an initiative in the province Upper Austria focusing on marketing regional and seasonal high quality products under a collective label). This initiative supported the BRM during its set-up, developing an own Genussland-shelf in retail stores which is very popular in Upper Austria's retail commerce. ). Therefore, the project coordinator estimates that there is no

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<sup>24</sup> A European Association (<http://www.nuernberg.de/internet/biomodellstadt/cittadelbio.html> - 19.08.2014) of "organic cities" founded in 2003 aiming to foster organic agriculture, regional processing as well as sustainable consumption.

<sup>25</sup> Regional management cooperation of 79 municipalities in South-East Styria. (<http://www.vulkanland.at/de/steirisches-vulkanland/> 19.08.2014)

<sup>26</sup> The *Lebensmittelcluster* is a cooperative project among the Economic Chamber of Upper Austria and the Federal government. It includes partners from the agricultural sector, the food industry, commerce and gastronomy, packaging as well as from several scientific and educational institutions. Its main purpose is to facilitate a cross sectorial interface and ideally functions as a kind of contact hub for actors in the food economy. ([http://www.lebensmittelcluster.at/startseite/lebensmittel\\_cluster.html](http://www.lebensmittelcluster.at/startseite/lebensmittel_cluster.html) - 14.08.2014)

<sup>27</sup> *Bioheuregion Salzburg* is a marketing cooperative for organic products in Salzburg and Upper Austria to catch consumers' and vacationists' attention for the eco-friendly subsistence strategy of regional organic hay-farmers. (<http://www.bioheuregion.at/beschreibung.html> - 19.08.2014)

reason at the moment to set-up comparable shelves exclusively for products carrying the BRM logo. However, separate labeling could be a solution, so that consumers notice BRM products in the *Genussland* shelves, but this remains to be a future project.

A special reference has to be made to the relationship with conventional farmers. There is a consensus amongst the BRM representatives that it is absolutely crucial to maintain good and friendly relationships to non-members and conventional farmers. Additionally, they are convinced that avoiding conflicts is better than having conventional farms and companies as well as institutions working against the BRM (Interview-Rumpl, 2013). And the director of the Organic School adds: *“You must not communicate ever, that conventional farmers are doing something bad or wrong. That’s simply how it is. That significantly contributes to the circumstance that we are successful. Besides, an organic region holds also advantages for other sectors like tourism (Interview-Felzmann, forthcoming).”*

## 5.2 Business and management logics

Simultaneously to the development process, the following key business objectives were published on an earlier version of the homepage in 2013 (Ollmann, 2014)<sup>28</sup>.

- Reaching a common agreement and creating a consistent image of ‘what’s an organic region’
- Developing an integrative organizational structure and a long-term sponsorship
- Generating clear identification characteristics which increase the inner-regional acceptance
- Carrying out a dynamic development process with active participation of all stakeholders
- Building up an active, organic, cross-sectorial network all over the Mühlviertel by integrating key-actors
- Increasing the regional added value potential
- Developing projects along regional value-chains and pushing innovations

In the central document of the BRM – the regional development concept – the main reason and objective to establish a “Bioregion-Mühlviertel” was stated to be to increase the potential for regional development and added value by collectively working together, leading also to an increase in turnover with organic products in the “Bioregion”.

Furthermore, increased collaboration between various sectors is thought to attract other businesses (i.e. larger organic processors) to settle in the region which could stimulate further business opportunities. Also the tourism sector should experience a boost<sup>29</sup> and attract more tourists and by this contribute to securing employment and raising awareness.<sup>30</sup> Moreover, the added value of these

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<sup>28</sup> Ollmann A. (2014): Bachelor Thesis: Bioregion Mühlviertel. Eine Analyse über die Vorteile des Projekts für die Partnerbetriebe und die Region Mühlviertel. BoKu Vienna.

<sup>29</sup> An attempt to strengthen the tourism sector can be seen in the ambitions of the BRM and other partners to redefine what was shattered 15 years ago, namely to have a unified and common appearance as one touristic brand again. Since then there have been several small tourism-associations in the Mühlviertel, with every group having another name. Sometimes they are responsible for just one municipality, sometimes for a few more. Until today, these scattered tourism associations are still not fully merged and re-integrated again, but with the support of the Bioregion, a process had been started to re-establish the collective tourism brand, a precondition for receiving support for tourism marketing (Interview-Rumpl, 2013).

<sup>30</sup> The tourism and gastronomy sector is estimated to be an important channel for product marketing and considered to be a market which is - at least potentially - easy to access although as explained further below, there are also problems getting these sectors to integrate the BRM products.

branches would be that when hotels and on-farm accommodations provide their guests with BRM products and when restaurants, pubs or taverns prepare their dishes with products from the region, not only would the Bioregion become more known amongst people, but they furthermore would also put the products in relation to a personal experience. Furthermore, the products could serve as presents or as souvenirs (Interview-Rumpl, 2013).

In addition, the creation and strengthening of a common regional identity and an organic network amongst people who share same interests across various sectors like tourism, gastronomy or education should foster and enhance participation, collaboration and relationships of trust on a horizontal and vertical level, resulting in better marketing possibilities.

Apart from these rather general visions, more concrete measures and aims were elaborated for seven different areas: education, food & agriculture, tourism and gastronomy, artisanry, natural & cultural landscapes, energy & resources and communication. In order not to get lost in too many details only a few measures are highlighted here as examples. In education, it was aspired to include the concepts of the BioRegion as well as general knowledge on food and agriculture more into curricula, enact excursions and farm visits with school classes and to raise the percentage of organic food in school canteens. In the food and agriculture sector, the aim is to enhance the number of organic farms by 25% until 2020. In the tourism and gastronomy sector, the primary objective is to include more organic products in their offers and to actively promote farmers by gift baskets filled with farmer's products to be sold to guests.

Potential tourism and gastronomy partners who want to become members of the Bioregion have to use at least 5 organic main ingredients in their menu and offer 2 organic beverages. In artisanry, the plan is to continuously award best-practice enterprises and in the area of nature and cultural landscape a hiking and cycling guide got published. In the energy and resource sector, the development concept mainly refers to already existing initiatives like the energy-saving communities. Last but not least, the internal and especially external communication was considered to be a crucial factor with a number of activities like fairs, exhibitions and especially equipping municipalities with promotion material like flyers and leaflets. There is a strong consensus among all project participants that the attitude of the general society towards aspects of regionality and organic agriculture already got strengthened. Subsequently, higher acceptance within the region should be achieved. This would lead to a feeling of belonging together and foster innovation, cooperation and the development of different projects along regional value chains.

For being noticed as a consistent network, the use of the BRM logo is an important part of the marketing strategy. It is bound to a contractual agreement and – for the moment – is still free of charge. After signing the agreement, members are allowed to display on-farm promotion posters/banners and may use logo-stickers to put on their products. According to one interviewee of the core-team a lot of actors at the beginning were not very enthusiastic about the idea of implementing a logo, as there has never been a regional brand for organic products within the Mühlviertel, and thus they had no experience with such an instrument (Frühwirth, 2013). Hence, there had been emotionally led discussions on the one hand regarding the decision to join with the touristic umbrella brand of the region and on the other hand concerning the question, whether creating a new brand would in the end not be too much for consumers who might be irritated already by the overwhelming variety of different logos.

To sum up, the BRM's business logic, services and instruments are conceptualized to contribute to the success of the Mühlviertel's farmers and companies. A liquor distiller confirms: *"The management of the BRM supports its partners in the marketing, like for instance when releasing new products (Frühwirth, 2013)."* That's also where a core-team member roots one of the most outstanding advantages for partners: *"That's one of our special strengths, that the enterprises get assisted in regional marketing. In this area we are specifically strong and we want to succeed in securing the livelihood's and in exploring new markets for our members (Interview-Rumpl, 2013)."* Hence, the assistance in implementing a proper regional marketing (e.g. support for product placement) and to share the same values within a network of like-minded people are named as ingredients of the recipe for success (Interview-Rumpl, 2013).

### 5.3 Trade-off between quality differentiation, volume and economic performance

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#### **Main values put forehead**

The main value being publicly promoted is that with the establishment of the ‚Bioregion-Mühlviertel‘ and by collectively working together, the development of a regional profile would be increased. A collective regional identity and an organic network amongst people who share same interests across various sectors (i.e. tourism, policy, gastronomy or education) should foster participation, collaboration and relationships of trust on a horizontal and vertical level, leading also to better marketing possibilities and the strengthening of regional organic farming.

Moreover, the rejection of pesticide use benefits the environment and closed production circles ensure a sustainable regional development. On the production side, high animal welfare standards together with the utilization of regional resources and the farmers' tacit knowledge of traditional artisanry account for the *"distinctive quality and value of the products deriving from a mixture of creativity, honest handicraft and a special understanding of living from and with nature (Image-Film, Youtube; 08.07.2011)"*. Further aims are to establish regional markets in order to shorten ways of transportation and distribution and to thereby reduce emissions, to secure jobs and foster employment in the region, to sustain the cultural landscape and heritage and to create a wide-range covering network of healthy and regional food for the benefit of the people and their well-being (Regional Development Concept; 26). The consumers should be provided with 'honest' products and the greatest possible added value from the region, so that consumers develop trust in the BRM (Frühwirth, 2013). The BRM wants to become known as *the organic region per se* in Europe. That's why it is important to also achieve public consciousness and that the people know what it means to live in an organic region. For the project coordinator the BRM has the potential to increase the standard of living for the region (Interview-Felzmann, forthcoming) as it is a chance to reach a positive and sustainable development and taking a leading role in the tourism sector.

#### **Discussion over values and qualities**

Basically, it can be said that there is a strong overlap between the values stressed by the core-team in its publicity work via the homepage and promotion materials and the values mentioned by the members. So, the main motive for most partners to participate is in fact that they are deeply convinced of the philosophy. One farmer said that the BRM simply affirms his own business logic and that it would emphasize and further underline his ambitions (Frühwirth, 2013). Also that the BRM bundles forces and interests of organic farmers and allows them to be recognized as a unified and strong community, is named as a reason for becoming a member [*... "as a network of common interests in which organic farmers can commonly appear strong and unified"* (Frühwirth, 2013)].

Another producer says that *“splitting it up into so many different LEADER regions, the Mühlviertel had almost become getting lost (Frühwirth, 2013)”* and thus is glad that the BRM now aligns again the different LEADER regions together. A partner from the processing sector states that the reason to join the BRM was that he wanted to raise the awareness for environmental concerns and organic agriculture among his employees (Interview-Felzmann, forthcoming). After all, potential members, by signing the membership contract, basically agree to the values the BRM wants to transmit. Besides, using the logo is also a tacit agreement to the shared values. Furthermore, during BRM workshops, members get acquainted with the values and learn how to translate them into their work and how to attach them to their products.

Still, of course not everybody is completely satisfied with the development of the BRM. The critique targets however rather the qualities mediated by the BRM or the services it provides than the actual values. For instance, some members are disappointed because they expected a stronger exchange among the members and wished that the core-team of the BRM would take a more active role. The general perception amongst partners is that the core-team is perceived to be the driving force and in charge of initiating future steps, whereas in turn the core-team wants to stimulate the active participation and involvement of its partners. They feel that the project coordinator, being the only person employed full time, can't handle everything on his own. In turn, partners often mention time constraints limiting their possibilities to contribute and take part in events or meetings. Thus, the perception of responsibilities appears to differ although it gets commonly acknowledged that the core-team does a lot of publicity work for its members (Frühwirth, 2013).

### **Quality differentiating strategies**

With big retail chains and the mass-industry discovering organic as profitable products, alternative models like the BRM need to look for ways to compete with them. Therefore it is necessary for alternative organic marketing models to be different, be exceptional and offer something exclusive. Although the organic product lines of the big retailers are very successful (e. g. the brand *Ja!Natürlich* of the Rewe-Group is Austria's organic brand leader with 50%; Webpage Rewe-Group; 24.08.2014) certain consumers still appreciate values that incorporate additional values compared to the ones conveyed in the supermarkets. To attract these consumers, it is the strategy of the BRM to communicate further added values and attributes. In this regard the BRM's project coordinator is convinced that traceability and credibility are indispensable attributes which distinguish them from mainstream organic. *„It's absolutely decisive to be credible and to have quality criteria which are reasonable and conveyable. It is all totally related to credibility, to be able to also prove that the products fulfill the criteria and that consumers can rely on that, because in the end, concerning food, it is always about trust and that consumers believe in what the label promises to stand for (Interview-Rumpl, 2013)”*. Particularly in times when every now and then another food scandal is popping up, the guarantee of high quality, credibility, direct contact and transparency is a precondition to receive in turn consumers' loyalty.

Consequently, the latest scandals did not cause damage to the BRM, rather even displayed an opportunity, due to the credibility of direct marketers and small enterprises. For the project coordinator it is thus an outstanding advantage to be able to say *“look at us, we do have a real and comprehensive traceability and criteria which consumers can rely on (Interview-Rumpl, 2013)”*. As a matter of fact, it is therefore crucial that farmers and producers, by signing the contract with the BRM, constantly guarantee that their raw materials are being produced and as far as possible also purchased from within the region and promise to additionally meet also the set ecological and social

requirements (Regional Development Concept, 36). In turn they receive the permission to use the logo, which indicates that the products are from the region and that they fulfil highest quality standards.

### **Trade-offs concerning growth**

Because of the small-structured organic farming in the Mühlviertel the BRM does not aspire an economic growth in a common sense. This means that the BRM does not expect their single farm members and companies to grow or intensify their production. For the project coordinator it is more about a desirable growth of the network (Interview-Felzmann, forthcoming). In this regard, he assigns the BRM an enormous growth potential, particularly when it comes to cooperating with the sustainable tourism sector. To motivate many different partners to join the BRM does of course entail some pitfalls. Some partners mention that they don't see the BRM as being really an organic region in their understanding, because some processing partners manage conventional product lines alongside organic ones. However, the core-team argues that especially in the beginning of such a project it is absolutely decisive to include as many players as possible and rather wants to initiate a stepwise transition process of conventional partners towards organic. However, the core-team is aware of such controversially discussed issues and of course acknowledges the importance to have a clear profile for and a strong coherence within the organic region.

Most interviewees stated that growth is not really one of their primary objectives [e.g. a processor states: *"Growth is not really needed, if at all then I would only consider a possible expansion within the region or in the near capital of Austria, Vienna"* (Interview-Felzmann, forthcoming) or like a vegetable farmer put it: *"It would not really be necessary to grow, but as long as new customers are coming and the demand is there... Growth is absolutely not one of my priorities. Unfortunately, growth usually happens way too fast and too much for ones' own dimensions"* (Interview-Felzmann, forthcoming). Another processor in turn emphasizes that he only wants to grow as long as he is able to maintain or even improve quality (*"I don't want to do quantities only for the sake of producing high quantities. What I would like to demonstrate once though is to build an abattoir and show – that it is theoretically possible to also produce and process larger amounts while still doing it in a decent way"*, Interview-Felzmann, forthcoming). Growth to him is thus only acceptable when it still preserves authenticity and still implies a history. Another aspect which is decisive to this processor is that in order to maintain quality, it is necessary to have certain standards (Interview-Felzmann, forthcoming). However, until today, it was not possible to align the criteria of becoming a member for all sectors. For example, within the service sector there is no organic certification, they only have to embody the values. In this regard, also the project coordinator affirms that quality assurance is and will continue to even get more and more important as the need to set and control standards might increase if farms or companies are getting bigger and the number of members rises (*"Then we will clearly have to say which products still fit us and which don't"*, Interview-Rumpl, 2013). At the moment, concerning the farming sector, the association orientated its rules to the basic European organic standards. There have been debates whether it would make sense to apply higher standards, like the ones of BioAustria or the ones that certain retailers have set for themselves but in the end, the core-team decided to keep the European organic standard as the lowest common denominator, otherwise the whole project of establishing a regional brand would not be feasible anymore (Interview-Felzmann, forthcoming). Moreover, additionally to the organic certification, the BRM defined criteria each farmer or processor has to meet and agree to. For now, those are admittedly more of general nature, like that as long as it is feasible raw materials have to be purchased from and

processing should happen within the region. *“In this regard it might become necessary on the long run to install an own control system or to supplement the organic certification process with additional criteria that are then also getting controlled, as sooner or later, with more and more enterprises and partners, one will not be able anymore to control them all on his own”,* the project coordinator admits (Interview-Rumpl, 2013). However, at the moment, the already existing control mechanisms of the organic certification bodies are basically considered sufficient and appropriate for him (*“The system is there and so in order to not have to build up our own control mechanisms we’ve said, the control takes place anyway once a year and our partners then have to submit to us the organic certificate, therefore this is covered”,* Interview-Rumpl, 2013).

One measurement of growth could relate to an increase in turnover of its members. The project coordinator assumes that more time would need to pass by before it makes sense to evaluate the development in this respect (Interview-Felzmann, forthcoming). This view is also shared by the interviewed representative of the organic farmers association BioAustria and the principal of the Bioschule Schlägl who agree that economic success isn’t really measurable yet and furthermore point out that it is anyway hard to say whether growth in turnover for single members can be traced back or will ever be able to be allocated exclusively to BRM’s activities (Interviews-Felzmann, forthcoming). Still, the majority of the interviewed partners expect to benefit economically from participating in the Bioregion Mühlviertel project. So a certain improvement of their situation is expected. Some members have the impression that the membership displays an attractive additional marketing channel with which they can increase their competitiveness, present themselves with a strong brand and better place their products and respectively achieve a higher acceptance at the market (see several interviews Frühwirth, 2013). Two interviewed gastronomic partners already recognize a positive change. Thanks to the BRM they notice a new class of guests with whom they increasingly make the experience that they specifically ask for *“good, healthy, organic dishes”* (Frühwirth, 2013) and some good business deals due to these new guests (Frühwirth, 2013).

In contrast, an organic meat processor (though displaying generally a positive attitude towards the BRM) reveals that since being a member, he would not have noticed any changes and that the BRM does neither really have an influence on his company nor on his life within the region or on his networking activities (Interview-Felzmann, forthcoming). However he is planning to extend the use of the BRM logo: *„We do have now a project though where we want to strongly integrate and make use of the BRM, but this is still in the starting phase. We do have a franchise partner in Linz (the capital of the province) where we are represented with our products and as there is the possibility to expand or enlarge the business, we want to do so by marketing also products from other BRM members (Interview-Felzmann, forthcoming).”*

One gastronomy partner fears, that growth bears the risk of losing credibility and, as a consequence, might lead to a “blown-up bubble” where the core-project is not visible anymore (Frühwirth, 2013). To sum up, growth can currently be measured in how far the network of partners is expanding (the project coordinator names 2-3 new members every week) and how the foreseen collaboration between sectors is developing. Another parameter the coordinator sees, is to measure the success of the BRM could be to observe whether the usage of the logo increases with the time (I-A, Felzmann, 29.05.2013).



## 5.4 Communication of values and qualities

### External communication

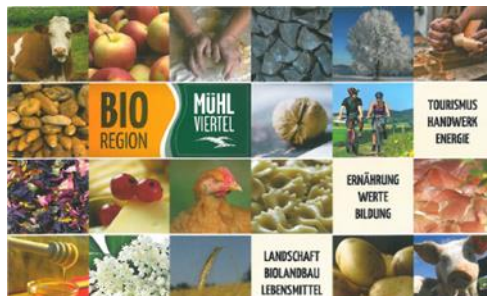
The dissemination of the Bioregions' philosophy outlined in the development concept via internal and external communication is seen as crucially important [see e.g. following statements: „The people have to know they're living in the Bioregion Mühlviertel“; „It is our objective that everyone knows what the Bioregion is“; „One of the most important core objectives is raising the public awareness“ etc. (Frühwirth, 2013)]. Therefore, the ambitions and means of communicating to members as well as to the public are manifold. Via municipalities, schools, excursions, the mass and social media, word of mouth, public events etc., the Bioregion Mühlviertel tries to strengthen the awareness amongst all parts of society towards regionality and organic agriculture. Hence, offering



Graphic 6: Organic Hiking Guide

a wide range of internal as well as external communication channels constitutes the basis for exchange and close dialogues among organizations, members, partners and other stakeholders. At the beginning of the project and as a first step, all organic farmers within the region were contacted and invited to join the BRM (*“We have written a letter to every one of them and told them that there is the possibility to become a partner of the BRM, as they – being organic farmers – of course all automatically belong somehow to the BRM and found the basis”*, Interview-Felzmann, forthcoming).

The core-team members estimate that the marketing and dissemination of the philosophy of their concept is good and that activities the BRM tries to set are well perceived and accepted. In this respect, the ‘farmers-market’, the ‘organic-hiking guide’ and the ‘travelling school exhibitions’ are getting named as best practice examples for external communication by a number of interviewees (core-team as well as members). For instance, the ‘Bio-Ausflugsführer’ (organic-hiking guide<sup>31</sup>) with an edition of 10.000 pieces was already out of print after one year (see Graphic 6). Furthermore, the project of teaching pupils and children about the interrelations between regionality, environment and nutrition within the frame of ‘travelling school exhibitions<sup>32</sup>’ has, as several partners of the BRM



Graphic 7: Postcard example

specifically pointed out, been recognized as a great success. In this regard some interviewees emphasized that particularly raising awareness amongst children and adolescents is as least as important as the communication through the media. Moreover, teachers are perceived to be central role-models (Frühwirth, 2013) and interviewees think that it would be the best to sensitize younger generations for aspects of regionality and organic farming already in their childhood (Interview-Felzmann, forthcoming). A further positive aspect is that teachers also work as multipliers, because they are involved in several social networks (associations, clubs, unions, friends etc.). So during the exhibition at their school they might pick up and remember aspects, which they may then transfer via word-of-mouth to their social environment. This exhibition

<sup>31</sup> The folder informs about 20 hiking routes in the Mühlviertel with each route leading the hiker to organic member farms, or companies, where the visitors can stop by (Interview-Felzmann, forthcoming).

<sup>32</sup> The exhibition which toured from school to school included 16 wall charts & posters that were compiled in collaboration with teachers. Besides, from time to time, pupils of the Organic School Schlägl visit other schools and transfer their knowledge about organic (Interview-Felzmann, forthcoming).

even gained attention on a broader scope outside of the region, for example, at a national agricultural fair. Already several thousand people have attended the BRM exhibition and the feedback is generally very positive. This can be felt by the strong participation of people and especially school classes in a kind of lottery over winning one out of 25 snack boxes for which several questions, based on information displayed on posters and charts at the exhibition, needed to be answered. Furthermore, the exhibition was shown at the teachers training center and the related topics are integrated into the curricula (i.e. in biology).

Another component of the educational project comprises a variety of teaching aids elaborated by a voluntary group of teachers, which include instructions and lessons on domestic science and dietary and nutrition related topics. For instance, one concrete tool suggested supermarket-visits (already implemented by some schools). As part of their cooking lessons the pupils go to a supermarket with a worksheet, and learn about the products offered. They receive information about product providence and quality (organic or conventional). Afterwards, the children buy regional products and - back at school - prepare an organic menu (Interview-Rumpl,2013).



Graphic 8: Beermat made of felt

Apart from directly approaching schools, the BRM tries to transmit its philosophy and messages also via a colorful mix of media. Among others, following communication channels and materials have been set up and produced by the organization: the web-appearance is covered by a homepage and via facebook and there is a regular newsletter to subscribe to. A bunch of advertising and promotion materials include folders, brochures, postcards (see graphic 7), stickers, beer mats (see graphic 8) or a coloring book for kids. Via a public ideas competition, the BRM developed its own mascot (see graphic 9), the caterpillar *Rosalinde* which takes the role of an ambassador of the BRM, decorates colouring books for pupils and is put on stickers as well as on beer mats made of felt and has its own herb-salt.

Besides, the BRM also attempts to actively participate in several events<sup>33</sup>, like exhibitions, organic market festivals (i.e. the one in Bad Leonfelden in May 2013), fairs or action days. Particularly the market festival was an activity getting emphasized by core-team members as being successful and useful for members to meet and exchange. Moreover, together with the support of several actors, also on other events (e.g. those organized by the organic farming association BioAustria) or information sessions like the *Schlägler-Bio-Gespräche* (organized by the Organic Competence Center in Schlägl) the project-team aims to transfer know-how and disseminate information.

Apart from these actions, the BRM's efforts are complemented by a range of other activities that the project coordinator lists being the following: *“For example, we do have a lot of initiatives that are not directly coordinated by the BRM office, which are running independently but are nevertheless getting accompanied by us.*



Graphic 9: The caterpillar Rosalinde

<sup>33</sup> The BRM has an exhibition stand on several markets, farm festivals as well as fairs in Upper Austria where members of the Mühlviertel represent the organization and inform interested people about the offers, products and activities of the BRM. (Webpage BRM: <http://www.bioregion-muehlviertel.at/de/aktuelles/veranstaltungen.html?artikelid=68> - 26.08.2014)

*These are ranging from a sustainability course in one of our Leader Regions, where the BRM is a central topic, to common marketing initiatives like the 'Bioladen' (con.: organic store) which is also kind of a key project. There are a lot of topics in fact. This year we do still have the state exhibition of the province Upper Austria in which we take part (Interview-Felzmann, forthcoming)".* The project coordinator also highlights the importance of intensively communicating and engaging with the gastronomy and tourism sector and to convince them to include more organic and regional products in their assortment. Indeed, there would be potential partners in these sectors willing to do so, but in the end, they often lack information how to comply and deal with the administrative barriers of getting organically certified. *"The certification is actually not a big thing and often it is merely a matter of being informed. So these are obstacles where you have to drive there once personally to the enterprises and tell them how things are running. Then a lot is sorted out and clearer and then it suddenly works (Interview-Felzmann, forthcoming)." Currently agro-tourism-farms do not see a great benefit in joining the Bioregion. "They need a reason to join the BRM therefore the organization's webpage should have a button for 'on farm holidays'. This function offers every one of them the opportunity to link their private webpages to the official BRM one (Interview-Rumpl, 2013)." For the future, according to several interviewees, the usage of mass-communication media, like social-, print- and digital media as well as regional and district newspapers, expert magazines and newsletters will continuously increase (Frühwirth, 2013). Two interviewees specifically emphasize the important role of the organic farmers association BioAustria for PR activities, because they employ somebody part-time for the BRM's marketing-, education- and PR-activities. Therefore the association would contribute a lot to the project's popularity in the media (Frühwirth, 2013). Another important communication strategy is that the project team tries to get the municipalities to actively support them and promote products and activities of the Bioregion. One form of support could be that 'giveaway's' like the so-called 'gift baskets' which are quite common (e.g. at wedding-anniversaries or at birthdays), get filled with regional products.*

Last but not least, further possibilities for the public to get in touch with the Bioregion are thematic excursions which are offered to groups of visitors. The idea is that each excursion's content is linked to issues of regional development and organic food production. According to the respective interests a group displays, it can choose from a folder<sup>34</sup> what kind of participating farm and producer they want to visit. The project coordinator still roots potential for improvement in this area though (i.e. regarding expanding the offer) and says that the plan is to be more present there in the future (Interview-Rumpl, 2013). However, another core group member adds: *"The enterprises have to be prepared for this and get updated to the state of the art. I have to decide for myself, whether I am an enterprise offering excursions to professionals or an exhibition enterprise for certain stakeholders in a more touristic sense. And to be able to present myself properly and appropriately to the respective target group, which comprises having the infrastructure to do so or attending seminars or further trainings to learn how to communicate and guide groups through a farm tour, is a challenging task especially concerning professionalization (Interview, 22.10.2014)."*

To conclude: The effectiveness of awareness raising activities, can currently only be evaluated by the feedback received at events or when consumers get in touch with direct marketing farms and exchange about the BRM (Interview-Felzmann, forthcoming). One interviewee states that the direct marketing in his brewery allows him to receive firsthand feedback from his costumers (Interview-

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<sup>34</sup> The excursion-folder is available on the webpage: <http://www.bioregion-muehlviertel.at/index.php/pid.118> - 27.02.2014

Felzmann, forthcoming). Another member remarks that he would always try to deliver personally in order to be able to ask his customers directly whether there are problems with his products.

### **Internal communication**

Apart from the external communication effort described above, there is of course also an internal communication targeting members and partners of the project. Although the intensity of all communication approaches depends on the currently limited (financial) resources, the projects' core- team aspires to personally assist their members (Interview-Rumpl, 2013). Nevertheless, there are critical voices about the organization's activities, like this quote from a processor shows: *"Internally there is the quarterly newsletter via email informing about the state of the art. But there is no personal assistance in a way to jointly discuss and develop a common strategy?"; In this respect it's up to me to find and approach the responsible people and say 'hey, I want this or that information what do we do'. And of course there are some events which do not target my interests though and there is a BRM office [...] but it's not like they are actively approaching members. Of course, they are facing financial limitations as there is no membership fee and therefore as a member you do not have a concrete value. Secondly, it is often not clear who to approach and in how far one has a say in things at all (Interview-Felzmann, forthcoming).*" This interview partner compares the service rendered by the BRM with the chamber of commerce. Both would do everything for promotion and to get publicity (cards, folder, sticker etc.), but nobody has a real revolutionary idea (Interview-Felzmann, forthcoming). Furthermore, he justifies his disappointment with the fact that the networking amongst members would be too weak. BRM offers a meeting once or twice a year where partner farms are getting visited during an excursion. *"But I have to admit I did not take part in it last time, because there are anyway only the few leading flagship farms and enterprises that already exist for long and which thus everyone knows (Interview-Felzmann, forthcoming).*" He also complains about the lack of further training courses where one could acquire new skills and competences and which could offer space for exchange of knowledge among the members.

Another processor partly confirms these experiences. Unfortunately, events would not offer enough possibilities to share and create ideas with liked-minded people. *"There are no real seminars or information exchange events. Most of the time, the frame of the event was some kind of festivity. Those events do exist, yes, but there are no workshops or meetings to commonly swap ideas and forge out plans. Of course there are currently strategic meetings concerning the organizational restructuring and aspects of how to gain financial independency from funding, but these things are more driven by instincts of self-preservation than targeting questions how the members can profit more from the BRM (Interview-Felzmann, forthcoming).*"

However, opinions among partners diverge. While some articulated that they'd wish there would be more workshops, excursions, meetings or education seminars, especially in the frame of commonly planning future projects etc., others in turn stated that on top of running their business they are struggling having time for such things anyway. Moreover, there are partners who think that partnerships would have existed anyway already before the establishment of the BRM, as networking inevitably happens among people with similar interests. One partner specifically pointed out that he does not really participate in the collaboration and networking activities offered by the BRM due to time restrictions and because he already knows most of his business partners via other initiatives anyway (Interview-Felzmann, forthcoming). Networking and collaboration can thus only partly be attributed to the project, like an entrepreneur from the Mühlviertel points out: *"For sure, to some extent there are networking activities and you will find some people you haven't known before,*

*but I guess especially the processors knew each other already [...] So, you would have to focus more on concrete projects. Everyone is quite fast in saying 'yes, that's a nice idea', but when it is getting more concrete, then the commitment is missing (Interview-Felzmann, forthcoming)".* Nonetheless, even a rather skeptical vegetable farmer said that if he had more time for such things, he would use the activities offered by the BRM. Especially the meetings and on-site visits amongst members of the BRM would be interesting for him and there would always be new people to get to know and networks are getting denser (Interview-Felzmann, forthcoming). Still, the communication between partners who are actively working together on projects like the Köglerhof usually happens mainly directly, once or twice per month on a regular basis. In this regard, this interviewed vegetable farmer adds: *"Communication amongst members of the BRM... For sure it would be better if it would be more often and stronger, to speak also to other partners and to broaden one's mind, but internet/email, you have to be used to such things. However, within the organic sector there has developed something due to the BRM, that the people know each other better (Interview-Felzmann, forthcoming)."*

In this respect, another person even raised the wish for more frequent meetings in form of physical exchange (workshops, excursions, network meetings, further education seminars, presentations and farm visits) as they represent a promising possibility to leverage collaboration and to be better connected to each other (Interview-Frühwirth, forthcoming). So, as we can see, there is quite a broad spectrum of opinions regarding the question in how far the BRM has contributed to networking between members. Less controversy exists concerning the aspect were the BRM is seen to be more useful by the majority of partners, namely to be able to raise the peoples' awareness for organic and to foster that they understand that they live in an organic region. In the end, that's also one reason for some members to stick to the project, as they see it as one of their causes to further contribute to this objective.

## 5.5 Quality mediation

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This chapter is designed to elicit which qualities are mediated along the value chain(s) by the different involved actors.

Qualities relate to values attached to products and values incorporated into relationships of partners along the chain (or in our case within the network). Values attached to the products are in this case regional providence and regional development in combination with organic. Values within the relationships concern cooperation of producer groups and collaboration between farmers, processors and marketers. In this specific case study, we try to highlight some qualities that the establishment of the Bioregion Mühlviertel adds for its partners, respectively in how far the partners in turn contribute shaping the qualities of the Bioregion.

Basically, it can be said that there is a strong coherence between the values the members relate to and want to mediate and the ones the Bioregion Mühlviertel promotes in their representation to the public. In this respect, the Bioregion Mühlviertel has set a number of activities that aim to strengthen the regional development, foster the local economy and make the values of regionality more visible to the public. Examples to be named are the school exhibitions, the hiking guide or that the BRM actively promotes the products of its members at fairs or in the publicity materials (folders, flyers, homepage). Moreover, farmers get provided with additional regional marketing possibilities (in retail shelves or in the tourism and gastronomy sector) and get professional assistance in marketing related questions. An illustrative example and well performing installment that shows how partners

can benefit from the BRM are the so-called *Hofläden* (on-farm stores with direct marketing) where products of members get co-marketed in case they don't do or cannot do direct marketing on their own. These stores are set up very professionally and receive support by the chamber of agriculture. This should enable farmers to become stronger in their direct marketing activities. A further example of a collective marketing possibility is the 'Bioladen Mühlviertel' where only members of the BRM are allowed to sell their products. Additionally, the Bioregion Mühlviertel strongly promotes the store. So, there are numerous measures taken to support the values of regionality and to carry or convey them also to other branches and sectors (e.g. education, tourism, gastronomy, artisanry etc.).

Members contribute shaping the quality of the Bioregion Mühlviertel primarily by implementing its philosophy and core objectives, be it to prefer regional business partners over others, to close on-farm production cycles, to make use of renewable energies or to engage in cultural/social activities. Furthermore, when members distribute the promotion materials and use the logo on their products, members contribute to increase the popularity of the Mühlviertel amongst its inhabitants.

Qualities dealing more with the kind of relationships between members along the chain comprise mainly the values of fairness and participation. For instance, with the new constitution of the Bioregion Mühlviertel association, the members of the different branches and sectors are now better integrated in the decision making and thus can actively contribute shaping the development processes of the Bioregion Mühlviertel. This means that every member is given the equal opportunity (head voting right) to have a say in things which can be seen as an expression of appreciating the concerns of its members.

A further aspect already addressed is the ambition to bring like-minded people together which should foster exchange and collaboration between members, leading ideally to product innovation and new social ties.

Last but not least, some interview partners also refer to the quality of life within the region to which the BRM contributes. This is also where one core-team member roots one of the main qualities the BRM adds for the public in general: *"I always say that we really want to live the organic ideals in their truest sense and establish a livable, natural and pristine region, that's the point. That we do not only focus on organic farming and regional added value ..., but that we look at the Bioregion also from a cultural and touristic perspective. And also that the people are feeling well within a livable region. That's what we want to convey and transmit to the people outside, by all means, possibilities and the time we have in the project. Hence, a basic goal is that the people are feeling well and also other people are coming and say 'this truly is something special' (Interview-Rumpl, 2013)".*

## 5.6 Resilience

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This chapter focusses on aspects of potential changes, fluctuations and crises that might have occurred and tries to describe how these have been managed. It addresses how vulnerable the BRM is, where the strengths and weaknesses lie, how resilience is fostered and describes what the factors or threats are that could make the BRM a failure case.

In this regard, it appears that [1] the financial situation (does the BRM collapse, if funds are not available?), [2] the identification of members (do members see it already as their initiative and are they ready to support the initiative with labour and /or financing?), [3] human resources (are members motivated and committed?) and [4] aligning members expectations are crucial factors for

the resilience of the Bioregion Mühlviertel. In the following these strength and weaknesses are described more in detail.

First of all, the BRM managed to counteract to some extent the negative implications that derive from being located in an economically and structurally weaker area (Ollmann, 2014) and aspires to contribute to improving the situation of its inhabitants. Likewise, the population of the Mühlviertel is estimated to be part of the success, forming the basis and the region's character. A regional development manager in an interview in 2008 put it this way: *„The strength of the Mühlviertel is its population. The people are honest, hardworking and straight forward. [...] Especially during the development process this resource was manifested. Concerning landscape, the Mühlviertel is kept neat in every corner and this is also appreciated by the urban population of the province capital (Manzenreiter, 2009)“*.

A further estimated huge advantage in the agricultural sector is the fact that the Bioregion Mühlviertel with a high proportion of both, of grasslands and arable land, is able to produce fodder regionally. *“Producing feed locally... That's the huge advantage. Dairy production is typical for the Mühlviertel, because there is enough grassland available and also arable farming for providing concentration feed is possible (Manzenreiter, 2009).“*

Another strength according to the director of the organic school would be that with the establishment of the BRM he could observe that there is a stronger feeling of belonging together (Interview-Felzmann, forthcoming). Also a processor mentions the shifting attitude and awareness towards organic in his company where employees would have started to change their mind about organic and were able to get convinced that there is a demand even for untypical organic products. By this, the BRM would have gained a much higher acceptance even among the sceptics within the company who would typically dismiss organic (Interview-Felzmann, forthcoming). Moreover, the self-confidence and public appearance of organic farmers according to a number of stakeholders got strengthened.

Looking at the potential weaknesses, some members think that the BRM is still not sufficiently known amongst its inhabitants. In this respect, one interviewee relativizes the often quoted and emphasized creation of a common regional identity. The difficulty he sees is that in fact the Bioregion Mühlviertel is too big (*“In this sense, there is nothing like a Mühlviertel identity. [...] The bigger the area, the more difficult it is to filter out the persons to whom the whole thing is worth something. It gets easier when you let's say have a valley in which everyone knows each other and it's kind of an own world. [...] I think 97% of the inhabitants do not recognize that it is an organic region, not to mention that you would even be able to recognize it anywhere“*, Interview-Felzmann, 2014).

Then, the high diversity in the structure and composition of members is seen as a strength as well as a weakness. A weakness because *„for already existing organizations and established structures, the Bioregion Mühlviertel is just a project out of many different ones and therefore you just have to get yourself in line and acknowledge that“*, a core-team member admits (Interview-Rumpl, 2013). In turn, an associate of the organic farming association BioAustria assesses the diversity of organizations and opinions and the regional embedding into the LEADER-network as a strength and states that there is a high potential for further expanding the network like in the tourism sector or with respect towards cultural and social activities (Interview-Rumpl, 2013). Moreover, according to the project coordinator, it would be important to integrate the whole region in a fair and equal way (Interview-Rumpl, 2013) and thus, in order to avoid focusing only on some members, the BRM tries to somehow please all its

members. This approach is comprehensively not always feasible and interests have to be bundled and aligned and taken measures thus cannot fit everybody. Of course, wherever a number of actors is involved there have to be compromises, but especially in a region with different structures and conditions (geographically, economically, population density etc.) this may become particularly tricky. Covering several districts with own characteristics and comprising seven LEADER regions, the mix of people, initiatives and enterprises is colorful and all have lots of ideas and expectations that are hard to align and even harder to meet to everyone's full satisfaction. Hence, although the people being involved in the BRM ambitiously try to foster positive developments in the Mühlviertel, it seems that not all purposes and ideas of the organization fit every member's interest. Some of them are resigned and disappointed because their expectations are or were not met. Still, until now, none of the persons interviewed in the various theses has considered to denounce the membership and step out of the BRM (see Frühwirth, 2013). This might be because basically there is often found consensus among members as well as BRM representatives.

Furthermore human capital is decisive as outlined by the project coordinator saying that a small group of people is needed which is motivated and personally committed (Interview-Rumpl, 2013). This is underpinned by the following quotes of two core-team members [*“Strong personalities are needed, who lead things in the right direction [...] It is decisive to have a basis who supports the idea and [...] to have an as broad grounding as possible (Frühwirth, 2013)”* And: *“Unfortunately though, the staff resources are limited (Interview-Rumpl, 2013)”*]. And also regarding the members it is decisive to get those members who are the most engaged ones working together more closely, granting them in turn also the decision making competence and to make them become opinion leaders or role models who communicate stronger the advantages and benefits of the BRM towards others, in order to keep the once in who already are members and increase the motivation for externals to join.

The question whether an increasing collective appearance and self-confidence of organic farmers may partly threaten the conventional farmers is estimated controversially. However, the core-team aims for good relations communicating that conventional farmers also produce good products. In the end, the BRM would not be able to survive a broad and strong opposition to the project. Still, some members state, that conventional producers sometimes encounter the BRM with mistrust. Probably they would have the feeling that they are now more or less indirectly forced to also convert to organic. Especially an interviewed couple from the gastronomy sector - though being members of the BRM themselves - claims that the BRM would have a negative impact on the relationships between conventional and organic farmers (Frühwirth, 2013). For them, the achieved positive change would be overestimated: *“Also organic farmers still have their issues with each other and neighbors are still divided. If the BRM had an impact at all, then it most likely led to the situation that the farmers are more split up and that the organic farmers would consider themselves being superior, now that they have the BRM (Frühwirth, 2013).”*

Consequently, the BRM should try to avoid presenting or placing itself too extensively as being superior to conventional agriculture (Rumpl, 2014) and rather communicate to conventional farmers instead that an organic region is also a chance for them, for the whole region and that all sides can benefit from the creation of different regional value-chains (Interview-Rumpl, 2013).

Another issue is that - though withholding a strong growth potential - the tourism and gastronomy branches are sometimes regarded as difficult to approach. First of all, because it is challenging to



convince for instance restaurant owners to buy more regional organic products, as products are usually received primarily at lower prices from wholesalers. So, the solution is to get those wholesalers that deliver the gastronomy to position and list the regional products in their assortment. As wholesale supply chains are typically embedded into larger structures and cycles, according to a member of the chamber of agriculture, this will be quite a tricky thing to realize though (Interview-Rumpl, 2013). Secondly, their disposition to integrate BRM products into their assortment or to include them as a fixed component of their cooking ingredients would be very product and price dependent. Thus, one of the biggest challenges was and still is to handle and align the different sectors of the BRM like farming, processing, gastronomy, tourism or public services.

Also the BRM-logo and its usage, or better say, reluctance of some to use it is definitely a problem. Although the majority sees a further promising marketing asset in it and considers it a useful tool contributing to achieve a higher acceptance for products and a fair price, others critically remark that there would be too many logos on the market confusing the consumers already (Frühwirth, 2013). The usage of the logo thus seems to depend on the type of product and the channels through which it gets marketed or whether it is considered to be fitting with the partners' business logic at all. For example one processor critically points out, that today the BRM gets more or less merely recognized via its logo, but that for him as a 100% organic processor it would not be really attractive to use in addition to his own brand as he could then get mixed up and thrown together in one box with other, only partially organic processors which negatively effects his image (Interview-Felzmann, forthcoming). Moreover, some (particularly processing) enterprises already have established their own brands and are economically successful and to them, appearing as a member of a merged brand with too vague standards, can comprehensively also be evaluated as a potential pitfall which outrules prospective benefits. The core-team is well aware of this, as following statement shows: *"You have to motivate them because it is a risk for every company. If there is anything going wrong with the BRM brand, each company is part of it (Interview-Rumpl, 2013)."* And a second core-team member adds that there are potential organic farmers who would be reluctant to join the BRM until it insists on being 100% organic (*„There are a lot of small farmers who are interested in regional marketing. It is interesting to talk to organic farmers and companies und ask them, why they still do not join the BRM, then some answer that as long as there are also conventional farmers in the Bioregion Mühlviertel and the BRM is not 100% organic, the region won't be really organic in their perception"*, Interview-Felzmann, forthcoming).

So, deviating perceptions on how to define standards and regulations (e.g. whether to permit also partly conventional farmers/processors) as well as different views on how the BRM should look like, influence the willingness to use the logo or join the Bioregion. In the eyes of the core-team in turn, there is sometimes also a lack of understanding at the side of the members that boundary conditions and rules regarding standards and the delineation of the term 'regionality' have to be elaborated and set in the best interest of all. Some see the standards as being too strict, some as being too vague. To quote one processor: *"The geographical definition of the region is clear, but where all the resources have to come from is still not defined clearly enough. For example in case of poor harvests or crop failure, I am allowed to buy organic from adjacent regions and still market it under the BRM-brand (Interview-Felzmann, forthcoming)."* Hence, there have been discussions which standards to set, without leaving too many partners aside who then would not be able to be part of the BRM. It is not easy to balance between recruiting as many partners as possible to become members, without compromising core-ideals and values. This is criticized by some partners as being not straight forward

and clear. They fear that the original ideals and core-values might get weakened, lost or blurred and believe that the profile of the BRM would already not be sharp enough (Felzmann, forthcoming). A processor specifies: “[...] I’m not really satisfied with the way of proceeding, because to me the most important thing is - like I said before - that there is a clear positioning. And if you do it as the Bioregion Mühlviertel does it at the moment - to please everyone - then there is always some kind of fuzziness. And then you have to sharpen your profile, you have to know exactly what you want and then do it, also if it doesn’t suit or fit everyone, but in turn it suits others even more. [...] whether this is an intelligent move on the long-run I do not know I have to say but the peril is that when you are keeping it all vague and ill-defined whether the whole project doesn’t get stuck sooner or later (Interview-Felzmann, forthcoming).”

So far, economic advantages are not really felt yet and the project coordinator declares that economically quantifiable effects by fostering collaboration or enhancing participation are hardly measurable (Interview-Felzmann, 2013). Most interviewees think that it will take more time (up to 10 years) until a meaningful evaluation is possible (Felzmann, 2013). According to a member of the core-team, to look at how far the members make use of the logo on the products would in fact be the only way to evaluate an economic success (Interview-Felzmann, 2013). Currently, advantages are perceived more clearly by direct marketers than by processors. For example, a baker as well as a meat processor said that so far the BRM had no real impact on the development of their enterprise. „At the moment, the BRM is not important to us. The only thing that could be important to us is the popularity of the Mühlviertel – in order to be able to locate the region geographically. But we do not notice having a better raw material supply from regional farmers (Interview-Felzmann, 2013).” And another vegetable farmer and direct marketer adds that the majority of consumers would not recognize the BRM-logo anyway and that the BRM would be far away from having a customer base that particularly requests Bioregion Mühlviertel products. Yet, he would put the logo on his products, but says that the customers first and foremost identify themselves with his farm enterprise (Interview-Felzmann, forthcoming).

Another aspect mentioned as a potential weakness is the distance to the market in the provincial capital for direct sales. Therefore, it would be crucial to elaborate a strategy how to deal with the retailing and wholesaling sector. This has however been a delicate aspect so far, as right from the beginning, wholesalers like Pfeiffer and discounters like Hofer would have tried to appropriate the BRM, by advertising products with the slogan ‘from the organic region’ (Interview-Rumpl, 2013). Consequently, the BRM protected its label as a registered trademark. “There we do have an absolutely clear commitment to say we don’t want to be pressed to a retail or wholesale group”, a core-team member clarifies (Interview-Rumpl, 2014). Instead, the BRM has developed shop-in-shop systems like the so-called *Bioecken (organic corners)* and meanwhile is represented with specific products in 200 shops in Austria, as they recently signed a contract with ADEG<sup>35</sup> (Interview-Rumpl, 2013). Anyhow, whether and in how far cooperation’s should be entered with retailers, will be up for discussion amongst partners. One fact which can be stated already is that with such a step, even more partners might see that the initial ideals and core values are getting blurred or diluted. Hence, in addition to the development process, it will be necessary to communicate internally about the unwanted objectives, like whether to cooperate with large retail chains or other companies as well as how to prevent being transformed into a mass-product (Frühwirth, 2013).

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<sup>35</sup> An Austrian retailer more suitable for independent traders, part of Rewe International: webpage ADEG: [http://www.adeg.at/Startseite/Startseite/ad\\_Homepage.aspx](http://www.adeg.at/Startseite/Startseite/ad_Homepage.aspx) - 02.09.2014

Another topic to be taken into account is the membership fee that will be introduced with the recent foundation of the BRM as an association. The plan was to put the BRM on its own feet and give it a legal character in order to maintain its capability to act and to gain independence as after all, things should once ideally run on their own. In this regard, financial aspects are important to discuss as it is somehow not clear yet how to finance the activities of the BRM in the future. In the long run, the members believe that neither the political side nor the LEADER regions are able to continuously support the BRM financially (Frühwirth, 2013). However, the willingness to pay membership fees gets evaluated ambiguously. Some interview partners emphasized that a membership fee could be seen as a way to keep the really motivated partners in and sort freeriders out (Interview-Felzmann, forthcoming).

One of the most immediate issues is to make the economic benefits for members visible. In case there are no profound and tangible benefits to be expected in the future, most of the interviewees would reconsider whether it's all worth the efforts (Frühwirth, 2013) and as a last step consider dropping out. Therefore, the project coordinator emphasizes the need that *“the BRM is ideally getting continuously perceived as a kind of umbrella organization for various dynamics also for those processes that are running outside of the BRM. Then we have the chance to really position the Mühlviertel as a cohesive and joined organic region... as a regional brand... but therefore the whole region has to truly appear as something united (Interview-Felzmann, forthcoming).”* To achieve this, in cooperation with the Bioregion Mühlviertel, the tourism sector has founded the ‘Mühlviertel Marken GmbH’ (ann.: like an Ltd., comprising as a kind of umbrella the several smaller tourism associations).

## 6 Future orientation

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The BRM is expected to further contribute to a higher common awareness and consciousness of its inhabitants towards sustainability, organic and regional development and should - in the best case - encourage a high motivation for participation amongst them. Basically, the external perception and appreciation of the Mühlviertel is found to be quite good. Besides, it has a positive image which can be seen as an opportunity, leading potentially to a heightened interest from people outside. According to a representative of the provinces' chamber of agriculture this has to do also with the general perception that the organic sector in Austria is generally producing high quality niche products and especially when looking at the Mühlviertel that would be a great potential and chance to compete as a small structured country on a global market (Manzenreiter, 2009). Therefore, to further develop leading products and to position them also outside the region and province of Upper Austria should be forced (Manzenreiter, 2009). One strategy and particularly promising opportunity for direct marketers to raise popularity and attract consumers could be to set-up a webpage including an online store for products that are non-perishable and thus suitable getting distributed in a wider area (Interview-Rumpl, 2013). Anyhow, it would become increasingly important to think about interesting and fitting marketing channels, particularly as people have different shopping habits. As organic and regional products are running quite well and the markets are developing in this direction, in order to increase the chances of the BRM to sell its products, it is pivotal to provide consumers with a diversity of purchasing opportunities (Interview-Rumpl, 2013). Further steps to be taken in this regard will have to be to achieve a higher density and a bundling of the available quantities (Interview-Rumpl, 2013). If the BRM succeeds in mediating its philosophy and promoting its products, as a result, consumer awareness for the advantages of regional-organic products will

increase. Ideally, this then entails a process of spiraling up, where the heightened demand for BRM products on the consumer side will again positively influence the demand by the market and the gastronomy and convince them to purchase *Bioregion Mühlviertel* products. Another aim of becoming a stronger and increasingly more relevant player is that the political side cannot avoid, negate or bypass the BRM anymore.

To conclude (just like two interviewees emphasized) in order to get things really going and to attain a viable market power, it would be pivotal to achieve a critical mass and to have a high density of partners in every part of the region (cf. Frühwirth, 2013). Also the BioAustria associate confirms that in fact there would be potentially several hundreds of farms and enterprises in the Mühlviertel, be it direct marketers, the whole range of agro-tourism, a lot of touristic companies or bakers, which are contacted only now and will hopefully join the project in the future, (Interview-Rumpl, 2013). And a direct marketing beekeeper adds, *“It has to be a colorful mix of several enterprises”*, but remarks that unfortunately the actual number of partners would not even be known by most of the members (Frühwirth, 2013). In this respect, it would be important to convey such things better via the homepage so that everyone knows who the partners are. More concretely, until 2020 the BRM sets itself the ambitious target to gain 5 new partners from the tourism and the gastronomy sector in every district until 2020 and to raise the number of members in the area of organically certified school canteens, of organic processors as well as the number of organic farms by 25%. Especially the latter is ambitious, as with the revision of the EU organic regulations and the upcoming end of the milk quota, the numbers of organic farms has not been increasing the last years as expected by the organic farming association. Furthermore, as one farmer already said in an interview in 2008 (thus before the establishment of the BRM), organic farming is only something for those who are also idealistically convinced of their work. Therefore, the lack of financial incentives [i.e. an organic farmer claims that subsidies would have been decreasing the last years and also the market prices for organic products are not that high that it is worth the enormous work effort combined with the also lower yields in organic (Manzenreiter, 2009)] also pose limits on increasing the number of organic farmers in the region. However, with the settlement of big organic processors in the region, the sales opportunities could be expanded.

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