IS IT EASY FOR PRODUCERS TO MARKET ORGANIC BEEF MEAT ?
THE CASE OF BIOBOURGOGNE VIANDE (FRANCE).

Sans, P.[*], de Fontguyon G., Sylvander B., Le Floc'h A.[1], Auersalmi M.[2] and Schmid O.[3]

1 Institut National de la Recherche Agronomique – Urequa, Le Mans (France).
2 University of Helsinki - Mikkeli Institute for Rural Research and Training Mikkeli (Finland).
3 Research Institute of Organic Agriculture (FIBL) Frick (Switzerland).

Authors acknowledge Carolyn Foster and Peter Midmore (from University of Wales - Aberystwyth) for their valuable contribution in the framework ot the program OMIaRD and for their assistance in the revision of the paper.

INTRODUCTION

This contribution aims to present the results of a French case-study analysis - BioBourgogne Viande - carried up by members of three research teams in the framework of the European Program OMIaRD (Organic Marketing Initiatives and Rural Development)[1]. This overall project examine all aspects of organic products marketing in Europe in order to develop strategies that both satisfy environmentally and ethically conscious consumers, support the development of new jobs and improve incomes in rural communities. The project focuses on the impact of what we name Organic Marketing Initiative (O.M.I) on rural development, especially in Less Favoured Areas (L.F.A). An OMI is an organisation of actors (privately or co-operatively owned) involving participation of organic producers which aims to improve the strategic marketing position of the products by adding value to the raw product through processing or marketing. In order to improve knowledge of success factors (in social and economic terms) of O.M.I, 67 narrative case-study analysis were firstly carried up in 40 European regions, with a special attention in selection process (examination of highly diverse OMIs, in different geographical, cultural, agro-

---

[*] Ecole Nationale Vétérinaire de Toulouse, 23 chemin des Capelles, 31 076 Toulouse cedex 3 Tel : (00 333) 5 61 19 39 77 Fax : (00 33) 5 61 19 39 24 E-Mail : p.sans@envt.fr

[1] A full description of the overall OMIaRD project can be found at the project website http://www.irs.aber.ac.uk/OMIaRD.

ecological and political contexts). Then, researchers implemented a comparative in-depth case study analysis involving 4 selected O.M.I located in Austria, France, Italy and the United Kingdom and based on interviews of internal, external and interface stakeholders.

In a first part, after a brief description of the region where the O.M.I is located, we present the main features of the development of BioBourgogne Viande, from its origins to the present day. In a second part, the motivations, cohesion and competencies are analysed in the structure of a SWOT (opportunities, threats, strengths and weaknesses), identifying organisational learning processes through the past ten years.

1 PRESENTATION OF THE O.M.I BIOBOURGOGNE VIANDE

Burgundy background

Burgundy (Bourgogne) is an administrative region with just under 6 per cent of national land area and with 2.75 per cent of French population. It is bordered by Lyon to the south, the Paris Basin to the north and the Nevers area in the east towards Bourges [Figure 1]. In the face of the decline of a number of small industrial centres, it is farming that is the expression of regional diversity. Agriculture employs almost 9 per cent of the active population, and shows signs of vitality despite continued decline in the number of holdings and an ageing rural population.
Burgundy features several distinct agricultural areas [Figure 2]: the richest, in the north and on the Saône hillsides, is recognised for its vineyards. Bresse is a very wet area, late in being cleared for agriculture dominated by poultry production. The interest of the case study is located in the south-west of the region on the Morvan uplands, where pastures have been developed for a distinctive white breed: the Charolais suckler cattle. The decline in livestock farming and the BSE scare hit the region hard. But suckling activities (sheep-cattle) of quality breeds (such as Charolais), which are well known to consumers, has been maintained under the *Label Rouge* scheme, the official quality system in France and as organic farming,

Current state of the organic agriculture in Burgundy

Burgundy is one of the few region in France where, in opposition to the main trend, conversion to organic farming is increasing. Suckled calf production represents a significant new conversion opportunity for organic agriculture: there are 8,000 producers with significant pasture resources. Existing production systems are already low in intensity. Moreover, economic viability could be enhanced by a relatively homogeneous commercial product based on the predominance of the Charolais breed.

Historical development of BioBourgogne Viande

The BioBourgogne Viande initiative (BBV) is part of a significant and established framework for organic production in the region called BioBourgogne. This brand was registered in 1983 by four departmental organic producers' associations combined in a regional Confederation of Organic Producers. The first stimulus came from organic lamb producers seeking easier access to sales outlets, and was followed by a group of producers wishing to develop organic activity for beef cattle. However, these early efforts were unpromising, with poor marketing leading to little or no premium and even trading through conventional channels, and a rapid saturation of the direct sales market. Thus, in July 1994, the original group of 30 organic beef producers established BioBourgogne Viande on the initiative of one of the organic breeders – Philippe Cabarat - with support from the Regional Council and also from SEDARB (Service d'Eco Développement Agricole et Rural de Bourgogne) managed by André Lefèvre who was the first organic farming advisor employed in France by a Chamber of Agriculture [Figure 3]. Its central activity at the beginning was production and first stage marketing of finished animals, an initial step towards co-operative management of production, even though the number of producers was relatively small compared to the significant potential of the region. The original aim was to set up an organisation to collect and co-ordinate widely dispersed members' animals for slaughter, also ensuring that producers would retain control over the marketing of their livestock. So, from January 1995, BBV has bought three butchers' shops (at Chalon, Dijon, Nevers) and from September 1996, it develops mail order selling. During this first stage (birth of the O.M.I), we can consider that BioBourgogne Viande's primary economic objective is to build up and organise a regional "filière", or supply chain, to provide sufficient volume for its downstream customers while protecting members' interests.

At the end of 1995, BBV reached a significant agreement involving the multiple retailer Auchan, the wholesaler SELVI (slaughterer) and the Fédération Nationale de l'Agriculture Biologique (national organic producers' union). Auchan provided organic beef with "loss leader product" status, while SELVI provided an interface and quality assurance (in particular, traceability), although this precluded direct contact between Auchan and the breeders. A fixed price grid ensured good returns to producers and healthy margins for the initiative. These conditions allowed BBV to develop and handle 70 per cent of its tonnage through this channel and this three-parts agreement was held up as an example at the time.

The first BSE crisis (March 1996) disrupted the development of the initiative, with an initial drop in demand followed by an abrupt surge, which BBV could not easily accommodate. The initial agreement with SELVI was replaced by an agreement with SOVIBA, one of the biggest French meat processor group with an established presence in the organic beef sector through a trade agreement to supply Auchan. The objectives of SOVIBA differ from those of BBV, as the former aims to demarcate quality in organic products. However, the economic rationale for the switch was overwhelming, even though the price grid was less favourable, being indexed to prices of the conventional animals [Figure 3]. Most recently, the negotiated price altered to one on the basis of net of delivery to the slaughterhouse, making it possible for SOVIBA to diversify its purchases to include other producers' groups that have started to sell organic cattle. The current situation encourages BBV to adopt a diversified marketing policy, selling to supermarkets (especially the major supermarket chain Auchan, which is critical to its future development since this channel accounts for 70 per cent of beef cattle sales), six organic butchers, one consumer co-operative (BioCoop), mail-order sales, and one wholesaler, Convivial, which specialises in frozen meat [Figure 4]. Moreover, in 2002, BBV invested in processing facilities, which together with distribution facilities will allow it to consolidate its short distribution channels, as well as increasing added value from ability to sell directly to supermarkets. In the second part of its short history, BBV has to face a « growth crisis » : in a difficult context, it involves currently more than 100 producers and realise a 2.5 millions Euro turnover.

2. MOTIVATIONS, COMPETENCIES, COHESION : THE LEARNING CURVE OF BBV.

The first stage of the development of BBV was, as we saw in Section 1, a matter of creating an original model of production against a standard background (intensive farming and industrialisation). In this context, the founders created new businesses, new products and new markets through the strength of their convictions, their vision and their ability to procure the right competencies. However, BBV is now at a crossroads. To use an air-travel metaphor, after the take-off, the climb and the cruising flight, the managers need to do critical decisions and put effort to develop the concept so that a new growth period can be achieve [Figure 5]. This crucial moment leads them to think again about their objectives and to reformulate their strategies. By using the results of the S.W.O.T.[2] analysis, this section sets out to highlight the main changes in :

- the *motivations* of the O.M.I instigators and farmers or growers (which enables the vision and the project to overcome political, institutional and market conditions, because innovation necessarily challenges established structures);
- the *competencies* engaged and acquired by the O.M.I in carrying out the project (which are the basis for the day to day management of the OMI)
- the *strategies and cohesion* necessary to implement the strategy (which both provide long-term direction and explain how and why people are motivated to follow the strategy).

Motivations:

The original producers of BioBourgogne Viande were all profoundly committed to the basic principles of organic farming; ethical issues such as environmental policy and regional development were also important, alongside their need to obtain a decent income from farming. Initially, the anticipation was that the initiative's main business would be in selling organic animals, and an important aspect of taking over this function was to stay in as close contact as possible with consumers. The marked team spirit and inclusive communication between the farmers at this time was a major contributor to success. Nevertheless, during the period when BioBourgogne Viande had marketing problems, particularly in achieving a good price for every animal, some members had explored other outlets through which to sell their animals, and were willing to switch to other companies if they offered a better price and contracts with a better guarantee of numbers of sales. Also, conforming to general experience, there was some criticism

[2] Strengths, Weaknesses, Opportunities, Weaknesses.

of decision-making in areas such as recruitment of staff or contracts made with different market partners. Farmers interviewed raised a current dilemma, which is the need to respond to a range of different member objectives whilst retaining the high level of loyalty and commitment to the initiative, a particularly important factor of success in the original phase. There is a need to change business policy to recruit more farmer members, and in this way to increase the volume whilst remaining profitable : one possibility would be to co-operate with conventional marketing groups for selling organic beef or to incorporate new organic farmers (coming from conventional producers groups). But pioneer producers who are more ethical in orientation and value independence and a specific identity might not accept this balance between pragmatism and principle : said in other words, adhering strongly to their initial idealism might reduce membership to the loyal core and slow down the economic development.

Competencies:

The ambition of the founders of the initiative was to create a business which would develop along the entire food chain, which would have greater chances of success than the development of a minority organic line within conventional marketing systems. This indicates a certain level of professional pride, in being farmers and working entirely within an organic system, as this gives them potential to concentrate in developing organic farming and breeding methods. Three types of competencies have been developed :

- *Technical competencies* : the initial steps were to organise the collection of organic cattle in the region. BioBourgogne Viande develops a good know-how well recognised by stakeholders (producers, retailers). Nevertheless, in the current state of organic meat supply, some weaknesses become problematic : for example, the supply base is scattered and currently slaughtering and processing is spread between five locations, so unit costs production are high. Due to the net of delivery price conditions imposed by SOVIBA, BBV has to work harder to retain member loyalty. Moreover, BBV does not use a quality-based carcass valuation system (unlike in the conventional meat sector) and thus loses the opportunity to use incentives for members to improve quality.

- *Marketing competencies* : with regard to the longer supply chain, since they were the first initiative that produced organic meat, long established experience provides them with competence for selling organic meat. During the climbing period, the volume of organic sales through supermarkets increased, so to heighten the profile of the group with customers, opening retail outlets was seen as a solution to the difficulty of expanding direct sales off farm premises. The BSE crisis provided BBV with the opportunity to retain and extend contacts with customers, by reacting more flexibly to special requirements, such as those of the catering sector, and specialist butchery of lighter carcasses. In the short supply chain, farmers have direct contact with distributors and consumers, and can make use of an established collective brand to differentiate their products. The business has adapted to the specific requirements of organic retail sales by investing in their own outlets. The state of art technical facilities in the Avallon unit allows for specialist to maximise the value obtained from light carcasses. More importantly, it is the base for development of direct marketing by cutting and packing meat, which is returned to the farm for sale; it also supports mail order sales and development of the catering market, especially to regional speciality restaurants, in partnership with the "Producteurs Bio de Bourgogne" organisation.

- *Managerial competencies*: during the first stage of its development, BBV used a « group approach » to improve technical knowledge of cattle breeding as well as sharing information on market developments. The difficult and expensive learning period involved in establishing retail butcheries was handled collectively. Little by little, they have all learned what the meat business is. Because they have shared this learning period, all involved have experience of and respect for each other's roles. Initial management by members of the initiative was so based on a personal network and strong solidarity. A drawback was the drain of time and energy caused by the need for the same person to fulfil different functions, Currently, BioBourgogne Viande is trying to learn how to manage the processing unit in Avallon : this type of management is no longer efficient; each employee needs a clear professional role if coherence in its functioning is to be achieved. Despite production expertise and knowledge of the market, management faces challenges in two respects: firstly, the administrative board, comprising representatives of the members, has problems of consistency and flexibility in decision-making[3]; secondly, work organisation is far from optimal, with unclear roles and

[3] For example, external stakeholders have criticised the situation in it is difficult to find the right person to negotiate with in order to get decisions taken.

responsibilities (no professional manager), differences in approach between the controlling core of members and employees, and a predominance of part-time staff (no specialised staff work)

The gradual acquisition of expertise from learning by doing, skilful use of support mechanisms (both financial and informational) and strong personal commitment from the several farmers involved have led BioBourgogne Viande to the present stage. Whilst making best use of all available resources, they have not had enough money to pay professional salaries for their management and skilled butchery workers; the present situation is satisfactory but may not be sufficient to remain competitive whilst still adhering to their ethical objectives. Major outstanding questions concern whether the inclusive learning process necessary to make their work more professional can continue, especially the main farmers involved in the business activities; the potential for development of strategic alliances with other farmer groups which is complementary and of mutual benefit; and the extent of future diversification of market activities in attractive areas like gastronomy or the delivery service in a cost-effective manner.

Cohesion:

BBV is a good example of 'learning by doing'. Indeed, since the vision and the project take precedence over a classical strategic analysis, the founders/instigators first have to make the most of the skills already present at the outset and then acquire, in one way or another (learning, recruitment, subcontracting, alliance) those skills that are lacking. An important component in getting past this strategic turning point is the analysis of the internal and external cohesion which will make the decisions to be taken possible or impossible. We make a distinction between internal cohesion (which holds together the internal stakeholders of the OMI, i.e. the producers and employees) and external cohesion, which is evidence of support from external stakeholders.

Internal cohesion:

In the early period of the initiative, one of the main contributory factors to success was the farmers' voluntary ability to co-operate, pooling their energy and knowledge for a common goal.

As mentioned several times, the basis of the BioBourgogne Viande was developed around a few key individuals; as the result of the experienced gained, these core actors in the initiative have become multi-talented businessmen, working simultaneously as farmers or advisors. At the origin, farmer members were more united and shared common objectives. Commitment to the company depended on personal relationships between farmers, with frequent discussions, daily contacts and joint decision-making. This gave a strong base to run the business together. This foundation, has enabled it to weather crises (such as the BSE crisis in 2000). Some interviewees believed that members' objectives still coincided with those expressed through the initiative, although others perceived a growing gap between personal objectives and the collective orientation. Inevitably, through time relations will change between people, especially in a dynamic state of development such as experienced by BioBourgogne Viande, and decisions need to be made between choices for future development :

- on the one hand, because outside the initiative potential members are waiting to see which way they are going. Within other market organisations, there are farmers either converting to organic farming, or considering whether to convert. They may join BioBourgogne Viande if it is attractive enough for them, particularly in relation to the prospect that the conventional marketing organisations that they currently belong to may start their own organic product line.
- on the other hand, within the initiative there is tension between the core group worried about the diminishing of the ethical objectives of the organic movement, and those members whose interest is in having a profitable business and who emphasise more concentration on direct selling, supplying caterers and increasing the number of their own retail butchers and special shops. In this situation of future uncertainty, personal ties between farmers became more important, with each group trying to convince the other of the preferred direction for development.

The critical question now is whether BioBourgogne Viande can deal with this changing situation in such a way that they maintain current cohesion between members whilst at the same time expand by taking in new members.

External cohesion:

We distinguish three levels : cohesion with interface bodies, horizontal cohesion (*i.e.* at the same level of the supply chain) and vertical cohesion (*i.e.* with upstream and downstream stakeholders).

Interface bodies :

Interactions between BioBourgogne Viande and the different state authorities have always been good, a result of excellent personal relationships. SEDARB (Service d'Eco Développement Agricole et Rural de Bourgogne) has played a key role in the development of organic agriculture in Bourgogne by expanding and organising organic production both downstream and upstream (especially the organic cereals and meat sectors). Supported by public funds, it played the central role in co-ordinating organic cattle supplies for SELVI to meet the original requirements of the major supermarket chain Auchan. Further development of BioBourgogne Viande arose from the recruitment of new members conforming to the criteria of SEDARB and the development of market capacity. Although SEDARB continues to delegate activities to producer initiatives, it continues to support some of the BioBourgogne Viande employment costs, with the participation of the state programme supporting work for young people. The DRAF (Regional Directorate for Agriculture and Forests) is the main source of public support for development of organic farming, with a strategy to integrate organic agriculture in schemes for agricultural development. DRAF supports promotion of organic cattle breeding by part-financing technical support to specialised organic meat producers. It has subsidised the investment costs of the processing unit in Avallon and uses national and European sources to contribute half of its employment costs.
The current (and future) situation is quite different : first of all, due to the development of organic production, there is competition between SEDARB and the traditional structures for public financial support for agriculture, especially where conventional co-operatives are very influential. SEDARB is concerned about being absorbed into the administrative structures of the Agricultural Chambers. Moreover, BBV supporters and other institutional actors are also waiting for the next phase of development (« *our baby was born and now it should be grown-up and fend for itself…"*) implying that all possible public support had been given and it was up to BioBourgogne Viande to take it forward and produce results. Now, new stakeholders can legitimately claim to receive subsidies.

Horizontal cohesion:

If the current turning point for the initiative requires growth, one way of achieving it is by acquiring new partners, in particular among the conventional groups of the region. Currently, many more of their members are converting to organic farming that allow them to fulfil increasing demand from downstream customers. As we mentioned above, linkages with conventional producer groups in the area are relatively weak mainly because of a long-standing cultural difference : both conventional marketing groups and BioBourgogne Viande aim to make the best returns from selling organic beef on behalf of their members, although the former deal with the organic meat as a niche product whereas the latter place more emphasis on the ethical values of products and on an alternative model for the agriculture. In development of a specifically organic food chain, there is a need to maintain the resolute cohesion between the supplying members with respect to production standards, but at the same time extending the sphere of operation through Cupertino and alliances; this may explain the cautious approach with regard to a contract with a conventional group: this type of alliance might bring, along with growth from new sales, lower unit costs for the initiative and greater attractiveness for new members. Conversely, if BioBourgogne Viande remains isolated, other regional structures (recently approved for sales of certified organic animals and with lower costs than BioBourgogne Viande) will develop their organic beef sector may become vigorous competitors. Potential for marketing almost all of the organic beef of the region will be lost, falling back to nearer 50 per cent.

Vertical cohesion :

During the first stage of the development of BBV, relations with the industrial group SOVIBA and the multiple retailers Auchan were once very favourable for the breeders of the initiative: BioBourgogne Viande exclusively supplied Auchan with organic beef from Bourgogne and the purchasing prices were based on an annual fixed price grid. More recently, this favourable situation has deteriorated : the organic beef market has grown out of niche status, and competition for sales is becoming vigorous. BioBourgogne Viande now has to operate within the norms of the general marketing framework. Retained earnings from the buoyant period of growth in sales have been invested in the infrastructure of retail butchers and the processing unit in Avallon. These investments were made largely as a result of deteriorating relations with

SOVIBA. Also, Auchan wish to be less involved in a structure where economic control remains strongly linked to collective action, and consequently it has provided SOVIBA exclusive rights regarding supply of organic meat. This decision illustrates the critical perspective of Auchan on the strategy of BioBourgogne Viande “wanting to control everything” and to take on new functions of downstream involvement, such as processing. SOVIBA currently has a quasi-monopoly on the market for organic beef from suckler herds, preventing commercial involvement an enterprises like the Avallon facility in central national buying structures for multiple retailers, and also with catering chains. This near- absolute dependence on SOVIBA as its main long supply chain outlet and loss of its more profitable relationship with SELVI are clear threats for BBV.

After the crossroads, which strategies ?

Our opinion is that development of longer supply chains could be aided by collaboration with local conventional organisations, particularly in order to reduce operating costs : to preserve the approach, the better compromise for BBV may be a collaboration with a regional producer and industrial groups rather than national industrial conglomerates. A majority of the organic breeders of Burgundy, whose objectives tend towards expansion, might support such a contract with a conventional group, and opponents (pioneer producers) might change their views if the financial outcome were to be positive. An alternative way would be to collaborate with organic producer groups located in other regions, within the framework of the national organic breeders’ organisation, Eleveurs Bio de France. This would provide a stronger position from which to negotiate with SOVIBA, although the appropriate position for negotiation with supermarkets would then be at national rather than regional level.
Although clearly long supply chains depend on large multiple retailers, dependence on a single major purchaser is limiting, and BioBourgogne Viande could find alternatives particularly in retailers with less centralised procurement, such as the independent group Leclerc. Moreover, sales in others channel might be developed (Convivial/forequarter sales) or initiated (export sales of organic grass-fed calves to Italy) in order to diversify the set of customers.

Further development of shorter supply channels and maintaining value-added through local processing could come from extension of the customer base to the major adjacent conurbations of Paris and Lyon. This might be done through developing new agreements with specialist organic shops (BioCoop), or further development of the initiative’s own retail outlets. There is a target to increase sales to the catering sector to 20 per cent of turnover, and there are attractive opportunities in terms of developing the market in regional speciality restaurants, itself a device in the longer term to improve customer loyalty. The means of achieving this could be through Producteurs Bio Bourgogne, as a broader range of products could be sold in collaboration. This could provide the lever for significant improvement in merchandising.

CONCLUSION:

BioBourgogne Viande, the main French O.M.I involved in meat marketing, provide a good example of what we can name « the organisation cycle theory”. By using a qualitative approach (in depth case-study), we highlight the importance of a historical perspective in order to well identify the success (and failure) factors [Table 1].

The initial aim of BBV were to organise the collection of organic cattle in the Burgundy region, and then to improve marketing in favour of well-organised shorter supply channels (at first within the region itself), keeping close direct contact between producers and consumers (or at least, final retailers). Subsequent developments have had the aim of serving producers’ interests, by being specialised, to better defend the values related to organic farming, and by remaining independent from conventional organisations (many organic farmers have now taken advantage of the opportunity to market outside conventional structures). The impact of BBV on the development of this L.F.A region can be judged as positive: improvement of commercial organic beef production has encouraged and facilitated the conversion of Charolais beef breeders, and farms in financial difficulties have been enabled to survive. In addition, the organic distribution centre in Avallon, from which a special delivery service is organised, facilitates direct marketing of products, also supporting breeders to maintain their farms in business. BioBourgogne Viande has created employment in economically unfavourable and fragile zones, such as at the slaughterhouse in Autun and the retail butchers it has established in four districts. More generally, its contribution to maintaining other local commercial activities is not insignificant.

Nevertheless, the enterprise itself is vulnerable to foreclosure of accounts, particularly if the overall economic environment weakens or becomes harder (high competition). When demand of organic meat was higher than supply, producers have taken advantage of that situation ; currently the position is the reverse and as a result BBV needs to focus more on partnership rather than attempting to exploit competitive struggles between downstream operators. This requires a reduction in the initiative’s operating costs (only partly due to the scattered nature of supply) in order to continue to remunerate its producers beyond that offered by other producer groups. If initial competencies in organising the production and sale of organic cattle have been maintained, in new areas the farmers involved in BBV have to extend these skills either through continuing education, or by employing competent staff top work with them. The major deficiencies in this respect relate to retail and commercial management (particularly problems of bad results of shop customers) and the difficulties of irregular sales through the mail order service and the development of the regional gastronomy sales to restaurants. Expertise is also needed for the financial management and capitalisation of the recent investment in Avallon, and in employment and management of the staff for the functioning of this unit.

In a changing environment, BioBourgogne Viande is clearly involved in a process of dynamic development (as the investment in processing facilities proves it). At this crucial moment of its life, members needs to think again about their objectives and to reformulate their strategies to pass the crossroads and continue their way successfully. We hope that the analysis carried up in the framework of the OMIaRD project will be useful for the BBV managers.

Figure 1: Location of the Burgundy (Bourgogne) region in France.

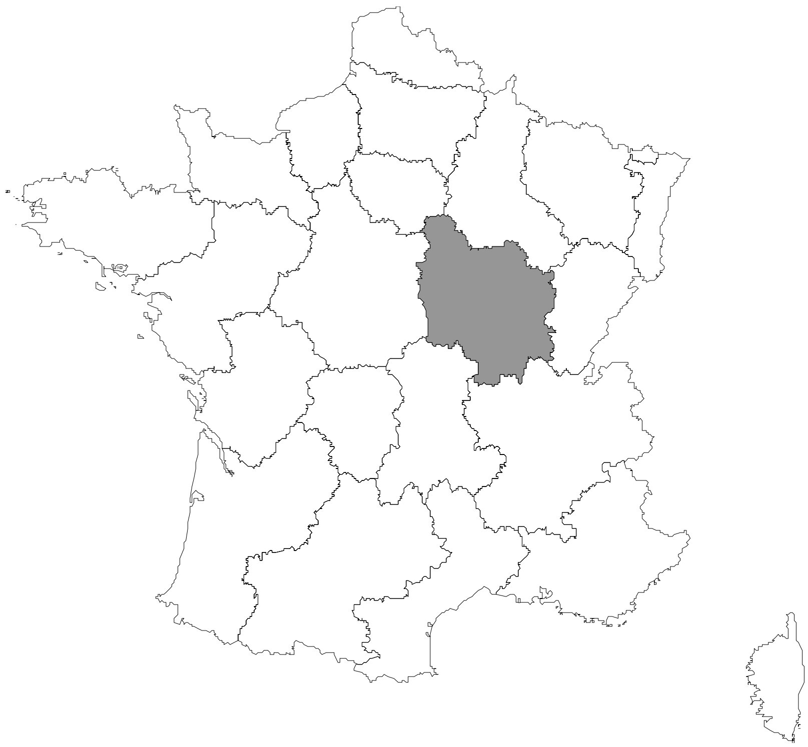

Figure 2: Dominant productions in the region Bourgogne per canton (2000).

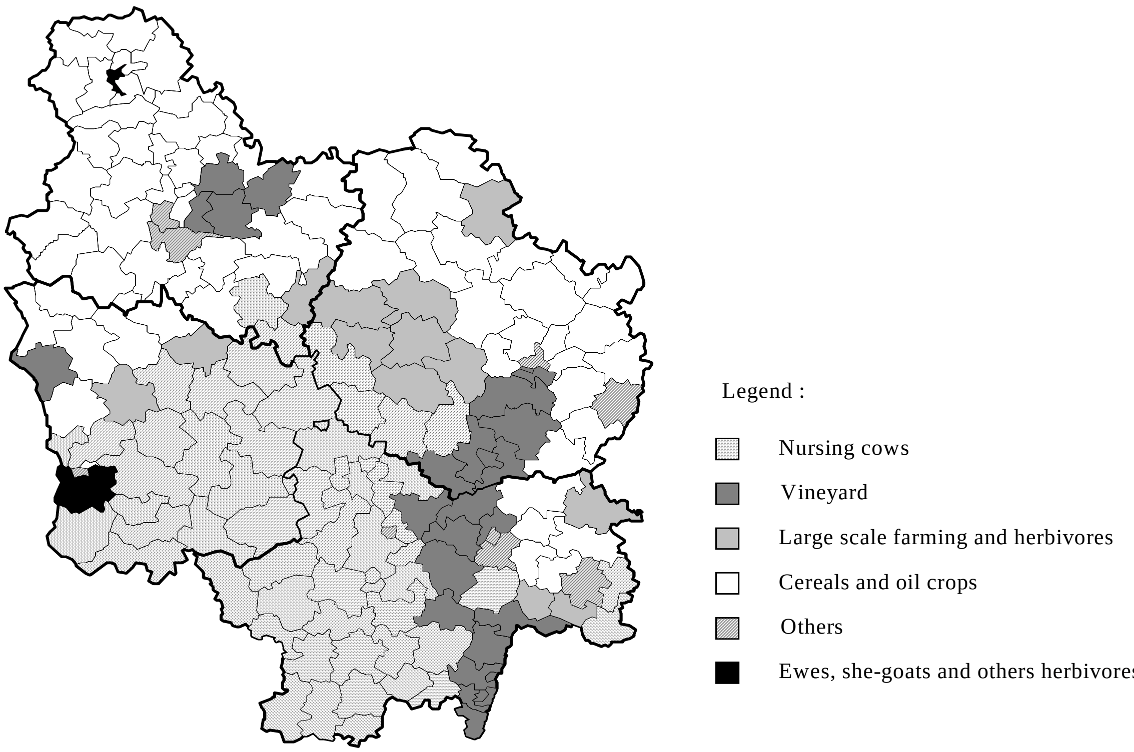

Figure 3: Development of BioBourgogne Viande and evolution of its environment.

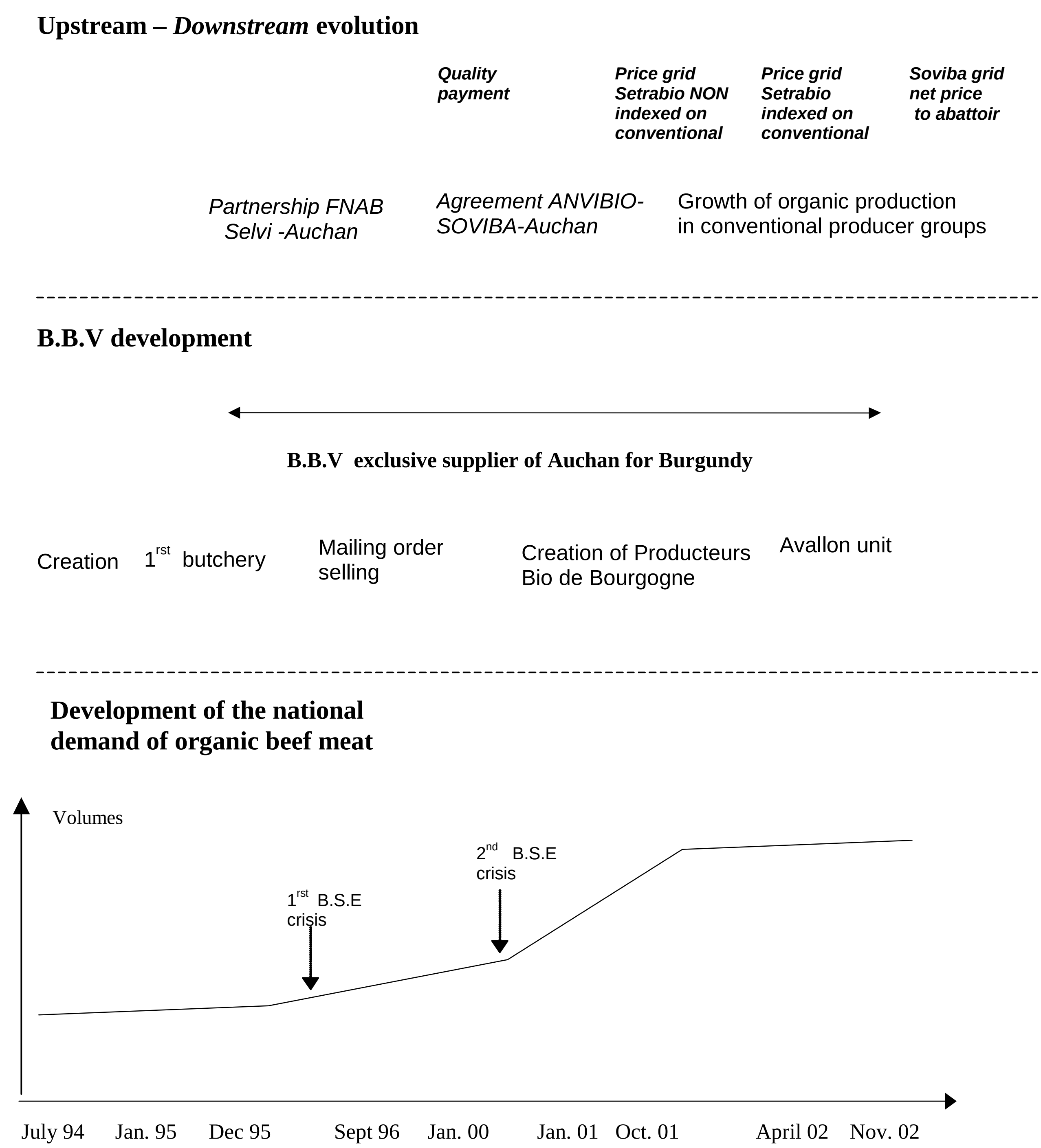

Figure 4: The BioBourgogne Viande supply chain.

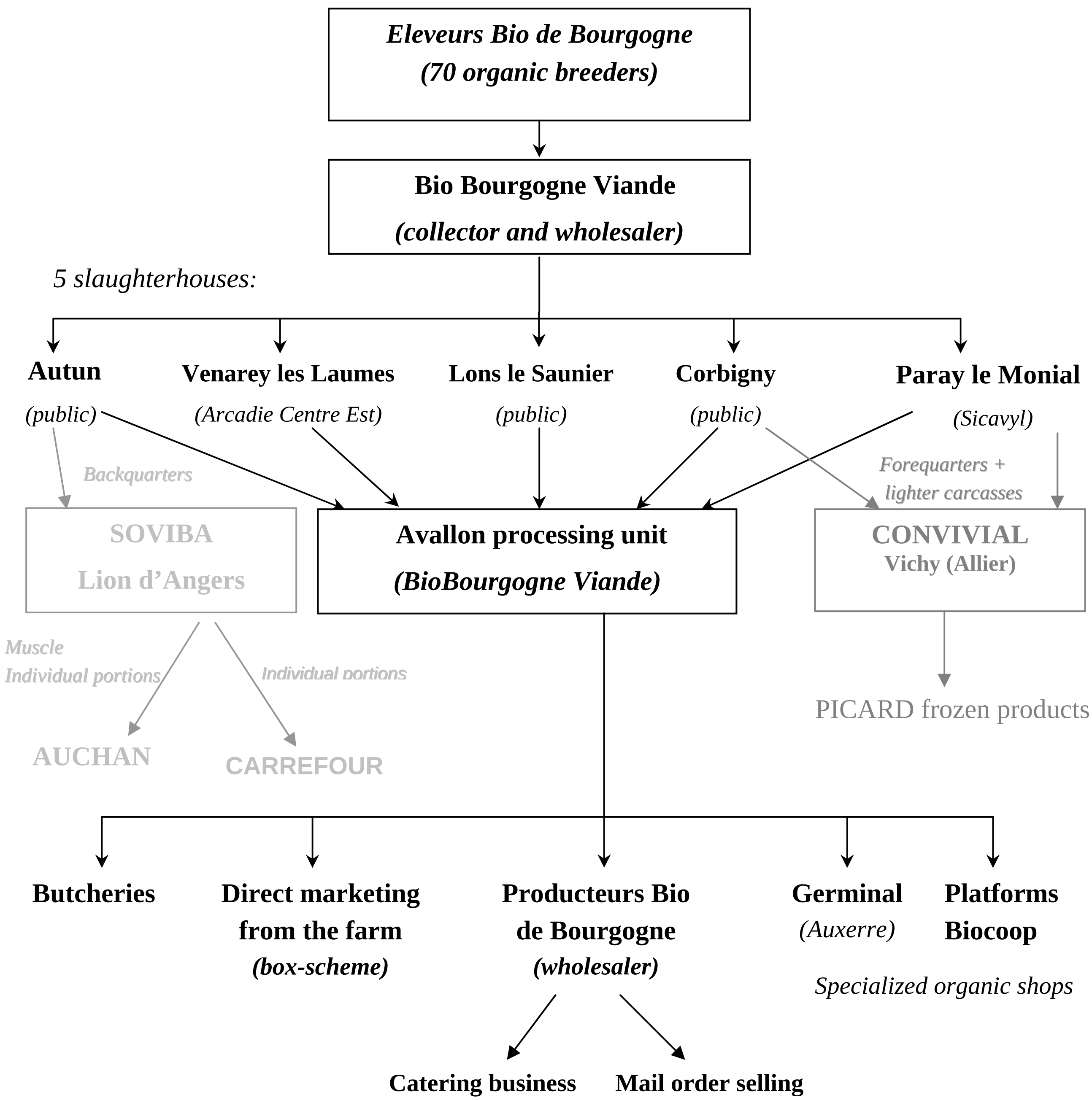

Figure 5: The O.M.I strategic turning point and the air-travel metaphor

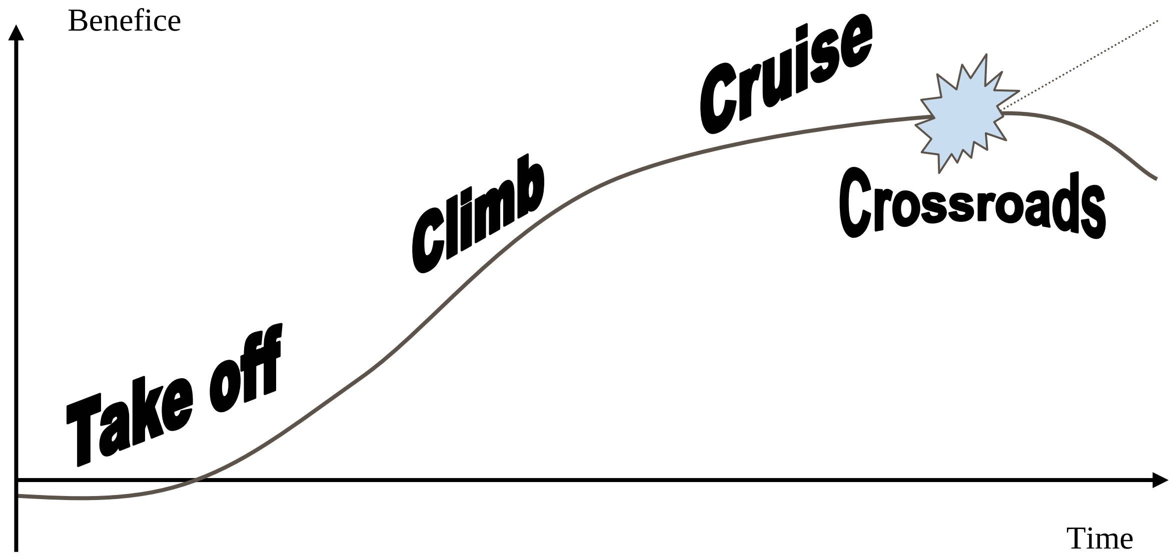

Table 1: SWOT (Strengths – Weaknesses – Opportunities – Threats) analysis of BioBourgogne Viande.

Strengths

- Dynamism regarding supermarkets' opportunity (producers' "demonising" supermarkets seems to be over).
- Partnership with Auchan (one of the main French supermarket chains) including a price scale: this "supply chain" agreement was very incentive for producers (and so was in favour of a development of production) and it worked well from 1996 to 2000.
- Financial means (institutional supports, financial aid to invest)
- Farmers have every confidence in the policy implemented by the structure.
- Investment in a "cutting-boning" room in Avallon (2002)
- High quality networking with institutitions

Weaknesses

- Scattered supply (high distance), lack of synergy within the structure: investment in Avallon platform should compensate for this.
- By-products penalize the structure, but so far there has not been no change regarding the initial strategy: BBV wants to supply 100% their butcheries
- Problem with subcontracting (making of organic delicatessen)
- High logistic costs (to solve that, strong will to increase volume)
- Weak guarantee on the quality of the final product, especially regarding maturation / tenderness (which is the opposite of "Label" or certified meat)

Opportunities

- Persistent interest of Auchan in terms of offering organic beef meat on its shelves (in spite of a deficiency of the supply chain agreement in 2001: supply difficulties due to the economic situation following the 2nd BSE crisis).
- Loyalty to "ready-to-cut" pieces from Auchan outlets on the trunk roads Paris-Lyon du PAD (pieces are now from the cutting room in Avallon, guaranteeing a regularity in quantities as well as in quality
- Emergence of demand in fresh organic meats coming from other supermarket chains: Carrefour, Monoprix, possibly Leclerc (but it would be necessary to prospect outlet by outlet as Leclerc leads a decentralised policy regarding meat products).
- Develop more the image of the product: Charolaise breed, origin Burgundy
- Potential agreement with the regional co-operative group Sicavyl, important supplier for AUCHAN about pieces to grill from beef-cattle. (Bœuf Sélection Auchan).

Threats

- Fragility: e.g. business disorganisation because of the lack of production and tensions due to price fluctuations, results of the 2nd BSE crisis
- Insufficient increase of volumes: continuous of high cost overrun in terms of logistics and meat cutting
- Seasonality of production and difficulties in adjusting growths of demand and supply
- Increasing supply for AUCHAN supermarkets in terms for organic "industrial unitary portion", to the detriment of purchases in muscle (consequence of supply difficulties in 2001).
- Risk to see Soviba increase activities such as "industrial unit portion", which would reduce BBV control and negotiation power on the Auchan market
- Quasi-monopoly from Soviba on cutting, boning, and preparation of "industrial unit portion", including fresh minced meat from organic bovine (meat breed). Increase of notoriety of the processor brand, associated with the French organic logo (logo **A**griculture **B**iologique)
- Weak guarantee on the quality of the final product, especially regarding maturation / tenderness (which is the opposite of "Label" or certified meat)