Organic Producer Initiatives and Rural Development: Four European Case Studies

ORGANIC MARKETING INITIATIVES AND RURAL DEVELOPMENT: VOLUME THREE

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[1] For further information see http://www.irs.aber.ac.uk/omiard/.

SUMMARY

The importance of organic farming for rural policy in Europe has increased over the past decade. It is perceived to unite two important strands of concern in the CAP reform process: sustainable agriculture and rural development. Encouragement has been provided in two ways: through support for farms to convert to organic production, and through the establishment of a common certification structure for products. However, little coordinated support has been provided for marketing of products, and as supply and demand have developed rapidly from a small base, some of the consequent marketing difficulties suggest that research on key intermediaries, *Organic Marketing Initiatives* (OMIs), could ensure that benefits of organic production are secured and multiplied for the rural environment and the communities that depend on it. The concept of *Rural Development* is still evolving, but it is clear that 'soft' factors – culture, identity, confidence – are being analysed more closely as significant influences which explain the quality of processes of economic change in the countryside. The comparative case study approach (informed by Actor Network Theory) which we have used in this research seems to be the most appropriate tool, particularly as examples of rural development driven by organic production are, as yet, relatively rare.

Four case study regions were selected from a larger group investigated in an earlier round of the OMIaRD research project. Selection involved a range of criteria, including size and location, key commodities, and the degree of integration with local and regional rural development institutions. The OMIs studied in these regional contexts were: *Biobauern Sulzberg* (BBS) in the Vorarlberg region of Austria, marketing dairy products, especially cheese; *BioBourgogne Viande* (BBV) in the Bourgogne (Burgundy) region of France, marketing meat; in the Marche Region of Italy, two OMIs with highly interdependent characteristics, *Alce Nero* (AN) and *La Terra e il Cielo* (TeC), marketing cereal products, especially pasta; and *Growing with Nature* (GwN) in the North West region of England in the United Kingdom, directly marketing vegetables through a box scheme.

The case study process involved both local teams and researchers from other countries, working in an interlocking pattern to ensure (as far as possible) consistency of approach. Local teams carried out desk research to prepare for fieldwork: this background information was assembled under the guidance of an Advisory Committee in each region; this consisted of gatekeepers able to provide access and advice to help in the fieldwork phase of the case study research. Members of the Advisory Committee were also primary interviewees in the fieldwork phase, which took place in roughly consecutive periods in

October and November 2002. Analysis of material gathered in the fieldwork phase involved transcription, coding and writing of a preliminary report; initial impressions were then triangulated through source criticism and analysed in terms of the dynamic process of network and institution change underlying the history of each OMI in each region. Final draft reports were discussed by each Advisory Committee before finalisation: summaries of the reports contribute the central chapters of this report.

Sulzberger Biobauern is a small cooperative of 14 milk producers, manufacturing organic mountain cheese (Bergkäse) in a village dairy. Traditionally Vorarlberg milk is processed into cheese in such small village dairies, but in recent decades numbers have declined to achieve scale economies and cope with increasing levels of part-time farming. The case study initiative came into being after a merger between the original dairy in Sulzberg and another local dairy; before this merger, organic farmers were in the majority, but an influx of new conventional members and a change of management made it appropriate to develop the organic business separately. The new cooperative rented vacant dairy premises in the next village. One member is also a specialist cheese marketer, and the business has developed up to capacity with relatively small capital overheads. There is an associated business delivering organic foods, which exploits synergies with the dairy, sharing premises and locally directly marketing some of its output.

BioBourgogne Viande is a larger cooperative consisting of livestock producers, marketing organic meat from Burgundy (mainly Charolais cull cows). It sells mostly to supermarkets through an agro-industrial group with an established presence in the organic beef sector, but also to local organic butchers, a consumer cooperative, mail-order sales, and a wholesaler specialising in frozen organic meat. Its development was disrupted due to BSE crises in France, causing wild fluctuations in demand from which it has been difficult to recover; it has since undertaken capital investment in a cutting and boning plant to extend its influence to develop a separate organic meat supply chain. A currently high level of costs locks it into supermarket sales (capacity is under-utilised), and though it has had problems with its own direct sales outlets it is attempting to diversify its sales base. It faces a decision about whether to collaborate more widely in order to gain more security, at the expense of reduced autonomy in decision-making.

In Italy, two closely related although rather different initiatives were studied in tandem, *Alce Nero* and *la Terra e il Cielo*. Both produce pasta from their members' production of organic cereals. Producers in the Marche region were among the earliest to adopt organic farming in Italy, although after recent rapid development of the sector in Italy as a whole, faster growth is occurring elsewhere, driven less by export demand than development of the domestic market. Alce Nero was established in 1977 in a former monastery at Isola del Piano, a remote village between Pesaro and Urbino; it mills cereals and produces pasta, but also extends its brand to bought-in organic products such as tomato paste, and sells mostly to Rapunzel, a German organic wholesale chain. La Terra e il Cielo provides both similarities and contrasts; it is also a cooperative established in 1980, but although its registered office is in Senigallia (a relatively large coastal town) in 1999 its operations moved to an industrial estate in Arcevia, a rural town further inland; its premises include warehousing, a torrefaction plant for coffee and barley, and packaging equipment; it outsources milling and pasta production to independent processors.

Growing with Nature is an enterprise aiming to link local Lancashire consumers and growers through a vegetable box marketing scheme. Unlike the other case studies it is not a cooperative, though there is significant collaboration between producers. Before its establishment most of the core holding's output was sold to an organic pack house supplying supermarkets, but increasing competition led to the shift of emphasis to direct marketing in 1992, and with growth came the involvement of several more growers.

The comparative case study framework allows us to explore key contributions of the OMIs to rural development. All of the OMIs studied make relatively modest direct contributions to rural development outside farming, in terms of income and employment generation, although their indirect or "softer" contributions are considerable, supporting and embedding confidence and raising regional profile. They also provide a model for improved impacts in the future, particularly if marketing management can be improved.

Most of the OMIs are in peripheral areas (apart from Lancashire), valued for their culture and landscape and produce traditional, typical regional products; most also (except in Marche) have good transport links to thriving markets. Institutional conditions provide a key dimension to rural development success. For Lancashire organic producers, inexperience limits access to support from EU Structural Funds; in England, the organic movement has tended not to take advantage of schemes promoting rural economic development. In contrast, strong regional identity in the Bregenzerwald area is reflected in the REGIO, a vigorous rural development agency; its *Käsestrasse* (cheese route) project has established a broad marketing platform for a core regional product. However, this and other initiatives capitalising on the region's image have bypassed organic producers, who have tended to concentrate on more specialised opportunities. Local agricultural institutions in Burgundy played an important role in the development of organic farming in the region. Good relationships between them and BioBourgogne Viande were decisive in securing financial

support, but tensions exist as to whether organic agriculture should be promoted as a mainstream opportunity or market niche. Equally, in the Marche region, the case study initiatives have benefited from longstanding strong political involvement in the promotion of organic food and farming in the region.

We use Actor Network Theory (ANT) to explore interdependence between initiatives and regional institutional actors in rural development processes. The main process analysed by the ANT is the growth and extension of spheres of influence and power, through “processes of translation” or “enrolment”. Translation follows four stages: an actor analysing a situation, defining the problem and proposing a solution; other actors becoming interested in the solution proposed and changing their affiliation to a group in favour of the new actor; the solution becomes accepted as a new concept and a new network of interests generated; and finally, the new network operating to implement the proposed solution. Recently this framework has been increasingly used for analysis of rural change processes, showing how rural networks function, and exploring their ability to involve various stakeholders into a common set of interests.

For Growing with Nature, the critical issue was how to market their produce successfully and efficiently in a way that was compatible with their value system. Direct marketing offered an opportunity to meet growing competition from supermarkets by improving links between consumers and producers, and raise awareness about the politics of food in general. For Biobauern Sulzberg, restructuring and liberalisation of the dairy sector prior to accession to the EU opened protected agricultural markets; neither scale economies nor off-farm employment were seen as a solution for the inevitable fall in prices, since the current structure of farming is seen as vital for maintaining cultural landscapes, quality of life and tourism. Actions proposed were converting to organic agriculture, shifting to Bergkäse production, and direct marketing.

Prior to BioBourgogne Viande, organic meat was badly marketed and premiums poor; the OMI was established for pragmatic economic reasons, although its founders are also firm advocates of organic principles. They wanted to take control of the marketing in order to compete successfully in, and eventually become a viable part of, the region’s meat sector, bypassing the constraints of being a minor player on a conventional playing field. In contrast, establishment of both Alce Nero and la Terra e il Cielo was initially driven by ideology, providing an opportunity to translate their founders’ vision into action. Influenced by their rural background, they wanted to revitalise marginal areas by providing opportunities for continued farming, and upholding and reviving traditions, skills and culture, although for TeC it is also an alternative way of life;

Solutions ranged from Growing with Nature's opening of their direct marketing channel to a small number of neighbouring organic growers (extending their committed customer base); the strong commitment by the membership of both Biobauern Sulzberg and BioBourgogne Viande, allowing marketing outside conventional structures and achieving good producer prices through their own processing facilities; to engagement of interest by both Alce Nero and la Terra e il Cielo from local cereals producers to meet vigorous demand for organic pasta.

Extension and adoption of proposed solutions within emerging networks varies between case studies. Growing with Nature influences organic growers and consumers, but poor engagement with regional development institutions seems too weak to effect further mobilisation. As Biobauern Sulzberg has become a closed group of likeminded farmers, its mainly inward-looking nature has prevented growth, and only two new members joined since 1996. In contrast, BioBourgogne Viande has recruited 70 new producers since foundation, and has survived several crises; the high fixed costs of processing facilities have stimulated extension of its networks, though links with conventional producer groups remain weak. Management styles (hierarchical with strong family ties for Alce Nero; democratic and participatory for la Terra e il Cielo) have generated strong commitment and internal cohesion, though for Alce Nero there has been tension between management and non-family employees, and new members and employees do not always share its ideals and goals. In contrast, TC seeks out potential new members who share in its vision.

Case study OMIs have not been particularly active in introducing their ideas and solutions to institutional structures, though prevailing institutional climate plays a key role in the nature and extent of the cooperation. In Lancashire there is no single agency for rural development activities; although urban problems have traditionally been prioritised, after Foot and Mouth disease rural regeneration became a priority. Mostly (and surprisingly), the organic sector has not explicitly been part of this process; according to an interviewee from local government, the organic agenda remains *"a kind of a blank area"*. In Vorarlberg, the development agency leading the region has taken up various EU programmes, particularly the Käsestrasse which provided a common cheese marketing platform. However, the low perceived environmental impact of conventional agriculture has prevented organic agriculture from being promoted as a mainstream opportunity. In Bourgogne, the strong tradition of organic farming and consequent good contact with public authorities has led to SEDARB (development organisation for organic agriculture) emerging as an important actor in the rural development process. Chambers of Agriculture have a generally positive attitude towards organic farming, though there is competition between SEDARB and traditional public institutional structures.

Marche rejected the industrial agricultural model for marginal rural areas in the 1980s, relying instead on cultural assets: public authorities favour a more integrated regional agro-rural system approach, and establishment of horizontal and vertical networks features strongly in the Rural Development Programme. This favourable climate and the multifunctional nature of the region have opened opportunities for organic sector development; the regional government recognises it as an integral part of its agro-rural development plans.

For OMIs, we recommend that they attempt to become more open-minded: internally, they will need to absorb newly converted organic farmers whose perceptions and experience is likely to be different from that of the existing membership; externally, in the framework of intensifying competition, partnership between OMIs will be required, in consumer education, promoting the wider social, cultural and environmental benefits of organic food. The conflict and misunderstanding between regional policymakers and OMIs need to be resolved through a process of dialogue and integration; this will help to reinforce specific public sector support for the process of new OMI formation, and also to take advantage of Structural Funds to support consumer research identifying areas of specific market demand (such as demand for regionally branded organic production within and outside the region). National governments have a clearly defined role in supporting the organic sector, in regulating organic standards, providing conversion aids, carrying out research and providing extension services. A broader perspective, concentrating on the position of primary organic production in the supply chain, would assist OMIs; specifically by investigating the market potential of supply chains extending beyond home regions, and provision of supportive infrastructure; and contributing their own resources to supplement the likely shortfall in the Rural Development Plans' funding. All the OMIs we investigated had a keen interest in and a desire to learn from the experience of others. The European Commission, in consultation with national governments, should act to establish a continent-wide network of producer initiatives which market sustainably-produced primary products to disseminate best practice.

However, for consistent and sustained development, ideas and effort must ultimately come from organic producers themselves and their communities. The organic movement as a whole should be involved in promoting organic food as a 'value for money' option, satisfying a range of consumer needs and aspirations.

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LIST OF ABBREVIATIONS

AB	*Agriculture Biologique* (Organic Farming)
AIAB	*Associazione Italiana Agricoltura Biologica* (Italian Association of Organic Agriculture)
AMAB	*Associazione Marchigiana Agricoltura Biologica* (Marche organic farming organisation)
AMAB	*Associazione Mediterranea Agricoltura Biologica* (Mediterranean organic farming organisation)
AN	Alce Nero
ANT	Actor Network Theory
ANVIBIO	*Association pour la promotion de la viande biologique* (National Organisation for Organic Meat Marketing)
AOC	*Appelation d'origine controllée* (Controlled Label of Origin)
AONB	Area of Outstanding Natural Beauty
BBS	Biobauern Sulzberg
BBV	BioBourgogne Viande
BOF	British Organic Farmers
BSE	Bovine Spongiform Encephalopathy
CAP	Common Agricultural Policy
CCPB	*Consorzio per il Controllo dei Prodotti Biologici* (Consortium for certification of organic products)
CIALYN	*Coopérative interdépartementale Aube, Loiret, Yonne, Nièvre* (Interdepartmental Cooperative of Aube, Loiret, Yonne, Nièvre)
COCEBI	*Coopérative de céréales biologiques BioBourgogne* (Bourgogne Organic Cereals Cooperative)
DEFRA	Department of Environment, Food and Rural Affairs
DOC	*Denominazione di Origine Controllata* (Certification of Controlled Origin)
DRAF	*Direction Générale de l'Agriculture et de la Forêt* (Regional Directorate for Agriculture and Forests)
EAGGF	European Agricultural Guidance and Guarantee Fund
FMD	Foot and Mouth Disease
FNAB	*Fédération Nationale de l'Agriculture Biologique* (National Federation of Organic Agriculture)
GDP	Gross Domestic Product
GECSEL	*Groupement d'éleveurs charolais de Saône et Loire* (Saône and Loire Charolais Breeders' Group)
GLVB	*Groupement Lait Viande Bourgogne* (Bourgogne Milk and Meat Group)
GONW	Government Office of the North West
GwN	Growing with Nature

IMC	*Istituto Mediterraneo di Certificazione* (Mediterranean Certification Institute)
ISO	International Organization for Standardization
ITC	International Trade Centre
KOPRA	*Konsumenten-Produzenten Arbeitsgemeinschaft* (Consumer-Producer Working Group)
LCC	Lancashire County Council
LEADER	*Liaisons Entre Actions de Développement de l'Economie Rurale* (Links between Actions for the Development of the Rural Economy)
LFA	Less Favoured Area
LRP	Lancashire Rural Partnership
LSP	Local Strategic Partnership
MAFF	Ministry of Agriculture, Fisheries and Food
NFU	National Farmers' Union
NGO	Non-Governmental Organisation
NOFI	Northern Organic Food Initiative
NWDA	North West Development Agency
NWFF	North West Fine Foods
NWRA	North West Regional Assembly
OFF	Organic Farm Foods Ltd.
OFIVAL	*Office National Interprofessionnel des Viandes, de l'Elevage et de l'Aviculture* (Combined National Office for Meat, Animal Breeding and Poultry Farming)
OGA	Organic Growers Association
ÖMA	*Ökologische Molkereien Allgäu* (Organic Dairy Products of Allgäu).
OMI	Organic Marketing Initiative
ONS	Office of National Statistics
ÖPUL	*Österreichisches Programm zur Förderung Umweltgerechter Landwirtschaft* (Austrian Programme for Promotion of a Environmental, Extensive and Habitat Conserving Agriculture)
RDA	Regional Development Agency
RDP	Rural Development Plan
RRAP	Rural Recovery Action Plan
SA	Soil Association
SEDARB	*Service d'Eco Développement Agricole et Rural de Bourgogne* (Service for Agricultural and Rural Eco-Development in Burgundy)
SME	Small and medium sized enterprise
SOVIBA	*Société des Viandes Bretagne Anjou* (Brittany-Anjou Meat Company)
TeC	La Terra e il Cielo
TEC	Tonnes Equivalent Carcass

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1 INTRODUCTION

Peter Midmore, Carolyn Foster, Markus Schermer

Organic farming has emerged as one of the key themes in European agricultural and regional policy in the recent past. The significant growth and changing character of consumer demand for organic food has led to its emergence from niche status to mainstream product, with well-recognised if complex characteristics, many of which are intangible and relate to ethical, environmental, cultural and lifestyle aspirations, as much as to the intrinsic qualities of the products.

A significant cause of this heightened policy profile is the ability of the organic concept to unite issues across a broad variety of themes (see, for example, Lampkin and Padel 1996). In terms of policies towards agriculture and the countryside, increased adoption of the organic farming system provides governments with an opportunity to reduce commodity-based support payments and demonstrate commitment to improved environmental quality; at the same time, the strength of consumer demand supports premium prices, providing respite for farms in an increasingly competitive market. For consumers, purchase of organic foods improves confidence in relation to substantial contemporary concerns, particularly the safety and healthiness of nutrition, but also the welfare of farm animals and integral quality of agro-ecosystems. Growing associations with traditional methods of production and local origins, offset by concern with the environmental impact of long-distance transport of large volumes of food, have further combined to enhance the attractiveness of one of the most easily recognised, generic brands of sustainably-produced food.

The overall framework of government intervention has been organised around two major activities: legislative reinforcement to the standards to be attained in order to qualify for organic status; and support for conventional producers through the financially demanding process of conversion, during which yields are depressed and other significant adjustments are required (in most European countries, support for organic producers continues after conversion, although at a lesser rate). Within the European Union, certification and direct aid both to converting and continuing producers are established in a common structure, although member governments provide further support, especially in research and extension services: in this respect, Lampkin *et al*. (1999) provide an overview of the development of European policies towards organic agriculture.

Although starting from a negligible base, over the past two decades the area farmed organically and volumes of production of organic food have both grown remarkably, even if at particular times and in specific countries this pace has sometimes slowed. Demand has also grown rapidly, in many instances exceeding expansion of local supply, so that significant volumes of organic food are now traded between different parts of Europe. This is particularly marked with regard to wines, olive oil, and other Mediterranean crops that require specific agro-climatic conditions for their production. Occasionally, the reverse has occurred: local organic markets have not been able to absorb production, and in consequence, organic products have been sold through conventional market channels, without the benefit of premium prices and at generally higher cost than can be realised by conventional producers.

The localised mismatch between supplies and demands, in conflict with overall European trends, is usually due to lack of distribution and marketing infrastructures, reflecting the fact that the overall development of the market has been uneven in one further respect. In the pioneer phases of organic agriculture, mainstream marketing channels were inappropriate, and direct marketing approaches, for example through farm shops and community-supported agriculture schemes, were often adopted as a remedy. Such local-level initiatives often provided additional employment in adding value to the primary output of farms which, in peripheral areas, was significant in connecting organic farming to rural development. With rapid compound growth in traded volumes of organic products, however, conventional channels of retailing have become the predominant means of fulfilling consumer organic demands. Hamm and Gronefeld (2004), provide the most recent, detailed quantitative assessment of the development of the organic food market in Europe as a whole. They suggest that the most important way in which continued growth in organic food production and consumption can be maintained is to strengthen links between primary producers and the supermarket sector of retailing.

However, there are concerns that the reintegration of organic agriculture with the marketing mainstream in this way will, conversely, be unfavourable to the interests of rural development – expressed perhaps most forcibly in the so-called ‘conventionalisation’ hypothesis (Hall and Mogyorody 2001). This suggests that increasing integration and internationalisation of organic food markets may be having substantial and swift effects on the economic impacts of conversion on rural economies. The extent to which organic agriculture has provided a brief respite from pressures that will inevitably and eventually lead back to intensification, and landscape and community degradation is, of course, controversial. Therefore, the overall aim of this report is to develop an in-depth understanding of the internal and external factors shaping specific organic marketing initiatives, and how these impact on rural development in its broadest sense, particularly in peripheral and relatively disadvantaged rural regions. This should help establish the degree to which they can be reinforced to provide further impacts in the context of a rapidly changing market environment, and an equally fast changing but more uncertain policy framework.

This chapter introduces the overall context in which the research described in this report must be placed. Firstly, it provides some discussion of the dynamic evolution of European agriculture and countryside policies, a more general consideration of the ideas of sustainable rural development, and an indication of how organic agriculture and associated supply chain and other networks match to their rationale. Subsequently, drawing upon these initial ideas, it sets out the objectives of this current investigation. Finally, it previews the structure of the rest of the report.

1.1 European policy and sustainable rural development

Social, economic and cultural problems of rural Europe have preoccupied policymakers since the signing of the Treaty of Rome in 1958. Over time, however, the framework it established for a Common Agricultural Policy (CAP) has increasingly become viewed as inappropriate for the evolving circumstances of the countryside. There has been growing global competition in food and other raw material commodity markets, rising consumer sophistication and mobility, and (especially) a growing awareness of the impact of industrial agriculture on the environment, engendered by the support system. This increasing concern about fundamental flaws in the CAP, together with more immediate problems of an unmanageable budget, European enlargement, and the potential need to negotiate a fresh deal in international trading arrangements, has led to proposals for a 'European' model of agriculture (for example, Fischler 2003). These would realign the predominant, existing commodity-based payments towards an expanded package of rural development measures, with the aim of correcting the inequities, and the social and environmental damage for which the existing system is held to have been responsible. Central to this model is the concept of the multifunctionality of farming, which recognises the importance of less tangible constituents of the resource base: the productive role of landscape, ecology and society, which can be viewed as commodities in their own right, but which also have potential to improve the competitiveness of the basic raw food and fibre production activities that have led to the creation of that rural environment. This integrated perspective, at the forefront of policy reform proposals, offers the prospect of the improved welfare and sustainability of rural communities, as the key to solving Europe's rural and agricultural problems.

This overall policy framework has yet to be fully taken into account in theoretical study, as no clear and broadly acceptable definition of sustainable rural development exists. Van der Ploeg *et al.* (2000) argue that modernist, reductionist approaches to rural development are undergoing a paradigm shift.

Employment and output indicators, although still important, are being gradually absorbed into a new, multifaceted perspective which accounts for the responses of rural communities to economic pressures, and the shifting relations these imply for the emerging needs and expectations that urban communities have of the countryside. Whilst a coherent body of theory has yet to emerge (and may never do so), the perspective is palpable in networks, practices and identities embodied in the European countryside. These underlying 'pre-theoretical' developments are highly diverse, and their intricate character is increasing as rural change itself has become more fragmented.

Following a breakdown of traditional agriculture, undervalued resources are being reconverted into new products and services, particularly with regard to environmental features, but also cultural characteristics (Ray 1999). This reconversion, it is held, often arises from new forms of sociability emerging in the countryside, allowing access to novel markets through the process of interaction, and the achievement of cost reductions, through integration; at the same time, participation in networking can directly enhance the quality of life itself.

The resonance between these new themes of rural development and emerging policy requirements has led some commentators to identify a potential and promising convergence between the approach of organic farming and the needs of sustainable rural communities. Pugilese (2001) identifies innovation, conservation, participation and integration as essential, overlapping characteristics. The parallels between contemporary rural development approaches and traditional organic concerns such as resource conservation for self-reliance, improvement of the resilience of production systems, and concern for the health of both the system of agriculture and of the products for consumers, are obvious. Gertler (1999:126, citing Flora 1995) also suggests that where organic farmers have successfully grouped together, *"... patterns of problem solving cultivated in the movement toward sustainable agriculture are transferable to other kinds of development. Skills developed by practitioners of organic farming ... include researching and evaluating alternatives, mobilising local resources, initiating inclusive processes of decision-making, and building horizontal and vertical networks"*.

In the context of rapidly growing markets (see, for example, Lampkin and Midmore 2000), the potential for organic systems to act as the basis or catalyst to regenerate prospects for the countryside economy seem promising. However, it is important to examine the appeal of organic products for consumers, not just in terms of the products themselves, but the characteristics associated with them, including their marketing and distribution methods. Although much of the increase in demand is being expressed through supermarket sales, many local, often direct, marketing initiatives are more closely identified with groups of organic producers extending their principles to a related field of activity.

1.2 Aims of the case study investigation of organic agriculture and rural development

The context of this report is the overall Fifth Framework project investigating the relationship between Organic Marketing Initiatives and Rural Development (OMIaRD), through which consumer attitudes and behaviour trends, the general framework of market development, and more generalised surveys of producer collaboration in the marketing of organic products are being undertaken. The focus of attention is in-depth analysis of the contribution of a number of existing Organic Marketing Initiatives (OMIs) to sustainable rural development, with emphasis on institutional and policy factors. We define OMIs as those organisations in which *"organic producers and other involved actors share together a common interest in producing, processing and marketing organic products, possibly in a mix with conventional products"*. The OMIs studied have been selected according to both representativeness and interest, the challenge being to develop frameworks for analysis that can test the ideas discussed in the previous section concerning the dimensions and scope of rural development.

Our aim, therefore, is to attempt to provide both a quantitative and qualitative assessment of the regional impact of selected OMIs in achieving sustainable rural development objectives. Largely, such objectives are expressed within the framework of rural development policies at strategic European level, as well as in the regional context of their location. From this perspective, it will be important to determine the extent to which these initiatives correspond to policy aspirations, and the scope for OMIs to contribute to a resolution of the broader problems of rural development.

In order to accomplish this aim, an overall framework of analysis must be developed and, because sustainable rural development necessarily goes beyond simple employment and income creation (even though these remain of critical importance), interdisciplinary perspectives have been employed. We have chosen a comparative, case study approach, in which a limited number of highly diverse OMIs, in different geographical, cultural, agro-ecological and political contexts, are examined in detail. By working with a small number of cases, we are able to examine a great many variables in detail, in contrast to a standard quantitative approach that involves few variables but many cases. By examining relations between the large spectrum of influences and circumstances which have affected the performance of the OMIs in terms of contributing to sustainable rural development, and doing so mainly through in-depth, personal interviews, the insights gained will be more realistic and constructive. These outcomes will be critical in fulfilling the ultimate purpose of this report, which is to provide recommendations in order to help develop a coordinated policy of support for OMIs at European level and the dissemination of integrated rural development practice.

1.3 Overview of the report

To set the scene for the empirical work forming the core of this report, the following chapter presents a brief literature review, in order to explain our working method. To develop the context of the studies, it also provides some of the key results from previous phases of the overall Fifth Framework project, and shows how the four case study regions and OMIs came to be selected.

The research teams primarily responsible for the organisation and management of the fieldwork contribute the next four chapters. The successful implementation of comparative case study work on this scale, involving regions in Austria, France, Italy and the United Kingdom, requires language skills, background knowledge and a set of initial contacts. To assure some degree of consistency between case studies, researchers from teams in other countries participated in the interviews and two researchers travelled to, and participated in, interviews in all four areas. Therefore, although each team approached the investigation in its own way, appropriate to the local situation and, consequently, the report style is individual, each has also kept to a brief which covers the following essential approaches covering (not necessarily in this order) regional context, the history of the initiative, its motivation, cohesion and competence, relationships between stakeholders, and an assessment of the functioning of linkages between the different interests they represent.

The final chapters merge insights from these case study reports, to compare and contrast the OMIs studied in the context of sustainable rural development, drawing on the perspective of Actor Network analysis (Law and Hassard 1999), and then to review and draw conclusions from the overall investigation, and develop recommendations for the future development of policy.

2 FOUNDATIONS OF THE CASE STUDY APPROACH

Peter Midmore, Markus Schermer

This chapter has two aims in explaining the approach used to describe, analyse and interpret the findings of the detailed investigation into Organic Marketing Initiatives. In the first section, it examines a range of perspectives relating to the concept of sustainable rural development, and argues that, because of the particularly complex set of issues they raise, an exploratory, interdisciplinary approach is required. In the second section, drawing on these theoretical perspectives, the case study method, used to underpin the research reported here, is described in detail. It is important to note that it is somewhat unrealistic to try to draw a clear boundary between theoretical perspectives and practical research methodology. For this reason, some degree of overlap between the two sections is inevitable.

2.1 Sustainable rural development

Over the past two decades, sustainability has become a major element of political, social and economic concern. Since many of the scientific perspectives on the environment and natural resource constraints to development concern finite resources of fossil fuels, impacts of global atmospheric pollution, consequent effects on biomass production and food security, and the transportation and processing of bulky raw materials, it is not surprising that considerable attention has also been paid to developing ideas about sustainable rural development.

Traditional approaches to rural development focus primarily on economic issues, such as the improvement of output, income and employment. When connected to the concept of sustainability, however, a rather more multifaceted perspective has emerged, not only in relation to the conservation of environmental resources, but also (if a little less emphasised) social and cultural dimensions. Although many definitions have been proposed, Bryden's (1994: 2) suggestion that sustainable rural development should be *"...the capacity to evolve in economic, social, cultural and ecological senses without detracting from possibilities of such evolution on other communities..."* suggests a process of adaptation in response to changing pressures, whilst retaining a degree of fairness in respect of spillovers which occur, in both directions, between the urban and the rural. The environmental capital produced by rural economic activity is more widely recognised as valuable by urban populations, and their direct and indirect uses of the landscapes produced by agriculture and forestry take increasingly diverse forms.

Whilst one major objective of the European policy support framework now aims to defend environmental assets against the extreme consequences of farm structural change, in the context of the 'European Model of Agriculture' (Potter and Burney 2002), the social and cultural component of sustainable rural development is progressively emerging as an additional asset. First, it can be argued that rural social capital (Falk and Kilpatrick 2000) can, through self-confidence and community identity, raise productive efficiency and local and regional competitiveness. This capacity can be extended by wider participation and inclusion: engaging in social learning is, in Leeuwis' (2000) view, an important instrument to promote sustainability in a rural context. A framework that recognises the development of human resources and information infrastructures can also be improved by enriching networks of relationships between people, forming closer bonds in the exchange of products, information and encouragement (Murdoch 2000). Second, and in parallel, traditional methods of production and associated cultural inheritances can, when attached to products and services, provide a more distinctive appeal to consumers, especially urban consumers. This efficacy of 'cultural capital' (which may be defined as *"…territorial intellectual property or place-specific factors of production…"*, Ray 2002: 228) can be reinforced when combined effectively with social capital, in addition to the more traditional contributions to economic development from educational and financial capital.

Hence, improving the sustainability of rural communities can be viewed as necessarily requiring a social and cultural dimension: achieving livelihood can draw on both aspects in varying proportion. For example, Miele and Murdoch (2002) have identified a gastronomic aesthetic in which at least part of the consumer's satisfaction derives from typical local products and their connection to a social and ecological framework of territory. Similarly, Brunori and Rossi (2000) suggest that collective action to develop the wine route around *Costa degli Etruschi* had particular economic impact due to its synergies (linkages between components of a package where the total is greater than the sum of the parts) and coherence (within the context of action, including the built and natural environment, social networks, and symbolic cultural codes). As both van der Ploeg (2000) and Marsden *et al*. (2002) have argued, farming plays a central role in this process through the mobilisation, combination and utilisation of resources at farm level, in order to take advantage of its broader linkages with off-farm employment and safeguarding the quality of rural landscapes and ecosystems. Agriculture thus becomes 'multifunctional' (Potter and Burney 2002), drawing on a range of approaches describing the complexity of land-based issues;[2] Knickel and Renting (2000) have extended its scope to cover the entire framework of rural development. Their mapping of complex

[2] Also developed in relation to forestry (see, for example, Buttoud and Yunusova 2002; Merlo and Briales, 2000) and landscape management (Naveh, 2001).

interrelationships in rural development to describe functional transformations in the use of resources such as land, labour, knowledge and underlying nature, highlights indirect multiplier effects, substitution effects and the importance of synergy in defining and quantifying micro-macro relations. However, they conclude that data inadequacy, ambiguity, the complex nature of processes at micro and macro level, and relations between them, require multidisciplinary and integrated approaches both to theoretical development and empirical analysis.

Many examples of practical efforts to develop cultural economies of this nature, involving integration, participation and empowerment, have been encountered in the European Commission's experimental LEADER community initiatives in rural development (see, for example, Scott 2002; Ray 2001; Bruckmeier 2000; Buller 2000; Perez 2000; Shucksmith 2000; Storey 1999; Barke and Newton 1997; Black and Conway 1996). In three successive phases, this programme has sought to develop integrative and multi-dimensional approaches to capacity building, ultimately leading to self-reliant development. Although the programme has limited resources, and there is a need to work alongside existing political structures which occasionally run counter to facilitating real originality in policy development, it has made significant advances in reorienting local rural development strategies from a purely economic focus.

The LEADER programmes, through their formal ties to the support frameworks of the European Union, have also focused attention on issues of efficiency and effectiveness, which in turn has required improved understanding of the relationships through which public policy measures interact with the processes of structural rural change. Because of the small local scale at which they operate, and the complexity of influences involved, Ray (1998) has suggested that an interpretive focus on process, structures and learning is more important, rather the measurement of concrete outcomes. Complementing this, Midmore (1998) proposes a framework of qualitative evaluation, based on semi-structured in-depth interviews, participant observation and documentary analysis, facilitating a process of self-evaluation within communities involved, in order to provide an integral, further thrust to the process of social capital accumulation.

Further attempts to develop an integrated methodological framework, consistent with these underlying ideas, use the framework of Actor Network Theory (ANT), especially with regard to an asymmetry of power relations which can thus be exposed. This growth and extension of spheres of influence and power happens, in terms of ANT, through processes of 'translation' or of 'enrolment'. According to Callon (1991), actors are entities able to connect material, social or cultural artefacts to create a life-world filled with other entities, having their own history, identity and relations. Between them are intermediaries, the means by which actors are defined in the interaction, and the Actor Network consists of actors and intermediaries which transmit relationships. ANT examines the strength of intermediaries, governed by their strategies of translation. Translation follows four stages: first, 'problematisation' in which an actor analyses a situation, defines the problem and proposes a solution; second, 'interessement' as other actors become interested in the solution proposed, and change their affiliation to a group supportive of the new actor (sometimes Latour uses the term translation specifically to cover this aspect, but interessement describes the process of mutual changes that mirrors a resonating interference more specifically); third, 'enrolment' in which the solution is accepted as a new concept and a new network of interests is generated; and finally, 'mobilisation', as the new network starts to operate in pursuit of the solution proposed. Stable relations and target orientation require the new actor to set an 'obligatory passage point' to channel all interests in one direction. This leads to the formation of a 'macro-actor' that acts as a single entity. Depending on the type of actor and problematisation, either horizontal or vertical networks, or a combination, can result. In the context of rural development, horizontal networks will have a greater territorial dimension to integration, assimilating actors from various stakeholder groups in a given region. Vertical networks are built up along the supply chain linking producers, processors, wholesalers, retailers and possibly even consumers (Murdoch 2000).

It has been argued that ANT is of limited use in practical terms; Marsden (2000: 24) describes the approach as *"methodologically strong but substantially weak"*;[3] and suggests that while it may provide guidance as to what to study, it deliberately avoids prescribing how findings are eventually interpreted. Several other authors have debated the relative theoretical merits of ANT in a rural or agri-food context (Wilson 2001; Jenkins 2000; Goodman 1999), however, some of the relatively rare attempts to develop empirically-based analyses include Herbert-Cheshire (2003), providing an appraisal of local development initiatives in small rural Australian towns; Kneafsey *et al.* (2001), who develop a mapping framework to describe the dynamics of power relations, showing actors as nodes and mapping them across both horizontal and vertical network relations; and Donaldson *et al.* (2002), illustrating the context of (mis)management during the outbreak of Foot and Mouth Disease (FMD) in Britain in 2001.

Here, we use the insights which ANT offers concerning relationships between people, and how diverse material structures are organised and manipulated intentionally to produce effects furthering the interests of actors as an initial framework for investigation, drawing on the ideas of stakeholding interests in the rural development process as a means of categorising actors. To explore the

[3] Even Latour (1999), the originator of ANT, has criticised its application as occasionally naïve and tautological.

complex nature of OMIs and their multidimensional relatedness with the rural development process, we use the network as a unifying concept underpinning the relations amongst various elements. Apart from the purely economic objectives of increasing employment activity rates and reducing out-migration, broader targets of policy seek to influence increased community involvement and, consequently, strengthen the capacity to drive regeneration; enhanced quality of life through better and more accessible services; diversified local economic activity and greater overall competitiveness; improved skills through life-long learning; and a higher quality of built and natural environments, including improvements in resource use and waste minimisation. In essence, this list identifies a number of overlapping stakeholder groups whose interests need to be taken into account. This is the starting point for Steiner *et al.*'s (2000) principles of assessment of sustainable land use and, applying them to the specific circumstances of case study OMIs, stakeholder involvement may be depicted in terms of decreasing directness of involvement: from owners and managers of the initiative itself, their employees, the farmers and growers who constitute the supply base, the surrounding rural community and the consumers of products supplied by the OMI; to the interests of society at large in regional development, represented by the relevant agencies of central and local government, and the quality of the environment as a whole, which may be represented through environmental NGOs. Unquestionably, the boundaries of these stakeholder interests will overlap considerably (the extent varying from case to case) but, accordingly, this provides an initial template for exploration of the networks in which a variety of actors will function.

In order to explore these concepts and themes in relation to the contribution of our case study OMIs to sustainable rural development, a comparative case study framework has been evolved. This, drawing on the arguments of Skerratt and Midmore (1999), should use a predominantly qualitative approach and, as far as possible, put the actors themselves at the centre of developing insights for analysis. Case studies themselves can be defined (Becker 1970: 75) as

"... an in-depth investigation of a discrete entity (which may be a single setting, subject, collection or event) in the assumption that it is possible to derive knowledge of wider phenomenon from intensive investigation of a specific instance or case ..."

The case study approach enables us to investigate many variables within a distinct context, drawing upon both quantitative and qualitative information. By examining several case studies, further insights are possible, based on cross-case analysis. Yin (1994) suggests that although this methodology does not attempt statistical generalisation, the resulting analytic generalisation can illustrate, represent, or generalise a theory. Meanwhile, Stake (1995) describes the generalisability of case studies as 'naturalistic', and in harmony with a reader's experience. Case study findings can be described as resonating with readers (particularly the stakeholders) and thus facilitating a greater understanding of the phenomenon in question.

2.2 The case study method

Drawing on the analysis above, this section describes the method used to determine the contribution of the case study OMIs to sustainable rural development. It covers the initial selection process, the preparation for fieldwork, the interviewing process, and the approach to analysis and interpretation of the multiple data sources. Because the case studies were conducted in different countries, a method of cross-cultural interlocking inquiry was established, such that each case study team consisted of local researchers, with knowledge of the relevant region and the organic sector, and external researchers from at least two other countries. In addition, two 'overview' researchers participated in a selection of interviews in each study area, and to extend consistency across investigation approaches, provided ongoing feedback on their experience to all four case study teams.

2.2.1 Selection of case study OMIs

The selection of OMIs for in-depth study involved a multi-stage procedure, drawing on earlier research within the overall project framework. Although nineteen countries were originally surveyed in terms of the scale of overall markets, and the population of OMIs, the core research teams are based in eight countries;[4] because a degree of existing local knowledge, experience and connection forms a prerequisite for in-depth study, this unavoidably reduced the overall choice for the case studies. However, this limitation is not as restrictive as it seems, as the eight countries account for 87% of the value of organic market demand surveyed, 77% of the organic area of production (for further details, see Hamm and Gronefeld 2004, Hamm *et* al. 2002), and 79% of the population of OMIs accounted for in the original survey. Table 2-1 provides further details.

From summary information in each of these eight countries, a sub-sample of sixty-seven OMIs (contained within thirty-six regions) was chosen for more detailed survey. These reflected various criteria including the degree of success or failure, the diversity of regional context, the opportunities and risks involved in further development, and the potential for further market expansion. The majority of regions in which OMIs were selected included a high proportion of

[4] Austria, Denmark, Finland, France, Germany, Italy, Switzerland and the United Kingdom

designated Less Favoured Area (LFA) although, in most countries, a reference region without LFA land was also selected (Denmark, because it has no LFA land, provided the exception to this principle). This survey (reported in Sylvander and Kristensen 2004) provided a large amount of standardised data on financial, managerial and operational aspects of the OMIs, together with an assessment of the economic performance and development of policy frameworks in the regions where they were located. Together with the informal data gathered by researchers involved in that phase of the study, this provided the basis for the selection of OMIs which were to be studied in-depth.

Table 2-1 Organic demand, area and OMI population shares, in research partner countries, 2001.

Research Partner Country	**Organic market share (%) of total food consumption** [a]	**Organic share (%) of total agricultural area (average of 10 product groups)**[b]	**Population of OMIs**	
			Number	**Share of survey responses**
AT	2.4	8.7	17	8.7
CH	3.7	9.3	17	8.7
DE	2.1	3.7	47	24.0
DK	3.5	6.6	12	6.1
FI	1.0	6.7	12	6.1
FR	0.7	1.4	19	9.7
IT	0.7	7.8	13	6.6
UK	0.9	4.3	17	8.7

[a] Except IT, average of 9 product groups, and FR, average of 8 product groups
[b] Except IT, average of 9 product groups
Source: Hamm and Gronefeld (2004).

The selection process began by constructing a long list of OMIs on the basis of proposals from each team for the most interesting and representative in each respective country; and then examining and comparing a number of criteria in order to arrive at a final choice. The criteria related partly to internal factors, such as economic viability and past success, type of legal organisation (for example, cooperative or private company), length of operation, size in terms both of turnover and the number of actors involved, the objectives and strategies of the enterprise, marketing and distribution channels, and major products, to ensure coverage of key organic commodities, including meat, milk, cereals and vegetables, especially if they involved regional identity characteristics. Partly overlapping with the last criterion, and to an extent determined by it, were external criteria, such as agro-geographic location, the tradition of organic farming in the region, the extent to which the OMI had contributed to development of local knowledge and skills or improvement of the built and natural environment, the formal and informal socio-political networks that exist, and the regional and national institutional environment. One further and overriding criterion was the likelihood of the OMI and its stakeholders being willing to collaborate enthusiastically in the research process.

On the basis of maximising the diversity around this set of requirements, the four OMIs chosen, whose detailed case studies appear in the following chapters, were: *Biobauern Sulzberg* (BBS) in the Vorarlberg region of Austria, marketing dairy products, especially cheese; *BioBourgogne Viande* (BBV) in the Bourgogne (Burgundy) region of France, marketing meat; in the Marche Region of Italy, two OMIs with highly interdependent characteristics, *Alce Nero* (AN) and *La Terra e il Cielo* (TeC), marketing cereal products, especially pasta; and *Growing with Nature* (GwN) in the North West region of England in the United Kingdom, directly marketing vegetables through a box scheme. See below for summary details.

2.2.2 Desk research and fieldwork approaches

In order to carry out a series of comparative case studies that fully represents the conditions that shape the performance of OMIs and their influence on rural development, it is necessary to draw on a wide range of information sources, including a background profile of relevant aspects of the case study country and region, concerning the economy, social structure and regional policy frameworks, and an overview of the complexity of relations between the OMIs and the broader community. Prior to fieldwork, a period of desk research was undertaken concerning each case study area, and an advisory committee of key stakeholders from the OMI and the region was set up in order to contribute to the development of this research through the identification of key issues, the identification of additional stakeholders and their interests, and the nature of important socio-economic and political networks.

The desk research prior to fieldwork was designed to serve a number of purposes: first, it established a preparatory basis for understanding important local issues and concerns; second, it provided the basis for an initial discussion with the advisory committees; third, it informed the development of interview guidelines for fieldwork; and finally, it acted as a development process, to be added to and augmented in the fieldwork phase itself, where possible, in order to contribute to the process of analysis.

The documents reviewed in order to describe relevant aspects of the national and regional context of the case study OMIs included government social and economic statistics, agricultural and rural development reports, academic studies, and the popular press.

Table 2-2 Schematic presentation of the four case studies

OMI	**Country, Region, location, date set up**	**Number of producers involved**	**Product**	**Sales channel**	**Number of employees**	**Turnover 2001 (€000)**
BBS	AT: Vorarlberg, Bregenzerwald, 1996	15	-Dairy: cheeses -Delivery service: meat, eggs, vegetables, yoghurt	Long supply chain + delivery service.	3 fulltime + 4 halftime	1366.2
BBV	FR: Bourgogne, Avallon, 1994	100	Meat	Long supply chain (70%) + butchers	4	2409.0
AN	IT: Marche, Isola del Piano, 1977	35 (20) 3000 ha	Cereals, pasta, breakfast cereals + other purchased	Long supply chain + shops	32	3350.0
TeC	IT: Marche, Arcevia & Pitticchio, 1980	90	Cereal products + other purchased	Long supply chain	10	1623.9
GwN	UK: Lancashire, Preston, 1992	1 + 4	Vegetables	Direct sales	9 (full time equivalent)	307.8

Although each case study situation was different, and the local research teams used their judgement as to which data were relevant to their case study, a broad set of guidelines was produced to provide a degree of consistency. The guidelines covered a geographic description of the region within the national context, with a focus on agro-climatic conditions; demographic structures and their recent developments; a focus on agricultural structures, performance and the development of the organic sector, including secondary industries related to marketing, food processing and agricultural inputs; the overall economic situation of the region and employment; social issues, including access to rural services; culture, tradition and the environment; and, finally, the implementation of agricultural and rural policies in the region. Combined with the portrayal of each OMI developed in the previous round of research, an evolving case study working document was initiated which, although added to, reflected on and continually revised through the period of research, ultimately formed the basis of the final case study analysis.

From the first version of this working document, a concise narrative summary of the OMI and the regional and national context was developed, including a preliminary SWOT analysis for each case study OMI. This was distributed and used as the basis for discussion at the first Advisory Committee meeting (which formed the start-up workshop for the fieldwork phase) and was also circulated to the corresponding research teams in each of the other case study areas.

The Advisory Committees were formed by invitation and included one or two representatives from each of the major stakeholder groups, including key actors from the OMIs themselves, surrounding local communities, regional administrations and organic agriculture organisations. The external researchers also joined the Advisory Committee meetings and membership was restricted to twelve so that discussions could be inclusive and comprehensive. The structure of the first meeting included introductions to the OMIaRD project and the particular role of the in-depth case studies; brief presentations about organic agriculture and marketing in the home regions of external researchers, to act as an introduction to their role in the fieldwork; a substantive discussion of the initial case study summary, acting as a check on key issues and with a focus on the accuracy of the SWOT analysis; and, in conclusion, the identification of a preliminary set of potential, additional interviewees (most members of the advisory committees were themselves included in this initial set). Drawing on these discussions, the initial case study summaries were revised, extended, and used as the basis for the development of a common set of interview guidelines in each of the four study areas.

The guidelines for interview provided for a semi-structured format, with a list of general themes relevant to this research. Model questions for use in interviews are reproduced in Appendix 1. Interviews were planned to extend over a maximum of ninety minutes; in the context of a qualitative approach, respondents were encouraged to speak freely on issues raised in suggested questions, and also on any other relevant topics emerging from their own perspective; the interviewer determined the wording and order of the questions posed to the interviewees, based on the specific context of each interview, the stakeholder group represented, and the nature and scope of their responses. The ultimate aim was to engage the respondents in the identification and understanding of both the internal and external actors, and the entities that have shaped and reshaped the OMI, and how the OMI, in turn, acts as an agent of change in the network within which it is situated, and of which it is a part. To explore the complex nature of OMIs and their multidimensional relatedness with the rural development process, the network provides a unifying concept, underpinning relations amongst various actors, agencies, technical and biophysical elements.

The general topics or themes for discussion in semi-structured interviews, identified as important to the case studies from the desk research and initial workshops carried out by Advisory Committees, can be summarised as follows:

- The nature, extent and significance of respondents' relationship with the OMI;
- Respondent assessments of the OMI, including their view of its strengths and weaknesses, and the opportunities and threats that it faces, and their perceptions of the social, economic, technical and environmental dimensions of these at different levels (local, regional, national, international);
- Assessments by respondents of the OMI's relations with other stakeholders; their nature, extent and significance; and also relations with other groups representing various socio-economic and environmental actors and entities;
- The role of the OMI in the development of the organic sector locally, regionally, nationally, internationally; and
- The current and future role of organic agriculture in the region and country.

Initial contact to arrange appointments with the potential interviewees, identified by members of the Advisory Committee, was followed up with a letter of introduction explaining the purpose of the case studies and the in-depth interviews, and information about the wider framework of the OMIaRD project. The interviews started within the OMIs themselves and then worked outwards through stakeholders with successively less direct interests: from employees, suppliers, local community representatives, customers and regional development authorities, to environmental Non-Governmental Organisations (NGOs).

Under normal circumstances, each interview was conducted by two researchers, one locally-based and the other external. Prior to the interview, there was discussion about both the subject and the respondent, the likely questions to be explored and adapted from the relevant list in the Appendix; and the potential for sensitive or particularly interesting questions. As more respondents were interviewed, relevant issues emerging from previous interviews were also discussed and recorded before each interview began.

Interviews began with a further explanation of their purpose, obtaining consent for tape-recording, and an assurance of anonymity unless explicit consent was obtained. One interviewer took the lead, whilst the other mainly observed the process, made supplementary notes of key issues and asked clarifying questions. However, in some interviews, the lead passed from one interviewer to the other, providing the opportunity for a flexible response to changing awareness and respondent empathy. Interviews closed by asking for suggestions of any other individuals, businesses, agencies or organisations who might be usefully interviewed to improve overall understanding, and a request for further collaboration in a brief follow-up interview for clarification or enlargement, normally by telephone.

Immediately after the interview, the researchers carried out a review and debrief, noting their reflections and observations. This review covered the range of the discussion, difficulties or sensitive issues, the emergence of any unexpected subjects during the interview, and the extent to which network relations and particular stakeholder perspectives were clarified.

This process contributed to the development of a more dynamic perspective, as several pairs of researchers were interviewing simultaneously. The accumulation of an overall understanding of the OMI and its relationships was supported through regular team meetings which compared notes and kept a running log of impressions gained from interviews, refining and adapting the scope of the questions developed for specific stakeholder groups. The first team meeting, which normally took place after four days of interviewing, also involved the overview researchers: to maximise comparability between case study regions their contribution also included a written report on case study progress, circulated to all case study teams. Further review meetings were held at approximately the same intervals through the remainder of the fieldwork phase. Supplementing our individual interviews with consumers, we took advantage of overlap with the consumer focus of the overall OMIaRD project to conduct six focus group interviews, with different participant profiles, in each of the four case study regions which were comparable to those conducted nationally (for more detail on the focus group method and results, see Zanoli 2004, in this series). Issues arising from these, which are reported in the case study chapters, shed further light on the local customer base of each initiative.

2.2.3 Reporting and analysis

All interview recordings were transcribed verbatim in order to provide scope for further analysis. During this stage, before transcripts became available, the case study working document and the experience of the interviews (supported by interview notes and a selective listening to recordings of those interviews identified as the most important) were combined to form a first draft report. This was provisional in nature but intended to provide an initial, conceptual outline and a basis for communication between research teams. It covered an overall, multi-perspective history of the OMI (identifying gaps and inconsistencies); a description of the nature, extent and significance of the OMI's relationship with its stakeholders; a preliminary assessment of the OMI (based on the SWOT analysis); an account of the development of the organic sector in the region and the role of the OMI in the process; and the context of regional development policies in relation to the OMI, both as a recipient of support and in terms of target effects.

The initial impressions produced by this preliminary review of the data provided a categorisation and identification of themes, actors and networks, which in turn provided insights into the way in which the OMI functions and interacts with the wider world, and its real and potential impact on rural development. Development of the original preliminary draft into a fuller case study report proceeded in two steps: analysis and interpretation. Coding of interview transcripts into specific topics provided an effective method of organising the data, and an opportunity for researchers to review the full interviews methodically. This systematic examination of material provided the opportunity to identify, in an inter-subjective manner, how far each OMI contributed, or could potentially contribute, to the extension of organic farming practice, especially in LFAs, and to the closer involvement of consumers in the quality and conditions of production of the food they purchase. As a result of both of these, we have identified any benefits that may flow to the various stakeholder interests, and any practices and processes that contribute to the improvement of the rural development impact of OMIs.

Having identified the relevant issues and perspectives, we subjected them to a process of source criticism. Although more usually associated with historiography, Alvesson and Sköldberg (2000: 69-80) recommend the use of this approach in the analysis of qualitative data, especially in case studies. Firstly, distinction is made between sources that cannot be subject to bias or distortion, and those that can. The former are always more authentic, but can be distorted by the researcher's own bias: examples might be actual observations of social phenomena. The latter need to be examined and criticised in order to evaluate their authenticity: where sources can be biased, a minimum standard for acceptance that they convey concrete factual perspectives is where at least two concur. In subjecting these perspectives to source criticism, therefore, the kind of issues explored included the degree of corroboration by other sources; the degree to which poor memory could affect distortion of the source; whether or not bias might be suspected from the standpoint of the interviewee; and, finally, once the weight ascribed to various descriptive sources has been evaluated and developed into an explanatory theory, whether it has any bearing on the facts themselves and, if so, whether they should be reinterpreted. From this process, final draft reports were produced, and these form the basis of the individual case studies described in the following chapters. Whilst research teams provided an interpretation of the case study materials and other data that best reflected its individual context, their accounts have incorporated (not necessarily in strict sequence) the following structure:

- A description of the region's history, natural resources and economic structure, based on the background data that were collected in the preparatory phase and supplemented by new insights gained during fieldwork.
- An account of the development of the OMI, from its earliest beginnings to the present day, based on historic documents of the OMI as well as stakeholder interviews.
- A SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) of the OMI, with specific focus on the motivation, cohesion and competence of the OMI in the learning process, throughout the last ten years.
- A summary of the main issues arising from regional, consumer focus group discussions.
- Impact on rural and regional development: a description of existing relationships between stakeholders and an assessment of the nature, quality and influence of the relationship.
- An analysis of the functioning of linkages between the different interests represented by stakeholders, and an assessment of the degree to which their respective interests are advanced by the overall framework.

Members of the Advisory Committees were involved throughout the fieldwork phase, both as interviewees and by providing support and advice in the process of extending qualitative data collection. In a final, formal meeting, they provided the framework for key respondent validation of the case study interpretation. Members were provided with the draft of the final case study report and, through a process of discussion and debate, were able to further influence its definitive version. Amendments from that stage are incorporated into the summaries provided in this report, which have been edited to reduce repetition and improve consistency. Research teams are aware that the process of inquiry in these case studies contributes a further narrative to the collective understanding of the way in which the OMIs operate: it may even change the network of relationships. This Action Research approach is intentional since, in order to make sense of the interplay of subjective perceptions that form social reality, it is essential to become involved (at least in an *"empathetically neutral"* manner – see Creswell 1998). We hope this involvement has been supportive of, and faithful to, the aspirations of all the stakeholders we have interviewed, as well as furthering our own standpoint as researchers.

3 CASE STUDY 1: *BIOBAUERN SULZBERG* IN THE VORARLBERG PROVINCE OF AUSTRIA

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The first Organic Marketing Initiative case study involves a relatively small cooperative of milk producers, manufacturing organic cheese in a village dairy. The village, Sulzberg, is located in the Bregenzerwald region, a relatively sparsely populated rural area of the most westerly province of Austria, Vorarlberg (Figure 3-1). This chapter sets the reporting pattern of work for all four case study areas, by introducing the regional circumstances in which the case study OMI operates, exploring the development of the organic sector of agriculture, and then continuing with a detailed examination of the framework of relationships between prominent stakeholder interests. Each case study chapter also reports on the results of six focus groups that were carried out in each of the four study regions, designed to investigate consumer attitudes to, and demand for, local organic food.

3.1 The Vorarlberg background[5]

The geography of the Vorarlberg province is diverse, ranging from broad plains in the Rhine Valley to narrow alpine valleys and, consequently, both rainfall and temperature vary widely. Gross Domestic Product (GDP) per capita is slightly higher than the Austrian average. Economic activity is concentrated in the highly populated areas within the Rhine Valley, and is based predominantly on manufacturing among SMEs (small and medium sized enterprises); historically, textiles were the principal industry but more recent emphasis has been on trade and electronics. Although to some extent divided by mountains from other provinces in Austria, the economy benefits from the proximity of wealthy and highly populated potential markets for regional products and tourism in southern Germany and the eastern part of Switzerland; the effect of closeness has been enhanced by a tradition of cross-border regional partnerships. Vorarlberg has a strong sense of regional identity, and existing small-scale regional structures, such as the regional planning associations, provide further fertile ground for developing collaboration. A longstanding, early-established industrial tradition provided the region with a reputation for quality, based on craft skills, reliability and 'Germanic thoroughness'.

[5] Further information on topics explored in this section can be obtained from: http://www.oerok.gv.at/EU_Regionalpolitik_in_Oesterreich/strukturfonds_2000_2006_i_D/ziel2/ziel2_vbg.htm

Outside the industrial area, the primary sectors of agriculture and forestry are of declining importance, and a significant fraction of the working population travel to work outside the rural hinterland. Although tourism has developed steadily in Vorarlberg with increasing numbers of visitors, traffic congestion arising from commuting is an important constraint. In the small-scale, forest-based sector, which is a major rural employer, skill shortages in new techniques have emerged as capable young people out-migrate to better opportunities. The scattered infrastructure for delivery of social and medical services makes them less effective than in urban areas, and employment opportunities for women are limited by lack of appropriate trade and industry skills. Despite the area's industrial reputation, a lack of suitable premises and sites for additional activity are an obstacle: the topography of some villages prohibits development but, to a larger extent, a lack of favourable community development policies is responsible. Enterprises in the rural area are small and, although this limits development, the flexibility offered by small scale can also be an advantage.

Tourism in the region is based predominantly on nature and the diversity of the landscape, and has been fostered by a range of collaborative activities, financially supported by various tiers of government, and involving agriculture and local communes. Links have been promoted with gastronomy and with the natural environment and, for marketing purposes, all regions have been summarised into six characteristic destinations, achieving stronger collaboration between tourist offices working on a communal basis. However, collaboration between communes has not yet taken full advantage of common signage to develop networks of hiking tracks and nature parks, or the general concept of vacations in the countryside. With a few exceptions, most of the hotels and restaurants are locally-owned and managed on a family basis, conveying a culture of hospitality and, whilst this has created some problems in management and marketing, it has contributed to an unspoilt image in terms of tourism development in the region. Nevertheless, the high mountain areas are accessible, as the region is close to important European traffic corridors and international airports.

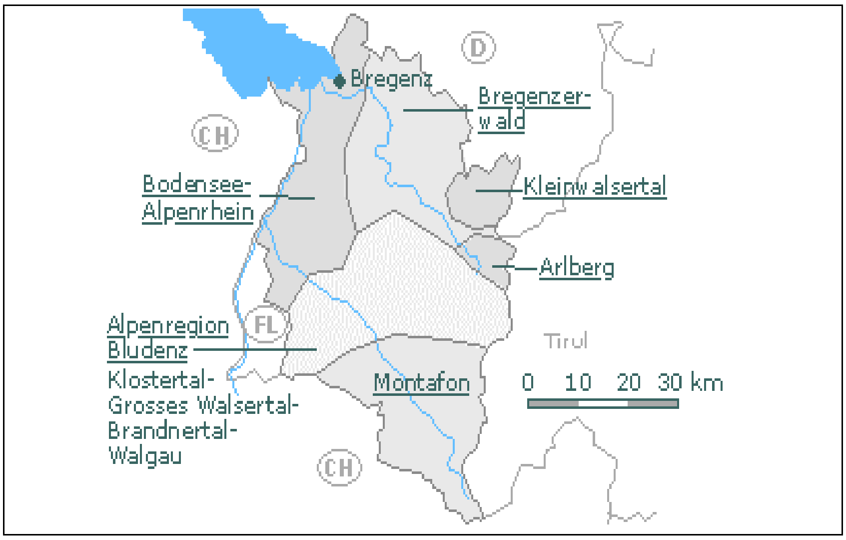

Figure 3-1 Vorarlberg Regions

3.1.1 Agriculture in Vorarlberg

Agriculture in the Vorarlberg province is primarily based on cattle farming, both dairying and livestock breeding. Arable crops in the fertile plains of the Rhine Valley are produced almost exclusively for animal feed, apart from some fruit and vegetables near to Lake Constance where climatic conditions permit. Livestock producers sell their output, predominantly Swiss Brown cattle, to the Tyrol province or for export to Germany: the majority of milk produced is turned into *Bergkäse*, a hard cheese typical of the region which is also referred to as 'mountain cheese'; this also serves an important export market in Germany.

A major problem deriving from the agro-climatic diversity of the province is a polarisation of agriculture; in the Rhine Valley, agriculture has become ever more intensive, with the associated environmental problems of overstocking, nitrate pollution of groundwater, soil compaction, and dependence on inputs (especially fodder) purchased elsewhere, and weed and animal health problems. Elsewhere, such intensification is not possible, and with downward pressures on prices, responses have been to adopt greater mechanisation and practice part-time farming. This is particularly true for dairy farms in the mountain regions, where costs of traditional transhumance practices include maintaining livestock housing at two or three levels for late spring and summer grazing. Although forestry is a traditional extra income source, it has become insignificant due to the higher labour costs in alpine regions. The age profile of mountain farmers is biased toward the more elderly, and lack of new younger entrants to farming is a serious problem.

The Chamber of Agriculture is the central agency for the sector in Vorarlberg, responsible for lobbying for farming; marketing and production extension services; and channelling financial support. It has established a wholly-owned subsidiary, *Ländle Qualitätsprodukte Marketing GesmbH* (also known as *Ländlemarketing)* designed to coordinate marketing efforts, including direct marketing activities such as farmers' markets. Its board includes high profile regional agricultural politicians and also representatives of environmental interests. The other major institutional player is the regional government which administers agricultural support schemes. Although the Chamber of Agriculture is dependent financially on regional government, the views of the two bodies on future agricultural development sometimes diverge: whilst the former takes a broadly economic perspective and argues for rationalisation of the dairy structure in the Bregenzerwald, the latter sees potential for realising economies of scope rather than scale. This was summarised by a member of the regional administration as follows:

> *"... from a strictly economic point of view, the future situation could be as follows: there would be two dairies as a maximum in the whole of Bregenzerwald, where the production would be concentrated, the collection of milk organised and the milk price calculated according to management criteria. Then, a bit more money could be the result. However, I'm not too sure if this would then be the case, because the small cooperatives are in many cases those with the best milk price. Why? Not because of an advantageous processing structure or low processing costs, no, but because ... first of all they have an excellent product, which is the basic precondition, and secondly because they have an excellent direct marketing and thus also supply their cheese for unbelievably high prices to restaurants and retail chains. This is basically the secret of these dairies."*

Given the importance of the dairy sector in Vorarlberg (particularly in the Bregenzerwald case study area), it is appropriate to examine its development in more detail. From the earliest days of Celtic settlement in the area in 500 BC, livestock and dairy farming have been important; the traditional cheese produced was *Surakäs* (sour cheese), a by-product of butter making. In the second half of the seventeenth century, after the Thirty Years' War, Swiss cheese makers settled in the region and produced cheese as a main product from unskimmed or semi-skimmed milk. Increasing market integration in agriculture allowed an export trade to develop with other regions of Austria and Italy, and by the second half of the nineteenth century, a number of families (so-called *Käsebarone* or 'cheese barons') had established a quasi-monopoly in the export trade. The significance of the activity was such that a special training facility for dairy staff was established in Doren in 1900, one of only two in existence in the Austro-Hungarian Empire at that time (Blank 1998).

A move to counter the exploitative methods of the cheese barons emerged at the beginning of the twentieth century, as farmers and dairies formed into cooperatives. In the Bregenzerwald, two cheese marketing routes emerged for these cooperative dairies: the private company Rupp, founded in 1908, and ALMA, a federal cooperative involving most dairies, founded in 1920 to achieve independence from private cheese marketers. From the outset, rivalry and conflict between these two companies has been intense. During the Second World War, Rupp was expropriated by the Nazi regime and, in consequence, ALMA was able to expand its activities; after the war, however, Rupp was compensated with control of ALMA's main dairy at Lochau, and the loss of this essential part of ALMA's infrastructure required that a new dairy be built in Hard, a village near Bregenz. Rupp has also exploited the structural problems of ALMA, since the latter is obliged to purchase milk from each dairy in the federation, allowing the former to cherry pick supplies to its own advantage.

Nevertheless up to 1987, ALMA marketed the majority (about 85 percent) of the cheese produced in the Bregenzerwald.

In the latter part of the twentieth century, two major events have impacted on the Austrian dairy sector. In 1976, a milk quota system was introduced, freezing the (then) lowland production structure, although dairying increased in the Bregenzerwald (where it is traditionally important) because alpine pastures were exempted from the quota,. Secondly, with Austria's accession to the EU in 1995, regulation of the dairy processing sector was liberalised, and the extension of competition required either cost reductions or new marketing structures. The manufacture of Emmental, the most widely produced cheese, became unprofitable, because of decreasing support for exports, and was displaced by the manufacture of the mountain cheese traditional to the region. Also, accession to the EU opened up Structural Fund support (predominantly Objective 5b and LEADER) for innovation in the dairy sector.

The number of dairies has decreased enormously over the years, from about 100 in the eighteenth century to 20 at present, although relatively more remain in business than in many other areas of Austria. In addition, there are also about one hundred dairies on the alpine meadows, which can only be used in summer. Compared to other regions, dairies operate on a very small scale, each on average processing about 1 million kg of raw milk annually, with the exception of the Schwarzenberg dairy which processes about 9 million kg, and, consequently, collaboration between dairies assumes greater importance. However, in general, the case study interviews gave the impression that such collaboration is currently weak, and that each village has a fierce loyalty to the quality and reputation of the cheese produced by its own dairy. This loyalty is undiminished even at the level of the federal marketing cooperative, ALMA, where individuals working within its structure see it, primarily, as an opportunity to market cheese from their own dairies, with scope to develop the overall market for cheese being of only secondary importance.

Small dairies would be vulnerable to any relaxation of the European milk quota system, as they will face overwhelming competition from milk producers in Germany operating in more favourable conditions. The milk price in Vorarlberg is influenced strongly by German conditions: although, currently, the milk price in Germany is lower, in 2000 it was significantly higher, thus raising the price paid by dairies in the mountain region (between 3 and 5 million tonnes of milk are said to be exported to southern Germany). The loyalty of members to their cooperative has decreased and, after liberalisation, they have exploited the choice of market outlets for milk. In Sulzberg, at least six different processors are buying milk, including companies from Germany, and interviews suggest that producers might remain with the cooperative up to a price differential of

20% but, beyond that, local loyalties would be overwhelmed by the economic incentive.

However, the strengths of the present structure are a set of well-developed and diverse production facilities capable of product diversification. There is, at least, a basis for further cooperation in existing partnerships, which are based on a long-standing historical tradition. Whilst the small scale of enterprises is a common rural problem, flexibility and cooperation between them can compensate for this. A further offsetting advantage is that proximity between milk producer and dairy enables regular deliveries and the consequent potential for extremely high quality cheese targeted at niche markets, both locally, through direct sales and tourism-related activities, and in the easily accessible adjacent centres of population. Although the Vorarlberg is more than self-sufficient in dairy products, the scope for targeting local markets offers considerable opportunities for new products (especially meat products), which can be positioned in the frame of the *Ländle* brand measures or sold via direct marketing or tourism.

Prior to Austria's accession to the EU, tight regulation ruled out opportunities for cooperation, although subsequently, and under liberalised marketing conditions, pressure to be cost-effective is growing. Responses are diverse and, although dairies are seeking to maximise sales through the most profitable (normally direct marketing) channels, the main strategy to reduce costs and improve profitability is through the establishment of a common *Käsekeller* (cheese cellar) in Lingenau. Supported by the EU and the regional government, in collaboration with the two cheese marketing companies and the regional supermarket chain Spar-Sutterlüty, a consortium of Bregenzerwälder Käsestrasse GmbH and sixteen dairies are constructing a cheese cellar which will hold 32,000 cheeses.

The *Käsekeller* is perceived universally as an essential project for future agricultural and rural development in the region, although opinion regarding the aims and possible strategies involved diverged considerably between interviewees. A few expected lower costs although, for most, this was less important; it was acknowledged, however, that it will reduce the need for future investments and the cost of caring for cheeses during maturation. Others saw the *Käsekeller* as a means of establishing a broad marketing platform for different varieties of cheese. On the subject of quality control and uniform storage conditions, opinions varied: some viewed greater uniformity as a means to improve coordination in cheese supplies, whereas others were concerned that the individual character of cheeses from different dairies would be lost, and with it the ability to produce for quality niche markets. A proposed compromise is the direct sale of individual dairies' cheeses, alongside use of the *Käsekeller* to market a standardised product range on a supra-regional scale. The coordination of supply was also perceived as a means of improving cooperation between dairies and, in working on a common project, old rivalries could be overcome. Finally, if a visitor centre were established, it could play a role in developing tourism, providing a retail outlet and information about the entire supply chain.

3.1.2 Regional development in the Bregenzerwald[6]

The main organisations promoting regional development in Vorarlberg are called REGIOs – voluntary associations of municipalities acting as economic planning associations organised within the main valleys of the area – which, since Austrian accession to the EU, have provided principal channels for Structural Funds programmes. This section discusses major relevant projects of the REGIO Bregenzerwald within this framework and concludes with a SWOT analysis of the region on two levels: in the federal state of Vorarlberg and, within that, the Bregenzerwald region.

From the sixteenth century, the Bregenzerwald has had a special form of autonomy with its own administration and jurisdiction, providing a distinctive identity for the region, recognised particularly by interviewees from outside. The foundation of the REGIO with all twenty-four municipalities as members can be seen as continuing this tradition. Its main aims are to maintain and increase the cultural, material and intellectual wealth of its inhabitants through a holistic, bottom-up sustainable development strategy. Initially, the focus was on infrastructure and improvement of public transport networks. With accession to the EU, the region was classified as a less favoured agricultural area, and this provided opportunities under the Objective 5b and LEADER programmes: the REGIO established the *Regionalentwicklungs GmbH* as a vehicle to implement projects, including promotion of structural adaptation in agriculture and in other sectors; and, from the 1990s, support for collaboration between tourism and agriculture led to the establishment of the *Bregenzerwälder Käsestrasse*. Another initiative, recognising the importance of natural space and cultural heritage, is a proposal to UNESCO for inclusion on the list of world cultural heritage sites.

In 1990, *Vorarlberger Naturprodukteverein* (Vorarlberg's association for natural products) was launched to support regional food. This stemmed from cooperation between an association of young restaurant owners and the young farmers' association, forming the *Land-Gast-Wirt* project, which began with the marketing of veal. Following this, the initiative *Natur und Leben Bregenzerwald* was officially launched, supported by the REGIO to coordinate and assist the

[6] See also footnote 3.

independent activities of member organisations in the marketing of regional products. From 1995, the project entered a new phase in which the *Regionalplanungs GmbH* acted as a Local Action Group (LAG) using Objective 5b and LEADER funds. The *Bregenzerwälder Käsestrasse* was established as a flagship project in 1997, exploiting the idea of thematic routes based on local dairies: about 200 supporting businesses, including the dairies themselves, farmers, and trade and tourism companies are associated with the initiative. It has been developed to form the core of tourist strategies in the Bregenzerwald, and now comprises *"hay fork to dining fork"* activities, offering an advertising platform for farm-based marketing activities as well as guided tours, including traditional crafts, and menus filled with cheese specialities in restaurants. The *Käsestrasse* is also involved in raising ecological awareness, and organises the annual *Käseforum* symposium.

Although currently supported by Structural Funds, the *Käsestrasse* recognises the need to become economically independent; their activities also include the development of a generic cheese brand, marketed exclusively in Vorarlberg by a single licensee, and one other outside the region. This is at an early stage (only about 2% of Vorarlberg's milk output is marketed in this way) and since, off the record, partners have reported some friction, it does not yet coordinate the interests of the individual dairies. It is anticipated that additional impetus will come from the new *Käsekeller* although, since construction was completed in autumn 2003, the primary aim has been to operate only as a service company for storage rather than offering a common marketing framework.

In the overall framework of agricultural and regional policy support, the most important subsidies for individual farms are ÖPUL (the Austrian agri-environment scheme), and LFA payments for mountain farmers; commodity payments have a less important role than in other parts of Austria. Support for marketing and processing under the EU's EAGGF (European Agriculture Guidance and Guarantee Fund) payments was augmented during Austria's transition period of EU membership, since new market regulations and hygiene standards required restructuring in the processing sector, especially in dairy processing but also in meat processing. As a result of this assistance, quality was improved and higher prices were obtained for some cheeses. Alongside these measures co-financed by the EU and national funds, the regional government supports specific measures for rural areas such as forestry protection.

3.1.3 SWOT analyses of Vorarlberg and Bregenzerwald

The various strands of opinion derived from interviews which have contributed to this evaluation of the context of the Biobauen Sulzberg initiative, and the strengths, weaknesses, opportunities and threats relating to Vorarlberg as a whole, and then to the more rural area of Bregenzerwald in particular, are summarised in this section.

Vorarlberg's strengths
Vorarlberg has a high quality landscape and environment, and a relatively balanced economic structure combining industrial exports with tourism. It has strong local market demand, combining rural areas with the significant urban complex of the Rhine Valley, and good international access to the prospering economies of southern Germany and northern Italy. For agriculture, this contributes to product recognition (especially cheese, the leading regional product). Socially, the historic identity produces a relatively high level of social capital.

Vorarlberg's weaknesses
Solidarity is also a weakness when it becomes inward-looking, and tradition constrains innovation. In agriculture in particular, topography and climate limit production potential when combined with small-scale production and processing. Shortages of development land also make industrial expansion expensive.

Opportunities for Vorarlberg
Potentially, further development of the region can arise from expansion based on industrial strength whilst maintaining the region's quality of life. Economic aims include support for medium-sized enterprises through high technology innovation, especially in the field of recyclable resources.

Threats to Vorarlberg
Adverse demographic trends may recur, and other threats may stem from declining social capital and social competence. For agriculture, reform of the commodity payments of the CAP is also seen as a risk.

Bregenzerwald's strengths
As one of the last regions in the EU where almost no silage[7] is used, a major marketing asset is the quality of the landscape and environment for tourism. The collaboration in the *Käsestrasse* provides an all-embracing theme and focus for marketing the region. A network of various interested actors has established around this thematic route, and it has also improved the level of the cheese quality (it should be noted that interviewees from institutional or political backgrounds see this more as an advantage, whereas farmers do not fully share such views). The strong position of the REGIO in regional planning allows effective coordination and packaging of strengths and potentials. Geographical proximity to Germany and the good relations with this neighbouring country play an important role, especially for the local situation in Sulzberg.

[7] Stored and fermented green fodder plants; in the context of Vorarlberg, it is the smell associated with silage production that would inhibit tourism.

Bregenzerwald's weaknesses
Tensions exist within the *Käsestrasse* because tourist businesses are perceived to benefit more than farmers, and the price the organization pays for cheese is regarded as unsatisfactory. The exclusive contract for selling the products within Vorarlberg is seen as a weakness. Some interviewees also see small-scale dairies as a weakness, although others regard the structure as an opportunity. Sporadic conversion of farms to organic production inhibits the development of organic farming because it prevents the development of cooperative processing and marketing structures in most villages. The lobby of the conventional farmers is also very strong.

Opportunities for Bregenzerwald
Keeping the Bregenzerwald silage-free makes it easier to tell the story behind the product *"which concerns nature, which concerns culture: there are human beings, there are animals which are kept, unlike in other regions"*, according to an interviewee with regional development interests. There is scope for building a regional brand around the concept of 'Bioregion Bregenzerwald', although, at present, this seems far off. Establishing an organic dairy in the centre of the Bregenzerwald could trigger a wave of conversion, as better marketing could create additional incentives. The *Käsekeller* provides scope for development as an alternative to large-scale unified milk processing. There is further scope for product differentiation of the varieties of cheese.

Threats to Bregenzerwald
Reform of the dairy sector which deregulates milk quotas would lead to rising milk production in more favoured areas, and product prices would fall, leading to rapid and radical changes to farming and the landscape in alpine regions. Stronger pressures for intensification could lead to the use of silage. For organic agriculture, the main competition is in the conventional regional products promoted as close to nature and particularly supported by agricultural organisations; consumers find it difficult to recognise differences between formal organic products and competing regional products. One interviewee believed that the organic sector is already declining, because the opportunity for a larger number of converters was missed in the mid-1990s.

3.2 The organic sector in Vorarlberg

There are currently 415 organic farmers in Vorarlberg, just over one-third each in Ernte (the largest Austrian association of organic farmers, with about 19,000 members, organised in regional associations in each federal state) and KOPRA (an organisation embracing consumers and producers which aims to achieve fair prices for mountain farmers through quality, animal-friendly organic husbandry), and the remainder working according to Austrian Codex Alimentarius standards.[8] As in the conventional sector, dairy production

[8] These farmers conform to the organic standards of EU Regulation 2092/91 in order to receive aid payments; they are not members of an organic farming association but may sell through conventional marketing channels.

predominates, with bulk processing of milk into mountain cheese: not all milk is processed in organic dairies due to capacity constraints and transport distances. Even so, just as within the conventional sector, there is increasing competitive demand for organic milk from Germany, with raw milk being exported in particular to the German Allgäu, where processing capacity is underutilised. Alongside this foreign demand, domestic conventional processors such as *Vorarlbergmilch* pay competitive prices and, in consequence, small local organic dairies find it increasingly hard to secure enough milk to make full use of their facilities. Whilst farmers can achieve higher milk prices as a result, the viability of local value-adding and product differentiation is increasingly difficult to defend, especially during the Bovine Spongiform Encephalopathy (BSE) crisis and the ensuing higher demand for organic milk in Germany.

Although there is some development of suckler calf production alongside dairying, tradition is a powerful constraint; dairying provides prestige in the farming community, and suckled calf production is accordingly less attractive. Attempts to develop marketing initiatives in recent years have had limited success, although there is a specialised beef product derived from meat from young stock (suckler calves nine and eleven months) which comes mainly from organic farms. However, further constraints on developing meat marketing stem from seasonal fluctuations in output. The traditional system of transhumance provides disproportionate supplies in spring and autumn, whereas a continuous product supply is required to fulfil delivery contracts and guarantee consumer satisfaction. Currently, cheese is marketed mainly outside the region (to other regions of Austria, and to Germany in particular), whereas meat is marketed mainly within Vorarlberg.

Overall, the proportion of organic farmers in Vorarlberg is in line with the Austrian average of 10 percent, although there is wide spatial variation. High concentrations exist in the mountainous areas, whereas the Rhine Valley and the Bregenzerwald are below the national average: in district of Bregenz, the proportion was just under 6% in 1999, despite the organic image promoted by the Bregenzerwald, and the relatively small changes in husbandry which most farms would require in order to convert. There are several barriers to more rapid expansion:

- Apart from the BBS dairy, and more recently Sulzberg Dorf, organic farmers are scattered to the extent that none of the other dairies offers an organic production line and thus a premium organic milk price; the majority of organic farms would therefore have to process their own products or sell to a conventional dairy;
- The price differential between organic and conventional concentrate feed is considerable. Since pedigree breeding exerts a strong influence (according to

our calculations over two-thirds of farmers are engaged in this in order to be successful at exhibitions and auctions), the milk sector has become increasingly intensive and costs of feed concentrate are significant. Social standing in farming communities is still determined by high production performance;
- The difference between financial support for low input and organic farming within ÖPUL is small, and farmers feel that the reduction of inputs is sufficiently environmentally friendly. The promotional image of the Bregenzerwald is almost organic (as a silage-free area), so that conversion has no additional attraction;
- Adapting animal housing to conform to organic standards is costly, especially on a small scale;
- Past rivalry between the organic organisations has led to confusion, particularly with regard to different production standards;
- Both agricultural education and the extension advisory system still promote intensive agriculture;
- Farmers dislike the additional layer of bureaucracy connected with organic farming;
- Some farmers see organic farming as dirty and untidy, in particular in the field of animal husbandry (partly because the use of the *Kuhtrainer* – a device which makes the cow step back when defecating – is disallowed, although this was only mentioned by farming interviewees, not consumers or marketing organisations);
- Finally, organic farming is associated with green or alternative ideas (one of the first leading green politicians was also an organic farmer).

These constraints have tended to reinforce each other, so that the original discord between the two organic organisations, KOPRA and Ernte, has led to insufficient and conflicting advice; the image of organic farmers as *"dirty and untidy"*, as well as *"alternative and green"*, reduced the number of converters. Collection and processing costs for organic milk in small dairies were too high for the development of marketing structures and therefore price premia were unavailable. However, in recent years the image of organic farming has gradually improved as the fundamentalist legacy has been left behind and farmers are more receptive to ecological ideas; above all, the satisfactory development of the market situation, in particular through the example of BBS, has demonstrated the attractiveness of organic farming, not only for extensive, part-time farms, but also for the full-time farmer.

3.2.1 Origins and development of the organic sector in the region

The organic movement was founded relatively early in Vorarlberg compared to other regions of Austria, with KOPRA being established in the mid-1980s.

Initially, it acted as a kind of community-supported agricultural interface, but later become a sales cooperative and registered as an organic farmers' association in 1992. From early on, its strength has been confined to the mountainous areas of the Große Walsertal, Montafon and the valleys around Bludenz. In consequence, its influence over the development of organic farming in the Bregenzerwald as a whole has not been as significant as that of the major alternative, Bio Ernte Austria. The influence of Ernte in Vorarlberg has increased over the last ten years, as a result of the general boom in organic farming in the second half of the 1990s, and also because it collaborates more closely with official agricultural structures than KOPRA: originally, the Vorarlberg Chamber of Agriculture provided office space, and it supported Ernte personnel financially for some time.

Historic tensions between these two organisations have hampered the development of organic farming in the region, particularly as their certification standards are different. Eventually the foundation of an organic umbrella cooperative *Bio-Vorarlberg*, covering all organic initiatives and responsible for marketing projects, resulted in closer cooperation between KOPRA and Ernte. This initiative resulted from pressure from the regional government, the major contributor of financial support, following economic difficulties affecting the KOPRA sales cooperative. Currently, *Bio-Vorarlberg* shares offices in the same building as KOPRA and Ernte, maintaining its independence by locating outside of the Chamber of Agriculture. The framework of interaction between the regional government, Chamber of Agriculture and *Bio-Vorarlberg* was explained by the managing director of *Ländlemarketing GmbH* as one in which an overall budget is negotiated for the general plans of *Bio-Vorarlberg*. Plans for individual initiatives are then submitted by constituent organisations to *Bio-Vorarlberg*, which then develops business plans. *Ländlemarketing* assesses the feasibility of these business plans, and, once approved, the regional government makes the financial transfers directly to the projects. Whilst this framework should promote better performance by the organic sector, frictions still exist, and respondents note that one weakness of *Bio-Vorarlberg* is that it is not directly involved in marketing.

3.2.2 Consumer attitudes to organic food in the region: focus group results[9]

The results of the focus groups in the Austrian case study region identified two types of consumers: those who regularly buy organic products in all circumstances (high price, restricted availability, no flexible opening hours of shops and so on), and those who like to buy organic products but without the

[9] In this chapter and the three that follow, investigation of consumer attitudes in the case study region took place as part of a wider study of consumer attitudes to organic food and farming across Europe. More details of the approach can be found in Zanoli (2004).

aforementioned restrictions. Hence, one task for organic marketing initiatives is to find a balance between these two customer groups, without creating a barrier for one of them.

The main motivating factors for buying organic food were health and the positive impact on the environment. Other secondary motivating factors included better taste, better quality and trust in organic farming, farmers and organisations. Trust builders were identified as word of mouth, personal contact with the producer, organic brands and strict controls. In general, participants had more trust in small companies as they felt there was better control and traceability.

Barriers with respect to organic buying habits include organic food scandals (at the time of the focus group, some organic chicken in Germany had recently been discovered to be contaminated with the pesticide Nitrofen) and fear of fraud. Poor quality and restricted availability also played a part, as did uncertainty about controls and traceability. Interestingly, price was not mentioned as a major barrier.

In general, for most people, the ‘regionality’ of products is important. First of all they want to support regional farming and secondly they want to protect the environment by avoiding food miles and long distance animal transport. They also have more trust in regional products because of the existence of strict food directives and increased traceability. Participants’ understanding of regionality varied: some defined it as meaning their own country, own province, own province or country, and parts of neighbouring countries (in particular, southern Germany and Switzerland = Bodenseeraum). Much tighter definitions were also given: reachable by bicycle; up to 30-50 km; direct from the farmer, farmers market or farmers located 3-4 km away from home. The product most associated with the region around the Bregenzerwald is cheese, although regionality was also important for fresh meat and vegetables. To conclude, most of the participants generally prefer organic products from the region. If regional products are not available (due to seasonality or the restricted range on offer), organic products from outside the region are purchased. Also, if one country or province is famous for a special product, then this source is preferred to that of the home region (for example, pasta from Italy).

3.3 The Biobauern Sulzberg initiative

The BBS cooperative was founded by fifteen farmers in 1996, and it operates in two areas: the dairy and associated cheese marketing, and a consumer delivery service. The main business aim of the dairy, besides sustaining agriculture in the region by increasing farmers' income, is to produce and market milk products of high quality. As a cooperative, the decision-making process is directed by the chairman, the board and the plenary assembly. Members of the cooperative collect and deliver their milk themselves. Annual deliveries of about 1.3 million litres are mostly processed into mountain cheese, although small quantities are used to produce butter and cream. Mountain cheese is marketed in two maturity grades, mild and mature. The main marketing channel is export to Germany and Austria (outside Vorarlberg) through organic and natural food shops, although some output is marketed through their own delivery service and to regional catering and tourism companies. Three people are employed full-time in the dairy, one as manager and two as producers. Additionally, some members do part-time jobs such as collecting milk or delivering products.

The delivery service operates as an independent activity, although legally covered by the same cooperative. It aims to ensure a regional supply of organic products by selling members' output, and thereby increasing added value through securing adequate prices. The product range covers meat and meat products, yoghurt, eggs, cheese and vegetables, most of which are produced by the members themselves. The mountain cheese comes exclusively from their own production, and meat and meat products are procured through close cooperation with an organic butcher, who is also a member of the cooperative. It is particularly difficult to maintain quality and quantity in relation to meat, meat products and vegetables: insufficient organic vegetables are grown in the region, and problems with quality of organic meat are sometimes encountered. From an organisational point of view, the delivery service is integrated into the dairy cooperative, but a separate management is responsible for coordinating orders for the service, the supply of additional products, and the delivery itself. As regards members' products, this requires close cooperation with the dairy side of the cooperative. Strategic planning for the delivery service is carried out by the cooperative board.

BBS is a member of Ernte, because its reputation makes it easier to sell their products outside the region. It is also involved in the *Käsestrasse*, a working group for GM-free food, and is active in the newly established cooperative *Bio-Vorarlberg*.

3.3.1 Development of Biobauern Sulzberg

Originally fifteen dairies existed in the village of Sulzberg (Blank 1998), although consecutive mergers over time left just two, Sulzberg Dorf and Simlisgschwend. Both processed about the same amount of milk. Members identified strongly with their own dairy and out of this some rivalry developed.

At end of the 1980s, Oswald Fink, a young farmer and university graduate began to farm organically, using direct marketing for his products. As the customer base developed he stopped delivering milk to the dairy. He also worked part-time as managing director for Ernte Vorarlberg and advised farmers on conversion, and consequently became an important contact person for Sulzberg farmers interested in organic conversion. Around 1991, with increasing deregulation of the dairy market, eight senior members of Sulzberg Dorf converted to organic farming; two more converted in the following year, which was also when the Austrian government began providing subsidies for organic conversion.

Anticipating that Austrian EU membership would reduce prices for Emmental cheese, the main dairy product in the region at that time, Sulzberg Dorf switched to production of mountain cheese in 1994. They also began to process and market organic milk separately. August Dorner, cooperative chairman and a member of the organic group, also began to establish direct marketing channels for organic cheese. As a result, organic and conventional milk prices began to develop separately. This dual pricing led to conflicts between organic and conventional farmers, even though the conventional price remained high. Tensions increased over time, especially as most board members were farming organically and conventional farmers did not feel adequately represented. In elections to the board in 1995, organic members were not re-elected, and although the chairman's term of office was not complete, he believed this represented a lack of confidence in him and resigned, although he continued his marketing activities.

In March 1996, after various attempts to stay independent, the Simlisgschwend dairy merged with the Sulzberg Dorf. Its chairman, Konrad Mennel, took over as chairman of the combined enterprise which then had ninety-three members, twelve of which were organic farmers (ten from the original Sulzberg Dorf and two from Simlisgschwend). The organic members became increasingly marginalised and eventually decided to seek alternatives. The opportunity arose to rent the dairy in Langen (in a nearby village), which had closed because Emmental production was no longer profitable, and Dorner, former chairman of Sulzberg Dorf and an organic cheese marketer, encouraged the others to achieve independence by renting it. The break with Sulzberg Dorf occurred in the spring of 1996. For Sulzberg Dorf this meant the loss of some of the largest milk suppliers (since all twelve of the organic farmers left), a number of long-standing board members and also an experienced cheese marketer. The first chairman of the new BBS cooperative was Guntram Herburger, the largest milk supplier and formerly an active member of Sulzberg Dorf for many years. Since its foundation, the number of farmers involved has remained broadly constant, although it now has fourteen members. Kaspar Kohler, one of the founders of the delivery service described below, is now the chairman.

The dairy itself had to be adapted to the production of mountain cheese, and was completed in August 1996. The initial investment was about €363,000, of which 20% was co-financed by the national government and the EU through Objective 5b; the remainder came from members via shares in the cooperative (related to volume of milk quota held) and private bank loans. Milk is delivered twice a day and mainly processed to mountain cheese in two grades of maturity. Marketing is carried out by Dorner.

Alongside the dairy processing operation, the cooperative worked to establish a delivery service. Prior to the split, three Sulzberg organic farmers, who were active in direct marketing and delivering to the same customers, decided to form a working group and combine deliveries; two mainly produced yoghurt while the third supplied eggs, meat and meat products. During the initial phase, the delivery service was supported by Ernte, which provided a trainee studying marketing, who returned after completing her studies and continues to manage the delivery service from the Langen dairy. The delivery service also received support to purchase a van from the Objective 5b programme. In 2001, the chairman stepped down due to internal problems in the cooperative.

Other changes have occurred in the business environment since its foundation. Besides the formation of *Bio-Vorarlberg* (where Kaspar Kohler is also chairman), the conventional Sulzberg Dorf dairy has been taken over by a German milk buyer, the dairy modernised and an organic line established. Eight of the larger farmers of this cooperative have already converted to organic production.

3.3.2 Success factors in the development of Biobauern Sulzberg

BBS is regarded as a highly successful example of an Organic Marketing Initiative, both in terms of achieving a high product price for the members, and also in the marketing, stability and continuity of the initiative. This success can be analysed in terms of three major factors: the determination of the main actors (motivation); their consistent social cohesion (coherence); and their expertise in production, processing and marketing (competence).

Motivation

In terms of motivation, the majority of members a have long-standing commitment to the ideals of organic production, although an additional factor for some was the improved profitability of the system arising from both governmental subsidies and the opportunity to market organic cheese. When it became clear that it had become impossible to continue in the initial framework of the Sulzberg dairy, the principal goal of BBS was to retain the economic benefit of organic production. The decision to separate was not taken until it could be demonstrated that the new enterprise would be feasible, although the continued commitment to principles is demonstrated by a requirement to purchase entirely organic feed (a stricter obligation than that needed to meet the organic associations' standards).

Both the processing and marketing activities were developed through inclusive participation of all members, and as a result there is strong identification with the initiative and its self-defined objectives. Thus, it was easier to enlist members' voluntary work and financial support for common action. Many interviewees recognised the voluntary commitment as a major source of strength. However, the intensity of enthusiasm required appears, in the views of some members, to be close to the limit of the possible, almost giving the impression of self-exploitation.

Coherence

As far as cohesion is concerned, external interviewees saw BBS in a positive light, as a *"group of conspirators"*. Their common commitment to organic agriculture gave them a group identity even before the split from the Sulzberg Dorf; the process of conversion was facilitated by good interpersonal relations, supported by the fact that most of the initial group were also board members of original dairy. Opposition from conventional farmer members intensified this solidarity. Further factors promoting unity were the painful process of separation; the need to find a common resolution for problems through the foundation of the new cooperative; the financial commitment involved in adapting the dairy processing facilities; and the employment opportunities for members' families.

Notably, the two distinct areas of activity, the dairy and the delivery service, were perceived as separate by most external interviewees: BBS is seen either only as a dairy or as a delivery service, but not as a combined enterprise. From foundation, each enterprise developed separately but merged for convenience, and the delivery service used the legal framework of the cooperative to operate as a business. All but two members of the delivery service were also members of the dairy: one of these two subsequent members (the organic butcher) does not deliver milk to the cooperative, and the second specialises in yoghurt production and also does not deliver any milk to the dairy. The delivery service offered a convenient, direct marketing opportunity to other dairy members, which most have utilised. Finally, the delivery service allows better use of the cooperative infrastructure.

Although there is no constitutional provision ensuring that each activity is represented on the board, this is not currently a problem as the present chairman has involvement in both. Some specialised milk producer members who sell little through the delivery service have little interest in the business. While each business field is entirely separate economically, intense discussions occur when investments affecting both businesses are proposed, such as the purchase of a new van. Only once has the interrelationship been one of dependence when, at the very beginning, the dairy provided a short-term loan to support the delivery service, which was repaid within a year.

Strong internal cohesion continued after the separation from Sulzberg Dorf until an incident causing internal conflict in 2001. BBS's cheese marketer established a private cheese company as a result of disagreement over the marketing of cheese from other organic initiatives. This led to tensions within the group, which, triggered off by another incident, culminated in the resignation of the active chairman, and the two largest milk suppliers would have left, except for their commitment to the group. These circumstances merit closer examination.

The initiative's success is based on personalities rather than on structures, leading to a critical dependence on important actors. The most important leading figure during the process of separation was the marketer who, due to his skills and experience, still plays a key role. As long as the aims of the group conformed to those of the central leading figure, conflicts were minor. In 2001, Die Sieben, an organic dairy from Hörbranz, started negotiations for BBS to take over the marketing of their products. Die Sieben had installed a fresh milk line, which subsequently turned out to be unprofitable because the marketing opportunities had been over-optimistically assessed. Negotiations continued for some time, but were not resolved. Meanwhile, Die Sieben resolved their internal problems, and the remaining main actor began to process milk into hard cheese, marketed via BBS's cheese marketer's private company.

The cheese marketer claims that this process leads to more flexible and rapid decision-making than is possible in the unwieldy framework of the cooperative. As well as the cheese from Die Sieben, he also markets some of another organic dairy's cheese production and, overall, this limits destructive competition within the organic sector for the same external markets. He argues that his interest as a member continuing to deliver milk to BBS resolves any potential conflict of interest.

Nonetheless, this development led to some uneasiness among the cooperative's board members. Shortly after these events, the recruitment of a part-time worker without the then chairman's involvement (due to a failure in communication), prompted the chairman's resignation, although it seems that the underlying reason was the cheese marketer's decision to open up his own company. The suggestion that the cheese marketer should be contracted to act as milk buyer, guarantee a fixed price and process and market the milk on his own behalf was rejected. Although the Sulzberg Dorf dairy has a similar contract with an organic milk processor guaranteeing a high milk price, which provides a new option for organic farmers in Sulzberg, there is no confidence that this can be sustained in the long run.

It seems that, for the initiative, economic risk management was more important than social risk management. This is reflected in the high expectations of members from the dairy and its employees, as well as those of the delivery service; currently they are operating at the limit, and the loss of a key employee would be difficult to cope with.

At the present time, internal conflict management in the board is resolved through discussions and negotiations. The group's size allows flexibility and extensive involvement of the members. Recently, however, the exaggerated expectations of members working in the cooperative, consequent problems with internal communication, and the repayment of member loans have adversely impacted on cohesion.

Competence
The competence of BBS derives in part from the members' high level of education (the majority are educated to university level in agriculture or agricultural marketing) and exceptional expertise gained from continued involvement in a collaborative processing and marketing framework. This is supplemented by the personal skills of one of the central founding figures, the former chairman of the Sulzberg Dorf cooperative, whose vision, diligence and determination have been critical to the OMI.

The cheese market in which the initiative operates is founded mainly on personal relations, built up by the cheese marketer via fairs and exhibitions. The initiative has adapted to evolving consumer preferences through, for example, the introduction of smaller vacuum packs, and in product innovation, whereby a new cheese, St. Theodor, has become a well-established niche product.

The founders of the delivery service have demonstrated professionalism and innovation in fresh milk products and meat products. Yoghurts without flavouring or additives and with lower sugar content, and meat products without nitrates are prominent speciality products. The meat processor member remains in charge of this area as product manager, although processing has been taken over by the member who is a trained and professional butcher.

3.3.3 Consumer attitudes to Biobauern Sulzberg: focus group results

Consumers who knew the OMI were generally very positive about the organisation. For those who were less familiar with the OMI (either they were provided with information about the OMI prior to the focus group discussions, and/or they had a vague previous existing knowledge of it), their impressions were also positive: in particular, they felt it to be trustworthy because of its membership of Ernte, although a minority were of the opinion that the description of the OMI was not very transparent in terms of lack of information about control mechanisms, animal feeding and treatment. Of this group, two-thirds had not heard of the OMI, and one-third had heard of them but never bought their products.

Participants were asked to identify what they perceived to be the main strengths and weaknesses of the OMI. Its cooperative structure was felt to be a big strength as collaboration ensures the survival of small-scale farmers. Other strengths included its trustworthiness which was based on excellent product quality, good taste, nice product presentation, appropriate animal husbandry and organic production techniques, and availability of its products in the regional supermarket chain. Weaknesses identified include limited product range, inconsistent and restricted availability (they wanted the product to be available in the whole Vorarlberg region), and poor promotion. One of the main weaknesses identified was restricted brand awareness: just one-third of those less familiar with the OMI had ever heard of them, which was felt to be a poor result for such a small region.

For all participants, the existence of BBS was felt to have positive impacts on the region. In terms of ecological impact, arguments concerning regional support, enhancement of environmental awareness, and opportunities for farming were mentioned. In particular, most participants saw positive impact in its contribution to the protection of the environment. In terms of economic impact, the positive effects are seen in increasing strengths for the region itself, offering more independence from foreign markets and facilitating new opportunities for tourism. Another important economic argument was the creation of employment opportunities and fresh impetus in the region, and the positive example set for farmers thinking about conversion and small business in general. Social impacts include increased quality of life and the contribution of the OMI to a healthy lifestyle. Also, it was felt that BBS contributes to the cultural heritage of the region in preserving the cheese making tradition. Only one possible negative impact was mentioned: that of additional traffic.

To conclude, for consumers in the region, BBS is a well-accepted organic organisation with great opportunities for marketing organic products in the region. Recommendations included improved promotional activities that are appropriate to the channel they are targeting.

3.3.4 Aims and strategies

As indicated above, the main goal is to provide members with a high product price, especially for milk, which is regarded as a major, if not the most important, indicator of a successful dairy, and brings pride and prestige. It also corresponds with the legal requirement that cooperatives should not make a profit: the consequence of which is the adoption of risk-averting strategies and the avoidance of new investments; and the optimisation of existing capacity usage, including fixed capacity labour resources. In parallel, there is a general reluctance to grow beyond optimal capacity, and expansion only occurs through costly additional increments in investment unless it involves merger between dairies, so that cost increases go hand in hand with the expansion of production. New members and a gradual increase in throughput are only desirable when capacity is underutilised.

Annual production has increased from 800,000 kg in 1995 to 1.3 million kg at present, to a large extent as a result of some members increasing milk output (one member bought a second farm in 2002), and this approaches full capacity. Although the quantity processed could be more than doubled with some investment in machinery (especially a cheese press), there are bottlenecks in labour, storage and marketing. Storage capacities could be enlarged easily by participating in the cheese cellar, and labour shortages could be overcome by new recruitment. However, the main marketing problem is the extension of high price niche opportunities. Risk is managed, in part, through being spread across different marketing channels: initially, this began with sales through specialised shops in Austria and Germany and was extended by partnership with a specialised wholesaler and then in 2003 by supplying Austria's leading supermarket chain Billa.

There would be fewer problems arising from an increase in membership of the delivery service although the workload of the driver, who also assembles the products, is close to the limit. New members supplying the delivery service only would change the balance of power in the cooperative, and, at present, additional suppliers operate through supply agreements without full membership. As capacity is currently a problem, the strategy is to concentrate on the core product range, sourced from the membership and some regular suppliers. This, however, conflicts with consumers' expectations for a diverse range of products.

Turnover has increased steadily although, as the number of sales points has increased, the turnover per point of sale has decreased; as this increases costs, members' margins are decreasing. Supplying public canteens is seen as a major future opportunity to improve the situation, since BBS has a strategic advantage in possessing the necessary comprehensive supply logistics to provide organic products to this growing market.

3.3.5 The organisation and its environment: SWOT analysis

An analysis of strengths, weaknesses, opportunities and threats constitutes the core of this section, developed out of the preliminary desk research and supplemented through semi-structured interviews with a wide range of stakeholders. In particular, we have distinguished between the views of internal stakeholders, which include members, officers and managers, and employees of BBS, and external stakeholders, including market partners, institutional and regional stakeholders.

Strengths

In general, internal stakeholders have identified three main strengths: shared values, clear goals, and high product quality and marketing. Shared values between members promote collaboration and the involvement of many members in daily tasks supporting the cooperative's routine functioning; willingness to take responsibility and do unpaid work is still high although it is slowing. The initiative is not driven by subsidies and the considerable financial commitment provides a genuine stake for members. The small size of the initiative allows personal interaction and flexible reaction to external pressures. Although the main aim is to maximise product prices, there is strong identification with the aspirations of the organic movement. Finally, product quality is seen as a precondition for success, both in terms of raw material, and in appropriate processing. With regard in particular to the dairy operation, conducting their own marketing allows better prices to be achieved; the cheese maker's connections with and knowledge of the market is essential. With regard in particular to the delivery service, production is geared to market growth rather than subsidies, and this marketing orientation allows for customer loyalty (between 80-90% of sales are to regular customers); the manager is committed and customer-oriented. With a relatively wide spread of customers there is no dependence on a single large customer.

From the point of view of market partners, strengths are characterised, in general, by the effective utilisation of a niche organic market, and also by quality, product range, logistics and the professionalism of BBS. Interviewees from institutional and regional administration backgrounds highlighted the involvement of farmers in marketing their own products as a strong point, and an example of best practice for initiatives, not only in the organic sector but also in the conventional dairy sector. This derives from the expertise acquired through the long-standing involvement of key members and, like the market partners, professionalism and product quality were viewed as positive. The high milk price serves as an indicator of success, and is also a strength.

Weaknesses

Internal interviewees identified high producer prices as a major weakness because scope for investment from retained earnings is limited (however, vital investments have always been made). The commitment of members is falling, and the rent for the dairy in Langen is high. In relation to the delivery service specifically, the product range is becoming too large, so that the ordering and handling of purchases have become increasingly time-consuming and complex; however, improvements in ordering and storage facilities require investment. The relationship between the number of customers and turnover per customer has decreased in recent years.

The market partners interviewed criticised punctuality and price levels for the delivery service (logistics are too expensive), so that their own profit margins have decreased. With regard to the dairy, the cost structure of processing was seen as a weakness.

Interviewees from the institutional and regional background in the Bregenzerwald describe a lack of engagement with other regional structures; as two dairies in the same village are processing organic milk, possible synergies are lost and members are inward-looking. Whilst the initiative's marketing can be viewed as an asset, the fact that it depends more on personal expertise than on structures is viewed as a limitation. They shared the market partners' perception that the relatively expensive processing structure, remote location and twice daily milk collections were a disadvantage.

Opportunities

BBS stakeholders do not want growth, as this would involve large cost increases; rather, optimal use of capacity is their aim. Improvements in processing could facilitate employment. The delivery service could concentrate on doing business with canteens, and prioritise member products.

Conversely, market partners using the delivery service see opportunities to extend the range of products. They also want better seasonal variety and an enlarged range of summer fruit and vegetables. Supply and demand could be better coordinated, with one interviewee purchasing for a canteen wanting longer term delivery agreements combined with more regular contacts concerning throughput. BBS also has opportunities to develop partnerships with other local organic initiatives. As the main themes for developing future strategies, interviewees from the institutional and regional background see a continuation with the niche strategy combined with greater cooperation, especially with other organic farmers in Sulzberg, and a search for new means of reducing logistical costs, chiefly for the delivery service.

Threats

The main anxiety of internal interviewees is a loss of members, reducing the dairy's capacity utilisation, particularly as there is now a realistic alternative outlet for organic milk in Sulzberg. As the organic market has come under stronger pressure, some members are concerned about the separate private marketing company set up by their cheese marketer. Expansion, surprisingly, is also seen as a risk due to the likely exponential increase in fixed costs.

Many market partners were also apprehensive about increasing competition in the organic market, although while BBS is able to operate in a niche market, they see few problems. They expressed concern about the overlap with the organic production in the Sulzberg Dorf dairy. Interviewees from the institutional and regional background saw competition between various milk buyers as a particular threat to their solidarity.

3.4 Relationships between Biobauern Sulzberg and the regional context

This section describes the interests of the stakeholder groups, expressed in interviews, concerning the development of organic farming in general and their expectations of BBS. These stakeholder interests are distinguished by vertical and horizontal orientation: in vertical networks, we indicate connections along the value-added chain, whilst horizontal connections exist across different sectors.

Vertical networks

The members supplying BBS are, in general, operating larger, full-time and rather intensive farms,[10] and belong to the cooperative to secure premium prices, by marketing as close as possible to the customer. Some members also value employment opportunities created for them by the cooperative, while others value freedom from involvement in marketing their own products. Non-members supplying the delivery service want a marketing opportunity with a relatively high product price.

[10] This contrasts with the situation in other areas of Vorarlberg, especially in the more remote, mountainous parts, where predominantly part-time farmers are particularly interested in organic farming as a means of engaging in extensive meat production. However, this may not be considered intensive in other regions of Austria, or Europe as a whole.

The cooperative's aim is to satisfy the members' interests, which also implies achieving a high product price. However, to maintain stable business relationships, customers' interests have also to be taken into consideration; also, employees' working conditions and job satisfaction are important. As noted, because a high milk price is a primary target, new investment is undertaken only reluctantly and there is a struggle to work as far as possible with existing capacities. As buildings are rented under a tenancy agreement running for two years, theoretically there is a degree of flexibility for future planning. However, the main motivation for dairy employees is to produce as good a cheese as possible with fresh milk of high quality. Since working capacity is already at its limit, the cheese maker would welcome investment to alleviate the workload. Also, as noted, there are limits on the niche markets' product quantity, and further expansion should be possible if further marketing opportunities are sought, although the risk management strategy requires that marketing channels remain diversified.

The delivery service is confronted by a need to balance members' wishes to concentrate on the core range of products, and the more extensive range demanded by its customers. Apart from cheese and meat, product processing is carried out by the suppliers (member and non-member). Meat processing is mostly carried out by the organic butcher member who benefits from the delivery service through a much better use of his capacity. To keep overhead costs down, advertising expenses are kept low, and as little expenditure as possible has been incurred through investments in storage facilities and logistics.

The majority of the dairy's customers are located outside the region, and so were not interviewed as a part of this case study. About 10% of dairy output is sold in Vorarlberg: about half through the delivery service, and the remainder to wholesalers for catering. About 30% of output is sold in other federal states of Austria, (two-thirds to small specialist outlets and trade, and one-third to Billa, the supermarket chain). The remaining 60% is sold to Germany, a large part to ÖMA (Organic dairy products of Allgäu), which is a major distributor for the organic market.

The needs of each of BBS's sales channels are diverse. ÖMA requires whole cheeses, whereas the small traders demand small, vacuum packed pieces. Customers of the delivery service are mostly farm shops, natural food shops, small food retailers, a regional supermarket chain, and public canteens (which are increasing in importance); regional restaurants are only modest users of the delivery service. Contact with regular customers is by weekly fax. Farm shops mostly want to increase their supply of regionally-sourced organic products, for which high consumer trust exists, to replace products from elsewhere. Natural food stores want to extend their broad product range, and find current limitations in the region's supply disappointing. The regional supermarket chain uses the current high profile of regional products as a promotion strategy; although organic products are less emphasised (even to the extent that 'organic' sometimes has a negative association among consumers as an expensive product, and regional products can be sold at a similar premium), they see some opportunities in the combination of organic and regional. Potentially, measures could be taken which increase consumer trust in products through the opportunity to build personal relations with the farmer. Ideally, this can happen if the producer is present in the shop from time to time, and images of the production process can also be supportive. Public sector canteens include some rented by *Bio-Vorarlberg* supplying wholly organic meals, and others which offer organic alongside conventional food. One interviewee from an education centre canteen placed consumer expectations in the following order: first, products should be fresh; secondly, organic; and thirdly, of regional origin if possible. For restaurants, willingness to pay premium prices is limited. However, interviewees indicated a developing market in a small group of specialised restaurants.

Horizontal links
One of the most influential institutions in the agricultural sector is the local Chamber of Agriculture which, according to most interviewees, had not been wholehearted in its support for organic farming. Some interviewees attributed this to a rather conservative attitude, as the Chamber has struggled to avoid potential conflicts between the ideas of conventional and organic farmers. Support for organic production has also been equated with criticism of conventional farming. There has been some support for a conventional farming style which is 'near organic', in terms of fertiliser reduction, fulfilment of guidelines for landscape conservation, and marketing of *Ländle* products. Organic agriculture is seen more as an opportunity for extensive, part-time farmers – a niche rather than a model for general development. The advisory board of the *Ländle Qualitätsprodukte Marketing GesmbH* (the marketing agency for *Ländle* products) has, nevertheless, agreed on a target of doubling the proportion of organic farmers by 2006, although mostly in terms of suckler cow production. Organic farmers themselves are sceptical of the activities of the marketing agency, fearing that adopting the organic cause is a cynical response to consumer expectations.

External interviewees saw a continuing dominance of the conventional sector determining agricultural politics, with little difference between the Chamber and the regional government, even if discrepancies in other fields were perceptible. Lack of support for the use of organic products in public sector canteens (in contrast to the legal requirement for this elsewhere, for example, in Lower Austria) was seen as a sign of this. In contrast, an interviewee from the agricultural administration expressed the view that, on a long-term basis, organic farming is the only justification for financial support and will thus develop into a general standard for production.

Naturally, and in contrast, the organic sector sees organic farming as a future option for all farmers, full-time as well as extensive part-time farmers. As the main umbrella body for organic farming, the *Bio-Vorarlberg* cooperative is attempting to achieve a clearer separation between organic and environmentally-friendly, conventional farming. It provides the legal framework for various working groups (for example, to promote free-range beef), and rents and operates organic public canteens as part of the INTERREG programme of the International Conference of Lake Constance, with clear synergies with the interests of the BBS.

Environmental sector stakeholders support organic agriculture as a better way of farming. However, some differences emerged between formally certified organic farming and ecologically sensitive agriculture. The latter was seen as a more general goal whereas the guidelines for organic farming provide a strict frontier in a continuum between conventional and organic. In particular, welfare dimensions (for example, the guidelines for animal housing) are seen as restrictive, and exclude support for the wider perspective of farming with a low environmental impact.

Some interviewees responsible for regional development would welcome the Bregenzerwald's promotion as an organic region, further sharpening its tourist profile, and anticipated an important role for BBS in supporting these efforts. Others, however, were less enthusiastic about the organic categorisation, as consumers are already aware of organic as silage-free agriculture. There was also anticipated opposition from conventional farming, especially towards the wholesale conversion of farms and dairies necessary. The *Käsestrasse*, however, would approve of an organic line. The annual *Käseforum* promotes a positive attitude towards organic farming, and although the generic cheese brand is at an early stage, with the common *Käsekeller* this could become stronger.

Although organic farming now has a considerable tradition in the local community of Sulzberg and, with the Sulzberg Dorf dairy organic line, it is probably the village with the highest percentage of organic farmers in the Bregenzerwald, there was no enthusiasm for becoming an 'eco-village'.

3.4.1 Analysis of the rural influence of the Biobauern Sulzberg

For members of BBS, the common processing and marketing of the cooperative alleviates workload pressures. Relatively flexible employment conditions allow seven out of the eleven jobs created to be filled by either members or their families, thus enabling the farmers to continue to work full-time (on one farm, this made possible a return to full-time farming). The cooperative also makes it possible for members to achieve cost reductions by combining to buy materials, particularly for processing their products (such as organic sugar for yoghurt). For other farmers in the region, the delivery service offers marketing opportunities with a low overhead charge (12 percent). Four employees are non-members, working to secure employment close to home. Three work in milk processing, and the manager of the delivery service is able to combine this employment with administrative and advisory work at *Bio-Vorarlberg*.

The dairy provides support for consumer interests in a number of ways. Through its distributor, natural food shops are supplied in Germany. Frequent enquiries about production methods are made through these shops, and the decision to source entirely organic feed for milk production, and to use salt without iodine in processing, particularly reassures the consumer. Also, to a considerable extent, BBS improves the ability of local consumers to purchase an extended range of regional organic products, through combining the products of a larger group of suppliers, and providing delivery logistics. Consumer confidence is enhanced as the origins are traceable. However, there are limitations to the ability to support shop sales, and other communication with customers, particularly in relation to their higher production standards, does not appear to be effective.

The interests of the organic sector are championed mainly through the positive example that BBS provides for others, showing that such an initiative can function as a successful enterprise, and that organic farming is feasible, not only on a part-time basis but even for rather intensive, full-time farmers. In addition, willingness to invest private money is an example to other initiatives in the organic sector, demonstrating that a business idea does not necessarily have to rely on subsidies alone. This has raised the profile of organic farming considerably and prejudice against organic farmers, in the context of being ‘dirty’ or ‘alternative’, has weakened. According to one interviewee, BBS farms look the same as conventional farms; another saw the cooperative dairy as *“ordinary”*. This improved image of organic farming is important, not only for the organic sector but also for the agricultural administration and regional development of the Bregenzerwald. The logistical possibilities of the delivery service also enhance prospects for *Bio-Vorarlberg*, the umbrella cooperative, in terms of increasing public procurement, and many interviewees see this as potential for further development.

For the dairy sector as a whole, some interviewees view BBS as a pioneering example of breaking free from the structures of an (over-) regulated dairy market: in particular, through achieving a high price by niche marketing and, especially, because of the difficulties of doing so as a coherent group of farmers. Furthermore, BBS has demonstrated that organic production is not just a distinct way of production, but can lead also to an objectively measurable quality product. Success in competitions might encourage other dairy cooperatives to convert, but also to experiment with alternative ways of marketing to wholesalers. However, problems arising from the separation from Sulzberg Dorf have had a negative influence, and may prevent other dairies from following the BBS example.

Organic farming has clear environmental benefits. One environmental stakeholder mentioned that contact with organic farmers is rare in her professional life, which can be interpreted as a positive sign. Also in this respect, BBS has provided a positive example to other local farmers. Even before Austria's accession to the EU, they demonstrated that it was possible even for rather intensive dairy farms to conform to ÖPUL guidelines; and of six applications to install photovoltaic cells to produce renewable energy submitted by farms in Sulzberg, five have been from organic farmers.

In terms of impact on regional development in Bregenzerwald and in Sulzberg, organic conversion has been limited, as this depends on marketing options. However, it can be assumed that there is a correlation between the decision of the German milk buyer to start an organic line in Sulzberg and the example of the BBS. Their experience has been valuable for newly converting organic farmers. Focusing on members' interests, these have prevented further integration of the BBS into regional development projects of the REGIO or of the LEADER programme. The direct contribution of BBS to the regional economy is small, even though additional employment opportunities are higher than in other comparable dairies. There have been some impacts from the considerable investment members have made in adapting cow sheds and processing rooms, and this has arisen from a decision to work together with regional companies and support the local economy. The same applies to the production facilities of the dairy. The rents paid on the buildings under the tenancy agreement directly benefit the Langen dairy cooperative, although Langen is outside the area; however, the additional contribution to the local tax base is significant. A brief overview of main impacts on rural development is provided by Table 3-1.

3.4.2 Relationships of Biobauern Sulzberg with actors in the region

Here we use the term region in various ways, distinguishing between the cross-border macro-region of Lake Constance, the state of Vorarlberg, and the small-scale region of Bregenzerwald.

Table 3-1 BioBauern Sulzberg: main impacts on rural development

SOCIO-ECONOMIC DIMENSION Contribution to local and regional economic growth and to community revitalisation and welfare	
Employment generation	Rather low (3 full-time, 4 half-time) but higher than in comparable dairies
Improved income levels	Members receive high producer prices and employment possibilities which are compatible with farming work patterns
Working environment and job satisfaction	Work satisfaction high, though at the limit of working capacity
Diversification of activities	Dairy plus delivery service sell variety of products of members
Improvement in local identity and marketability	Very limited cooperation with REGIO and Käsestrasse
Local community involvement	Low as the dairy is located in a neighbouring village and the split from the old dairy was because of friction
Improvements in local knowledge and skills	
Improved access to services	
Improvements in local availability (and consumption) of healthy/quality food	Delivery service supplies also local and regional restaurants, natural food stores and regional supermarket
Development of strategic business alliances at local level	Delivery service active in a INTERREG project on organic food in canteens on regional level
Institutional networking at local and regional level	The president of the cooperative and the managing director of the delivery service are active in the regional organic umbrella cooperative *Bio-Vorarlberg*
Catalyst effect	Improvement of organic image within the agricultural sector, advice to local new converts
ENVIRONMENTAL DIMENSION Contribution to local resource conservation and environmental health	
Agricultural land conservation and sustainable management	Model for survival of full time farming, prerequisite for labour intensive maintenance of the cultural landscape
Visual impact of premises	
Adoption of energy and materials conservation	Member farmers are active in producing solar energy
Waste management strategies	
Enhancement of environmental awareness	Example to other dairy farmers on environmentally sound land husbandry

The macro-region of Lake Constance (the Bodensee) consists of Vorarlberg, parts of southern Germany, Liechtenstein and parts of Switzerland. Historical links are being strengthened through the EU INTERREG programmes and, as interviewees in the regional administration stressed, these are even making the ties to other regions around Lake Constance stronger, in some respects, than those with other regional states of Austria. A major connection is through the Bodensee Agenda 21, a project promoted by the International Conference of Lake Constance; BBS has received an award for sustainable development within this project, and is involved in an INTERREG programme to supply public canteens with organic products.

There are stronger commercial links between BBS and Germany than with Switzerland as a result of common EU membership. The village of Sulzberg is only about one kilometre from the German border and is a traditional area for day trips from neighbouring Allgäu. Ties are further strengthened through family relationships and similarities in dialect. Soon after Austria's membership of the EU, BBS began marketing to Germany, with increasing sales from a number of good personal business relations in this neighbouring region, established by the cheese marketer.

Within the regional state of Vorarlberg, BBS' links are mainly with the organic sector, and are less strong with institutions like the Chamber of Agriculture or the regional administration; also institutional links to the environmental sector are somewhat weak. Main relationships are based on personal networks rather than institutional ones, and include: membership of BBS in *Bio-Vorarlberg* (which covers all organic initiatives in the state); all members of BBS are also members of Ernte; the chairman of BBS is also vice chairperson of Ernte and chairperson of *Bio-Vorarlberg*; a founder member of BBS, also the first manager of Ernte Vorarlberg, is still involved in training courses of newly-converting organic farmers; and the manager of the delivery service works part-time for Ernte, where she is responsible for regional marketing and advice to members, has good personal relations with the environmental sector, and belongs to an informal group building links between producers and consumers to propagate good agricultural practice. Commercial relationships are reinforced through the cheese marketer's private company, which has strong ties to Die Sieben, and the Marul organic dairy, for export marketing; the products of Die Sieben, other initiatives and eleven farmers (four from the Bregenzerwald) not in membership of the cooperative are sold by the delivery service, and through the organic butcher, meat is bought from other organic farms.

BBS' ties with Bregenzerwald were much less important than expected. Partly, this is because Sulzberg is on the edge of the Bregenzerwald, but it can also be explained by the fact that BBS have always tried to make their way independently: from the very beginning they were compelled to focus internally on their members' most important aim, that of achieving a high product price. The BBS is formally a member of the *Käsestrasse*, although this is reviewed each time the membership fee becomes due. They see few direct advantages arising: the cheese brand is in the early stages of development, prices are not attractive, and marketing to member restaurants is difficult, since a regional profile is preferred to an organic one. The BBS shop at Langen is almost outside the Bregenzerwald, with little additional sales impact from membership of the *Käsestrasse*. Some cooperative members are also members of the *Käsestrasse* on their own farms, and there are good personal ties between the chairperson, the manager of the delivery service and the managing director of the *Käsestrasse*. They are not currently participating in the *Käsekeller* as storage facilities are sufficient at present, and they do not anticipate any cost advantage from common management of the maturation process. However, some board members are wary of excluding the option of future participation, in case their own production increases. There is, at least, the intention to take part in the next plenary meeting.

From the outset, the delivery service has participated in activities of the LEADER association concerning Internet marketing; there are further personal relationships between BBS and various functionaries in regional development, but few are on an institutional basis.

Impacts at a local level are also limited, since as the dairy rented by BBS is situated in Langen, the cooperative is not present in the village itself. Some customers and a restaurant are supplied by the delivery service, and the cheese marketer of the BBS has recently established an organic farm shop in the village. Tensions that arose during the process of separation have largely eased.

Relations with the tenant of the Sulzberg Dorf dairy, the German company Schönegger Käsealm, received little emphasis in interviews. The company has made significant efforts to modernise the dairy with an organic line in operation since the start of 2002. Eight milk suppliers have converted to organic through membership of Naturland, the German organic association. There is interest in buying further organic milk supplies, with a good price offered, and the company has negotiated with other dairies to swap conventional for organic milk for the mutual improvement of capacity levels. This is combined with experimental processing of milk deliveries on an every other day basis, which would improve flexibility and, by reducing transport costs, extend the radius of collection. The company has also offered to take milk from BBS; while some competition exists in the milk market, the cheese produced by Sulzberg Dorf is a less matured variety than the BBS mountain cheese, so this could be of mutual benefit. Some external interviewees have expressed their hope that, in future, all organic farmers in Sulzberg would once more process and market together.

3.4.3 Future development of the regional actor network in the Bregenzerwald

A critical turning point in regional development processes occurred as a result of Austria's accession to the EU in 1995, although adaptations and preparations for this change began earlier, around 1992. A number of important innovations stemming from this period affected the Bregenzerwald. For rural development (especially for the REGIO Bregenzerwald) greater influence was delegated to endogenous forces, particularly as new initiatives such as LEADER and Objective 5b support became available after accession. For the dairy sector, the effect of liberalisation in the milk market was profound; consequences were ending of Emmental production, no further subsidised exports, regulated trading or supply areas. The organic sector was given significantly greater promotion, firstly through national support schemes implemented in 1992, and later through the ÖPUL programme. As a result of these changes, two questions arise: which organisations can best take advantage of the changing conditions to determine a new direction for development; and what influence could BBS have on regional development.

The close network of communities already organised in the framework of the REGIO allowed it to act as the Local Action Group, as required by the LEADER programme. Preparatory work for regional speciality products and marketing had already been completed by the association for natural products (*Naturprodukteverein*), leading to the design and implementation of the *Käsestrasse*. This improvement in the tourism profile aimed also to open up new opportunities for dairies, providing a response to the changes occurring in the dairy sector. Promotion as a silage-free region was in the foreground of this campaign, not merely in terms of lack of odour and visual impairment, but more positively as a reflection of traditional, extensive farming methods. Small-scale processing units and the traditional farming system on the alpine pastures further support the distinctive, near-to-nature image created for the Bregenzerwald, with the concept of an eco-village (not necessarily involving organic farming) at community level.

For a number of reasons, it has become difficult for organic farming to create an identity that is distinct from this emerging model for development. Rivalry between organic associations has not helped, as it has been difficult to formulate a common position; nor has the poor image of organic farmers among the agricultural community, or the unsuitability of the option for intensive farming. In contrast to the Tyrol, Vorarlberg's Chamber did not lobby actively for the inclusion of organic farming measures in the ÖPUL programme. For an individual farm, conversion was not attractive, and it had to be through the marketing framework of organic dairies

With the financial support of the regional government, however, dairies switched from Emmental to mountain cheese production, attempting to exploit the near-to-nature image. As this solution for dairying in the region as a whole was not successful, the regional government also used subsidies as a policy, in order to impose stronger collaboration through the establishment of a common cheese cellar.

It was difficult for BBS to play an active part in this situation. The history of separation from the original dairy isolated organic farmers in their village, and their marketing strategy ruled out collaboration with other dairies. Furthermore, the geography of the village in the Bregenzerwald made integration difficult. As the members' interests in the marketing initiative were a priority, BBS has only attempted to participate in activities likely to be attractive to members (such as the e-commerce project), rather than making an effort to develop the eco-region concept. This explains their rather passive participation in the *Käsestrasse*.

With the recent establishment of *Bio-Vorarlberg*, the organic sector can potentially unite, and through this vehicle become associated with the development of Bregenzerwald as an eco-region. As noted, the *Käseforum* has actively promoted the potential of organic production, and the success of the BBS has contributed to an improvement of the image. With Sulzberg Dorf's organic dairy processing, new marketing opportunities for individual farms have emerged. These developments could also open new perspectives for BBS and for organic farming in the Bregenzerwald in general.

3.5 Opportunities for embedding the development of Biobauern Sulzberg regionally

At this point, BBS has to make some crucial decisions about their future. The bond between members of the group, developed in its early years, is weakening, with less commitment to voluntary labour; with new opportunities for marketing milk, its profitability is vulnerable to even a single member switching to another outlet, such as the organic line in the Sulzberg Dorf dairy. In interviews, doubts were expressed that a cooperative with the structure of BBS is the best legal form for the future. For the delivery service, an equally important question is whether to concentrate on members' products, or to expand its logistics platform for organic products in Vorarlberg in general.

The most important challenge, then, for the future of BBS, is to review future strategy to satisfy their common aim, which is still (and will continue to be) to maintain member farms in full-time production at an appropriate income. One helpful factor is that (at least theoretically), there is a high degree of flexibility, since investments in facilities have been kept low, the tenancy agreement only runs for two more years, and members' financial claims are almost discharged. The first question is whether the aims should be achieved by high product prices (as hitherto) or through high profits.

If through high product prices, the current legal form is advantageous; however, crucial changes that allow faster reaction to market conditions and opportunities could imply outsourcing of marketing to a private company, acting either as a milk buyer (as in the German company operating in Sulzberg) or as a cheese marketer. This company could be a wholly owned subsidiary of the cooperative or established with its participation. This could make it feasible to relinquish processing on their own account, and possibly decrease costs.

Alternatively, achieving the aim through high profits suggests that BBS should concentrate on trading organic products in the region in general, covering products of non-members as well as their own. The advantage would be that competition between Vorarlberg's producers in the same markets would be reduced, mainly in the field of cheese, with Die Sieben and the Marul dairy. Establishment of an independent marketing company and separation of production (as cooperative) and marketing (as trading company) could also reduce the tensions caused by the fact that their cheese marketer is an employee of BBS but also runs his own marketing company at the same time.

There is also the question of whether the delivery service and the dairy are still compatible. Whilst working together provides some synergy, with regard to legal status and use of common facilities, there are also grounds for change. An extension of membership would be much easier for the delivery service than for the dairy, although it could be managed through fixed delivery contracts for non-members. Extension of product range could then work to develop the promising business with public canteens more professionally, although it would require better and greater efforts in commissioning of products and delivery logistics.

From the point of view of regional development, many interviewees regretted BBS's relatively narrow participation in other activities. The current favourable environment for organic farming is reflected in presentations at the *Käseforum*, and also by the interviewee responsible for *Ländle Marketing*, who believed that the number of organic farms would double in due course. Several interviewees suggested that guidelines for subsidy payment would stimulate slow convergence with organic farming, together with its increasing acceptance in agricultural society. Other stakeholders from regional development want to sharpen the regional profile of Vorarlberg through emphasis on organic farming. Although BBS has played a leading role in the development of the organic sector in Vorarlberg, the establishment of the umbrella cooperative *Bio-*

Vorarlberg could provide new opportunities for its future evolution. Some interviewees felt that the lack of direct involvement in marketing was a disadvantage, as coordination of marketing organic products into different sales channels seems desirable (for example, the regional supermarket chain does not have an organic label). Distribution partnerships could be established through the *Ländle* marketing company,[11] although experience in other federal states shows that it is risky to leave marketing of organic products to marketing partners from the conventional sector.

However, scope for development of the internal market in the region should not be ignored, and BBS could contribute significantly with development of the cheese, St. Theodor. This product is combined with a *girolle*, a device for cutting the cheese into very thin slices which roll themselves into decorative rose forms. This is suitable for restaurant cheese trolleys or as a tourist souvenir, and could be given priority for promotion as the first organic product of the *Käsestrasse*.

Together, these developments could combine the interests of the initiative, the organic sector and regional development; ensuring the organic position of the Bregenzerwald in the longer term and, as a result, securing regional competitive advantage.

[11] The regional newspaper, under a headline "Solution found for increasing demand" stated that the organic sector is the jewel in the crown of the Ländle generic brand; *Vorarlberger Nachrichten*, 010, Jan 14, 2003:6.

4 CASE STUDY 2: *BIOBOURGOGNE VIANDE* IN THE BOURGOGNE REGION OF FRANCE

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The second case study involves a larger, and rather more complex, organisation of beef cattle producers, drawing together a wide range of institutions in a traditional livestock raising area in the southwest (Morvan uplands) of the Bourgogne region in northeast France (Figure 4-1). The chapter follows the framework established in the discussion of Biobauern Sulzberg: starting with the regional context and the development of the organic farming movement as an introduction to the initiative itself and, subsequently, the key stakeholder relationships establishing its implementation and evolution.

4.1 The Bourgogne background

Bourgogne (Burgundy) in the northeast of France has a rich and diversified natural environment with varied, predominantly rural landscapes closely associated with farming. The region has some outstanding natural areas, particularly in terms of ecology, flora and fauna in the Morvan uplands and Bresse. The considerable natural resource potential is contained in an administrative region with just under 6% of national land area and 2.75% of the French population. It is bordered by Lyon to the south, the Paris Basin to the north and the Nevers area in the west. The least favoured part of the region (because of depopulation for more than fifty years) is the sparsely populated rural upland area, remote and extensively wooded. Elsewhere, urbanised and industrialised zones, developed along major thoroughfares (referred to as *La Bourgogne des Vallées*), have benefited at the expense of the LFAs.

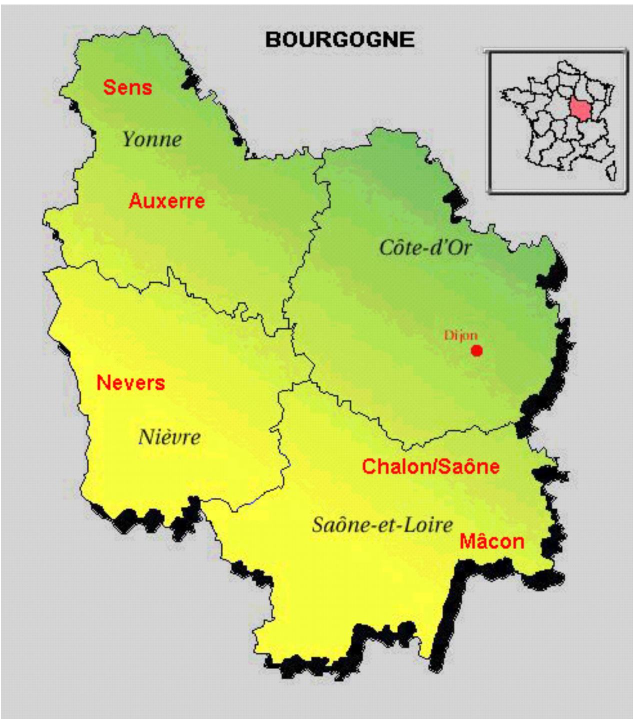

Figure 4-1 Bourgogne and its departments

Water resources include a number of smoothly flowing rivers (apart from the Loire, flowing from the Massif Central) and an exceptional canal network. The climate is varied, considered maritime in the west, but colder in winter and hotter in summer further east. Average annual precipitation is around 650-900 mm, with the central uplands receiving more rainfall, explaining the richness of the forest cover, which makes up 7% of the woodland in France; its one million hectares of forest make Morvan regional nature park a tourist attraction. Bourgogne, as a whole, has a dynamic tourism sector and, with three million tourists visiting each year, it is one of the driving forces behind regional development.

Mining resources are limited to the area around Le Creusot; otherwise traditional industry is not prominent in Bourgogne. Developments in the post-war period encountered difficulties in the 1990s, due, in part, to recession in several sectors in which the region had specialised, such as metallurgy, rubber, engineering and textiles. Manufacturing consists of a large number of small businesses, and also of branches of major companies whose decision-making headquarters are based outside the region, thus weakening local economic development prospects. A few firms in the service sector remain, but are under pressure from the development of centres in Paris and Lyon.

In the face of the decline of a number of small industrial centres, agriculture is the expression of regional diversity. Plains in the north of the region favour extensive crop production; in the southwest, meadowland supports herds of distinctive white Charolais cattle; the southeast forms a wet basin that is amenable to mixed farming, particularly maize. Agriculture employs almost 9% of the active population, and shows signs of vitality, despite continued decline in the number of holdings and an ageing rural population.

Bourgogne features several distinct agricultural areas: the richest, in the north and on the Saône hillsides, is recognised for its vineyards. Vines cover about 40,000 hectares and produce 1.5 million hectolitres annually, more than 90% of which are AOC wines. Although vineyards account for little in terms of area, their quality and reputation contribute to the recognition of the area. Bresse is a wet area dominated by poultry production. The decline of small farms has led to a decrease in livestock farming, with the local exception of sheep farming, which has been maintained because of traditional combination of sheep and cattle farming in the Charolais area.

The case study initiative is located on the Morvan uplands, where pastures have been developed for Charolais suckler cattle farming. Current economic conditions for this activity, and for the region's beef industry in general, are under threat; the BSE crisis highlighted the scale of a deeper structural crisis, related partly to declining trends in beef and veal consumption. It has entailed changes in quality management in the meat industry, with the introduction of guarantees of origin, breed and traceability. These improvements are easily discernible in the government-backed quality supply channels (*Label Rouge*, conformity certificates).

4.2 Organic agriculture in Bourgogne

The region is one of the few in France where conversion to organic farming has increased while national trends slowed; now that the main trend is again (in 2002 and 2003) of substantial increases, conversion in Bourgogne continues to be rapid. However, significant rural migration has constrained labour supply in agriculture. 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, with respect to the seasonality of production and uptake of environmental schemes involving reduction of inputs; heavy use of nitrogen fertilisers and reliance on silage for feed are both rare, although labour demands are heavy.

The region could clearly increase the proportion of agriculture converted and, in the long run, a significant proportion of suckler cows might be reared organically; economic viability could be enhanced by a relatively homogeneous commercial product, based on the predominance of the Charolais breed, although such development will require improved marketing. Currently, organic store animals are poorly marketed, without a premium, which is encouraging a reduction in volumes by decreasing the herd size of reproductive females; equally, bull beef is difficult to sell due to insufficient demand. In dairy production, there are very few medium-term opportunities for organic cull cows as farms in the region are exceptionally specialised, dairy breeds are unsuitable for fattening, and conversion to organic dairying is less important (the predominant use of beet pulp for dairy feed is a constraint).

The regional network for beef production includes fifteen slaughterhouses, processing a total of 80,000 tonnes equivalent carcass (TEC) in 1999-2000; seven of these are public (including Autun, where the OMI slaughters most of its animals), and eight are private. Activities are concentrated in two major sites: Bigard (Saône et Loire département) slaughters half of all beef animals in the region, although a significant proportion of throughput is sourced from outside Bourgogne; this specialised operation is part of the ABC group (*Alliance-Bigard-Charal*) and is of national significance in the sector. *Sicavyl* (Yonne département) specialises in cattle and is part of a smaller cooperative group with a regional strategy to service local collection. However, its intermediate, almost national, status has led it to negotiate alliances (still under discussion) with either a larger national group such as Socopa, which could compromise relations between its underlying cooperative, CIALYN (*Coopérative Interdépartementale Aube, Loiret, Yonne, Nièvre*) and BioBourgogne Viande (BBV), or with another regional group of similar size, Sicarev, specialising in bovine meat and located in the nearby Loire département.

4.2.1 Consumer attitudes to organic food in the region: focus group results

In the Bourgogne focus groups, organic food was seen as a traditional and authentic way of eating, and was associated strongly with a philosophy based on observance of the laws of nature and the living world. Hence, the further development of production and consumption was considered with extreme caution, and consumers in Bourgogne expressed concerns about the standardisation and commercialisation of organic food.

Participants referred to the effect of food scares on the increased consumption of organic products and the resulting consumer shift to organically-farmed products, through fear of possible adverse effects on health. A few consumers were also influenced by increased discussion of organic issues in the media, arising, in part, from the food scares issue. These 'new' consumers are split into two groups: those for whom the scares were only transient and who have returned to their original (non-organic) diet, and those whose emerging awareness has changed their eating patterns. Increased availability of organic products through supermarkets was felt to be an important factor in the growth of the market, allowing consumers greater access without necessarily having to go to specialist shops. However, they expressed frustration at the lack of adequate information at point of sale.

One of the main motivating factors was the perception of organic food as being healthy and natural. Other motivations include better taste, better for the environment, animal welfare and fairness. The natural and authentic image of organic products resonated with committed consumers. Apart from the actual mode of production, the consumers associated organic farming with dependability and trustworthiness stemming from the inspection process. One of the main barriers identified was price, especially for those on low incomes, and for those who are less motivated or convinced about the benefits of organic food. More committed consumers, on the other hand, expressed the opinion that low income consumers can afford a mainly organic diet, but it requires a change of attitude and may involve sacrifices. Other barriers include shortage of information, scepticism about the superior health, taste and environmental claims of organic food, lack of time to seek out organic products, and a general scepticism about the usefulness and effectiveness of certification, and the Agriculture Biologique (AB) logo. There is also competition from other trusted guarantee labels, and confusion about the various existing organic logos and brands.

There was general support for buying local and several participants said that they give preference to local food in terms of fresh products, however, for others, this is an ideal that proves impossible to realise in practice. Also, there is a degree of bias amongst inhabitants towards their particular region. Local production is often associated with short supply chains, direct from grower to consumer, or with the fewest possible middlemen. That means costs can be cut and the consumer benefits from lower prices. Consequently, the direct relationship with the producer enables a degree of trust to be built up.

4.2.2 Institutional support for organic agriculture

A range of institutions provide support for agriculture in France, and in Bourgogne these have played a critical role in the development of organic farming. The first organic farming advisor in France, André Lefebvre, was employed in the district of Yonne, as a result of the enthusiasm for organic farming of both the Chamber of Agriculture and the regional council. As an advocate of the approach, he has played a key role in the development of supportive frameworks, particularly in 1988 with the initiation of SEDARB (Service for Agricultural and Rural Eco-Development in Burgundy), a development organisation for organic agriculture with the objective of expanding and organising production both downstream and upstream in the Bourgogne region, especially in the cereal and meat sectors.

SEDARB is supported, principally, by public funds but also derives some revenue from three advisory groups for organic farmers. It operates in three districts and acts in the same way as a Chamber of Agriculture but specialises in organic farming, focusing on conversion advice. Through SEDARB, André Lefebvre has also helped to start two organic marketing initiatives in the Bourgogne region: COCEBI (an organic cereals cooperative) and BBV. For the latter, he played a central role in coordinating organic cattle supplies for the wholesaler *Selvi* in order to meet the requirements of the major supermarket chain, *Auchan*. Further development of BBV 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 the organic producer initiatives, it continues to support some of the BBV employment costs by participation in the state programme supporting work for young people.

Relationships between SEDARB and other relevant public institutions have been decisive in terms of securing finance for these two marketing initiatives (COCEBI and BBV), but these have not been without conflicts. There is competition between SEDARB and the traditional structures for public financial support for agriculture, especially where conventional cooperatives are very influential. Also, the Chambers of Agriculture regard organic farming as one form of diversification, rather than a mainstream opportunity. Developing an identity distinct from the Regional Chamber of Agriculture has been equally problematic, as demonstrated by the difficulties in creating an office for the promotion of organic farming in the whole Bourgogne region; more generally, SEDARB is concerned about being absorbed into the administrative structures of the Chambers of Agriculture.

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. In addition to subsidies for organic conversion, part of the state-regional plan provides support for regional product promotion through the organisation OFIVAL, involved in the meat sector. OFIVAL supports promotion of organic cattle breeding by part-financing technical support to specialised organic meat producers, as directed by DRAF. In addition, DRAF has subsidised the investment costs of the processing unit in Avallon (40% of the total, the maximum permissible), and uses national and European sources to contribute half of its employment costs.

In close association with the Regional Agricultural Chamber, the GLVB (Bourgogne Milk and Meat Group) provides a link between regional producer groups and public support in the same way as OFIVAL, and it also deals with questions of partnership between BBV and existing conventional structures. In March 2001, BBV became a member of GLVB, as a recognised organisation of agricultural producers, thus providing it with status under agricultural law and allowing it to apply for subsidies for buildings and genetic improvement on an equal basis with conventional farmers.

Finally, the Bourgogne Regional Council's policy for organic farming has been, and continues to be, highly supportive. However, in the past, underestimation of financial needs resulted in a shortage of support which constrained development, so that the initial lead in the 1990s was overtaken by other regions. Nevertheless, the Council closely monitors organic agriculture and is responsible for its support on three levels: financing of technical experiments in conjunction with SEDARB; formation of commercial organisations (firstly, the organic cereals cooperative, COCEBI; then BBV) and direct marketing; and the development of promotion. The Council is encouraged by organic agriculture's successes with respect to wine, cereals and oil/protein crops; on the other hand, it is aware of the difficulties in establishing the necessary partnerships to develop the meat market.

The overall strategy of regional public institutions is to combine the regional organic movement with the Chambers of Agriculture and their technical agronomic expertise; and with the conventional commercial organisations and their experience of working with multiple retailer chains. Through these three pillars, regional organic products could deal more effectively with supermarkets.

4.3 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 convert to organic production of beef cattle. However, these early efforts were unpromising, with poor marketing leading to little or no premium and trading through conventional channels, and a rapid saturation of the direct sales market. Thus, in July 1994, the original group of thirty organic beef producers established BBV on the initiative of one of the organic breeders, with support from the Regional Council and from SEDARB. It deals entirely in organic livestock, collecting and marketing members' animals, and is mainly based on Charolais cull cows. Although the main product is beef, the initiative also deals in lamb, pork and veal.

At the beginning, its central activity was the production and first stage marketing of finished animals: an initial step towards cooperative 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 coordinate widely dispersed members' animals for slaughter, also ensuring that producers would retain control over the marketing of their livestock; it also needed to secure volumes of supply (both fresh meat and delicatessen products) for the three butcher shops it owns, in Chalon, Dijon, Nevers, and for meat sales in an organic shop in Auxerre. BBV'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. BBV is a constituent member of the BioBourgogne association and as such it is allowed to use the BioBourgogne collective brand. Established in the early 1980s, one of the aims of this association is to contribute to regional 'eco-development'. When an operator signs this charter, they are committed to taking into consideration regional development by maintaining or creating rural employment and participating in an active rural human resource network. BBV is also part of a recently established structure, ANVIBIO, a national organisation for organic meat marketing.

In January 1995, sales through the BBV's retail butcher at Dijon markets provided members with an awareness and knowledge of downstream activities, although the operation was expensive due to staffing and management difficulties. At the end of 1995, the initiative reached a significant agreement involving the multiple retailer, *Auchan*, the wholesaler, *Selvi* and the National Federation for Organic Agriculture (FNAB) which coordinates different regional groups. *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 (up to the year 2000) ensured good returns to producers and healthy margins for the initiative, providing stability from which to invest in its three retail butchers, and subsequently in processing (cutting and boning) and distribution facilities.

The BSE crisis disrupted the development of the initiative in 1996, with an initial drop in demand followed by an abrupt surge, which the supply chain could not accommodate. There were problems in establishing new retail butchery outlets, unpaid bills and the bankruptcy of two customers, and it was at this point that BBV began to sell through mail order.

The initial agreement with *Selvi* was replaced by one with SOVIBA, an important industrial 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 the prices of conventional animals. Most recently, the negotiated price altered to one based net of delivery to the slaughterhouse, making it possible for SOVIBA to diversify its purchases to include other producer groups that have started to sell organic cattle. This requires a reduction in the initiative's operating costs, if it is to continue to remunerate its producers at a higher level than that offered by other producer groups. Relations with *Auchan* thus include experience of when demand was higher than supply. Producers took advantage of that favourable situation, but now, as the position has reversed, partnership has become more important than attempts to exploit competitive struggles between downstream operators.

Overall, the initiative is engaged in a process of dynamic development. For instance, in 2002 it invested in processing facilities which, together with distribution facilities, will allow it to consolidate its short distribution channels, as well as increasing added value through the ability to sell directly to supermarkets. The level of commitment of the membership is high, although the scattered nature of supply incurs time and cost disadvantages in collection. The initiative currently has 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% of beef cattle sales), six organic butchers, one consumer cooperative, mail-order sales, and one wholesaler, *Convivial*, which specialises in frozen meat.

4.3.1 The organisation and its environment: SWOT analysis

As in all case studies, a preliminary SWOT analysis was undertaken for discussion and development with the advisory committee at its first meeting, and then developed through interviews with stakeholders. In Bourgogne, the initial SWOT matrix was developed in discussions with the two key individuals acting as gatekeepers for the overall qualitative data gathering process, Philippe Cabarat, Charolais beef producer and manager of BBV, and André Lefebvre, manager of SEDARB. This discussion focuses initially on the functioning of the enterprise and then, because of the clear distinction that exists, the performance determinants relating to the long and short supply chains. By long supply chains, we refer to the output sold to retailers through the intermediary SOVIBA.

Strengths

Organisationally, the membership group has become strongly united in the aftermath of the second French BSE crisis, and is currently financially secure. It functions effectively and managerial capacity is good. With regard to the longer supply chain, since BBV was the first initiative that produced organic meat, the experience has provided the group with technical competence and assured quality, specialising exclusively in organic sales. In progress, there is an initiative to form a local producer organisation, *Eleveurs Bio de Bourgogne* (Organic Breeders of Bourgogne) which will aim for distribution of a minimum percentage of regional output of organic products through the initiative. With regard to beef forequarters which are difficult to market, an arrangement to sell to *Convivial* for frozen products provides an attractive return.

With regard to the short supply chain, farmers have direct contact with distributors and consumers, and they are able to use an established collective brand (in existence since 1983) 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 the art technical facilities in the Avallon unit allow for specialists 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* (Organic Producers of Bourgogne) organisation.

Weaknesses

The organisation itself has some administrative and organisational problems. Some of these are due to the scattered supply base and, currently, slaughtering and processing are spread between five locations; overall, unit costs are high. Management, despite production expertise and knowledge of the market, faces challenges in two respects: firstly, the administrative board, comprising representatives of the members, has problems of consistency and flexibility in decision-making; secondly, work organisation is far from optimal, with unclear roles and responsibilities, differences in approach between the controlling core of members and employees, and a predominance of part-time staff. In terms of processing, inadequate returns are made on the 'fifth quarter' of less sought after parts of carcasses.

Regarding long supply chain marketing, current low volumes preclude effective negotiations about prices and conditions with large retailers, and continuity of supply is difficult to coordinate due to a seasonal bias in production. This weakness is intensified by the near absolute dependence on SOVIBA as its main long supply chain outlet, and loss of its more profitable relationship with *Selvi*. Some respondents see the exclusive specialisation in organic meat as a weakness, since it is not possible to switch to conventional channels should production conditions require this (especially overproduction). 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. The initiative is inward-looking and maintains distance from other enterprises that potentially could offset its other weaknesses. Consequently, it can appear 'foreign' or 'exotic'.

In the context of the short supply chain, production competence has led to an overestimation of its capacity in marketing functions, which it seeks to control and to which is given too great a priority, in terms of its development as a sales channel. It also has further difficulties in reconciling the interests of members, in terms of the prices they receive, and the interests of its business in developing the organic meat sector regarding covering investment costs and levels of employee remuneration. The final product is relatively poorly presented in terms of consumer needs, and the standards appropriate for the catering sector are not achieved. Organic pork, in particular, is in short supply, which makes customer satisfaction at the retail outlets difficult. Employees with the specialist butchery skills necessary for the operation are hard to acquire, and low production volumes make the overhead investment costs of the Avallon facility high.

Finally, the underlying producer organisation, *Producteurs Bio de Bourgogne*, is in the early stages of establishment and, consequently, suffers the general weaknesses commonly experienced by new organisations.

Opportunities

Internally, significant improvements in functioning could easily be obtained from improvements in administrative and managerial organisation, especially with regard to labour resources. Development of longer supply chains could be aided by collaboration with local conventional organisations, particularly in order to reduce operating costs; an alternative would be to collaborate with organic producer groups in other regions to increase negotiating effectiveness. Although, clearly, long supply chains depend on large multiple retailers, dependence on a single major purchaser is limiting, and BBV could find alternatives (particularly in retailers with less centralised procurement, such as Leclerc). One interviewee felt that volumes could be further improved if products from farms in conversion were included, providing an intermediate classification which could also improve prospective returns to farms considering conversion; another felt that forequarter sales to *Convivial* could be increased. Finally, an internal interviewee identified the potential for export sales of organic grass-fed calves to Italy, in the medium term, although this would require expertise that can best be obtained from collaboration with conventional marketing organisations already trading in this market.

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, for example through developing new agreements with specialist organic traders (BioCoop), or further development of the initiative's own retail outlets. There is a target to increase sales to the catering sector to 20% of turnover, and there are attractive opportunities in terms of developing the market in regional speciality restaurants, itself a device to improve customer loyalty in the long term. The means of achieving this could be through *Producteurs Bio de Bourgogne*, as a broader range of products could be sold in collaboration; this could provide the lever for significant improvement in merchandising.

Threats

The enterprise itself is vulnerable to foreclosure of accounts, particularly if the overall economic environment weakens. If its profitability declines (with significant debt to repay on its Avallon plant) it may also be susceptible to takeover by established, conventional marketing enterprises. Its long supply chain may be threatened if its attractiveness to members declines; with the growth of alternative marketing outlets (such as organic lines opened by conventional producer organisations), loss of membership would reduce the volume necessary to comply with agreements with the intermediary SOVIBA although, ironically, 'net of delivery' price conditions imposed by them actually make it harder to retain member loyalty.

Investments in the Avallon plant involve a degree of financial risk, and this further threatens stability if local volume does not increase sufficiently to cut operating costs. The in-house retail business could decline in profitability, as competition from alternative consumer outlets increases. In the new partnership with *Producteurs Bio de Bourgogne*, transport costs may rise, making only very local sales viable.

4.3.2 Success factors and development as a learning curve for BioBourgogne Viande

Many interviewees reported that the original BBV producers 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. During this period, the volume of organic sales through supermarkets increased and, to heighten the profile of the group with customers, opening retail outlets was seen as a solution to the difficulty of expanding off-farm direct sales. Professional butchers can serve a client well and are also able to give feedback to the primary suppliers on the changing needs of customers. In the early period of the initiative, the main contributory factors to success were: the farmers' voluntary ability to cooperate, pooling their energy and knowledge for a common goal; the favourable development of the business environment; and the support from SEDARB in gaining access to public support. The most active members were well connected to institutions at regional level, making full use of the support and finance available.

The change in circumstances in 1996, as a result of the first BSE controversy in France, rapidly altered demand conditions for organic beef, of which BBV was able to take advantage. This improved income for organic farmers and *"every animal possible was sold"*. These buoyant conditions encouraged the producer group to commit further to marketing, by making the strategic decision to invest in their own cutting and boning unit, thus retaining greater marketing control. In addition it provided them 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.

Several stakeholders interviewed believed that the marked team spirit and inclusive communication between the farmers at this time was a major contributor to success. They used this 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, and investment in the Avallon unit, even with public support, was a huge financial commitment for the small farmers constituting the initiative. A worker interviewed noted that, little by little, they have all learned about the meat business and, because they have shared this learning period, everybody involved has experience of, and respect for, each other's roles. In contrast, however, some external stakeholders (particularly market partners) have criticised the situation in which no professional manager or specialised staff work in the enterprise, and that it is difficult to find the right person to negotiate with in order to get decisions taken.

Currently, BBV is trying to learn how to manage the processing unit. Several stakeholders emphasised the ethical basis of this investment, made in order to develop a regional organic business with the potential to diversify the basic functions of the unit, such as the development of a delivery service to include products other than meat; land reserves exist behind the building if ever they want to expand. Current capacity is underutilised and, according to one employee interviewed, existing machinery could handle two or three times greater weekly quantities; further investment, in more efficient machinery, would need much higher (10-20 times) volume growth.

Perceptions of members interviewed were that their products have a high level of quality, however one influential internal stakeholder believed this not always to be the case, and that the management needed to learn how to improve product quality. From the start, the farmers involved have invested in learning. By sticking to their principle to maintain close relations with consumers, they have had some success in remaining independent, and the majority of their output has been sold as organic. During the most frenzied period in the meat market, they have learned the importance of quality meat and, facing competition from the non-organic quality label programme, *Label Rouge*, which is as fully traceable as organic meat to its origin, they have realised that organic meat production and handling has to reach at least the same quality level in order to be competitive.

The gradual acquisition of expertise from learning by doing, skilful use of support mechanisms (both financial and informational) and strong personal commitment from the farmers involved have led BBV 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 continuation of the inclusive learning process, especially amongst the main farmers involved in business activities; potential for the development of strategic alliances with other farmer groups, if complementary and of mutual benefit; and the extent of future, cost-effective diversification of market activities in attractive areas like gastronomy or the delivery service.

4.3.3 Consumer attitudes to BBV: focus group results

In terms of image, the BioBourgogne brand raises a degree of enthusiasm. It is seen as positive initiative that contributes to the dynamism of the region. It also resonates well with the participants' desire to buy locally and that the feeling that this should be encouraged, particularly as it seems to be confined to the Bourgogne region. Among those consumers who are familiar with the OMI, the brand is associated with the sale of quality products that are produced locally, and with care for the environment and landscape that contributes to the protection of regional heritage. However, as the discussion went on, the respondents' reactions became increasingly negative. For some, the approach was considered to be too limited and superficial, and for others it even seemed ridiculous or amateurish.

Spontaneous reactions from local consumers about the BioBourgogne approach revealed a few strong points but, above all, many weaknesses. Among the strengths mentioned are the quality and diversity of the products, reasonable prices, and the contribution to the development of the region. The list of shortcomings of BioBourgogne appears lengthy. Weaknesses included inadequate access to products and inconsistency of availability, lack of differentiation among products in terms of product presentation and packing (for example, vacuum packing), excessive prices and communication problems; several remarks suggested that the information about product origin is not clearly marked, while other were confused between the AB and BioBourgogne names. In particular, there was strong criticism of the Dijon butcher's shop in terms of lack of variety, poor display and lack of product information. Some participants also found fault with the appearance of the point of sale, the quality of the product and the staff. Mail order sales were considered to be inappropriate for meat products: perceived constraints relate to the quantity of meat that has to be ordered, and with freezing. Understandably, brand recognition was limited among those consumers who were less familiar with the OMI although this group felt that the OMI represented an example of a dynamic, local supply chain approach (when the OMI was presented, the participants expressed great interest in its local character). On the other hand, there was some scepticism among those not familiar with the brand about whether all the livestock come exclusively from the Bourgogne region.

Generally, this initiative is popular because it contributes to the region's economic dynamism and reinforces the image of the region. Some think that organic farming could give new impetus to Bourgogne, a region they do not find very dynamic and whose development is losing momentum. For others, the OMI could serve as a model for other regions. Beside the economic aspect, participants also felt that the approach has a positive impact in terms of protection of the environment.

Participants provided a number of suggestions and recommendations that would encourage them and others to buy more from BBV:

- Price: some consumers focused less on price as long as value for money can be ensured;
- Product: improved product presentation; greater product variety and better availability; appropriate packaging in sympathy with the product; making the BioBourgogne image clearer (in terms of its brand versus the AB logo);
- Place: wider distribution network;
- Promotion: the use of professional advice on its promotion policy; increased and improved transparency about its production methods; greater and dynamic information initiatives at point of sale; organised visits to the company.

To conclude, consumer expectations relate mainly to the controlled development of production and of the distribution network; to the improvement of the product and communication with a view to instilling or restoring trust in the BioBourgogne brand; and to creating a bond between the consumer and the production organisation.

4.3.4 Aims and strategies of the founder members

Motivation

The ambition of the founders of the initiative was to create a business that would develop along the entire food chain, with a greater chance 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 working entirely within an organic system, and creates the potential to concentrate on developing organic farming and breeding methods. The initial steps were to organise the collection of organic cattle in the 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, end retailers). Subsequent developments have had the aim of serving producers' interests by being specialised, in order to better defend the values related to organic farming; and, by remaining independent from conventional organisations, the OMI has enabled many organic producers to take advantage of the opportunity to market outside conventional structures.

Development of competencies
Initial competencies in organising the production and sale of organic cattle have been maintained and were respected by external interviewees. However, in new areas, the farmers involved have to extend these skills either through continuing education, or by employing competent staff to work with them. Major deficiencies in this respect relate to retail and commercial management, particularly problems of bad customer debts, and difficulties arising from irregular sales through the mail order service and the development of regional gastronomy sales to restaurants (the recent creation of *Producteurs Bio de Bourgogne* was a specific response to sales in these two types of market). Expertise is also needed for financial management and capitalisation of the recent investment in Avallon; and in employment and the management of staff operating this unit.

Cohesion and management of conflicts
Management by OMI members was based initially on personal networks and strong solidarity. A drawback has been the drain of time and energy caused by the need for the same person to fulfil different roles and, with the unit at Avallon, this is no longer efficient. Each employee needs a clear professional role if coherent functioning is to be achieved, and it should become more like an ordinary enterprise.

For several years after its establishment, BBV functioned well, as sales increased and general performance, with continuing support from SEDARB and its influence on decision-making, was satisfactory. This foundation, along with strong cohesion within its group of farmers, has enabled it to weather crises (such as the BSE crisis in 2000). As sales were taking place in an expanding market, where demand often outstrips supply, the OMI maintained its independence and character. Currently, however, the organic beef market has grown out of niche status, and competition for sales is on the increase. Conventional producer groups have started to promote sales of certified organic animals from some of their members, and BBV 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. The establishment of the processing unit, which is relatively technically advanced, has further strengthened cohesion, but sometimes proved to be a controversial topic in interviews with employees.

If the current turning point for the initiative requires growth, one way of achieving this is by acquiring new partners, in particular among the conventional groups in the region. This type of alliance might bring, along with growth from new sales, lower unit costs for the initiative and greater attractiveness for new members; on the other hand, there would be the risk of loss of independence, and destabilisation of parts of its markets.

In the development of a specifically organic food chain, there is a need to maintain resolute cohesion between supplier members with respect to production standards whilst, at the same time, extending the sphere of operation through cooperation and alliances; this may explain the cautious approach with regard to a contract with a conventional group. However, if such contracts are not pursued, groups like CIALYN and GECSEL (recently approved for sales of certified organic animals and with lower costs than BBV) may become vigorous competitors.

Both conventional marketing groups and BBV 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 agriculture. This long-standing cultural difference between the OMI and the conventional groups complicates the discussion and makes partnership even more difficult. The compromise sought by BBV to preserve its approach is through collaboration with a regional group like *Sicavyl*, rather than industrial conglomerates such as ABC (Bigard) or Socopa (which is not yet established in Bourgogne, but has a nearby base in the region of Allier). Pioneer producers who are more ethical in orientation and value independence and a specific identity might not accept this balance between pragmatism and principle. Even so, a majority of the organic breeders in the region, whose objectives tend towards expansion, might support such a contract with a conventional group and opponents might change their views if the financial outcome were to be positive.

If, however, BBV remains isolated, other regional structures will develop their organic beef sector in competition with it, and the potential for marketing almost all of the organic beef of the region will be lost, falling back to nearer 50 percent. As a result, the main opportunity seems to be collaboration with other initiatives located outside Bourgogne that specialise in organic meat, and belong to the national association of organic animal breeders, *Eleveurs Bio de France*.

4.4 Relations between BioBourgogne Viande and the regional context

The founder members of BBV were, as mentioned previously, highly motivated by the ethical objectives of the organic movement, as far as the ability of farmers to earn a decent living, to develop natural breeding methods, to take care of the environment and to work closely with the customers, as a priority, are concerned.

> *"In organic farming we have to think of ethics and of business. And all the time when the business is growing, more people are thinking that our environmental or social objectives, which we had in the beginning, have lost their weight in decision-making. This has caused some conflicts, especially when different farmers want different things. Of course we first need to be a successful company to be able to concentrate more on ethical issues. And it is crucial to all of us that we sell our animals, otherwise we can stop farming and breeding. Now the situation has developed in such a way that there are different producer groups. In this situation the management of BioBourgogne Viande becomes more complicated trying to make decisions which suit everyone."*

The stakeholder who described this changed situation was very active during the initial period of the initiative, but now works on environmental issues in another organisation. He still sells his animals through BBV but his commitment to the company has changed.

During the period when BBV had marketing problems, particularly in achieving a good price for every animal, some members 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 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 producer members, and in this way to increase the volume whilst remaining profitable. Such a larger enterprise, with more market power, could increase the scope to collaborate with other partners who prefer to work on a more ethical basis. Greater revenues and profits could, at least to some extent, allow them to concentrate on other, not purely commercial, issues. The alternative of adhering strongly to their initial idealism might reduce membership to the loyal core.

Linkages with conventional producer groups in the area are relatively weak. Contacts exist with CIALYN but negotiations to extend collaboration are stalled over the issue of marketing control; BBV does not wish to give up that role and be limited to dealing with the organisation of production and supervision of organic breeding. In the past, CIALYN had few members converting to organic farming; those that did, it was content to allow to leave CIALYN and to join BBV. However, currently there are more organic members and a strategy is being developed which will, with or without BBV, allow them to fulfil increasing downstream demand. Nevertheless, despite the investment in the Avallon plant, it is still possible for BBV to come to some workable agreement with CIALYN.

No agreement or special relationship exists with GECSEL, the other major local conventional producer group specialising in Charolais cattle, although contacts are maintained in case any future opportunity arises. As the president of GECSEL has converted to organic farming, the situation with regard to competition is uncertain. GECSEL currently has twenty organic breeder members, of which half have overlapping membership of BBV; until November 2002, the remaining ten breeders were not able to sell their animals to SOVIBA, because of its exclusive agreement with BBV. Although volumes of organic cattle marketed by GECSEL are currently very low, in the future it is likely to challenge BBV as far as downstream competition is concerned. GECSEL wishes to develop its sales of organic animals and any commercial opportunities that it can obtain will be lost for the initiative.

Conversely, the breeders' group *Eleveurs du Centre-Est* (ARCADIE) markets the small number of organic animals its members produce through BBV; there is a written agreement conveying supervision of these organic farms to the initiative, although support regarding buildings and genetic improvement remains with the breeders' group. ARCADIE's view of the initiative is somewhat unenthusiastic, but they would not rule out discussion about possible future collaboration.

The independence of the initiative from both CIALYN and/or GECSEL would be feasible if organic beef remained a niche within the meat market, but if the product grew to 5% or more of the market in the longer term (which is more likely), the need for the initiative to find synergy with other groups will become urgent. If not with conventional producer groups, the possibility remains for cooperation with similar groups 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.

Relations with SOVIBA, the industrial group, and *Auchan*, the multiple retailers, were once very favourable for the breeders of the initiative: BBV exclusively supplied *Auchan* with organic beef from Bourgogne and purchasing prices were based on an annual fixed price grid. More recently, this situation has deteriorated, as *Auchan* has stopped BBV from making direct approaches to its stores, even though the establishment of its processing facility at Avallon enabled it to do this relatively easily (an attempt had been made to supply the store in Macon directly). Also, *Auchan* wishes to be less involved in a structure where economic control remains strongly linked to collective action and, consequently, it has provided SOVIBA with exclusive rights regarding supply of organic meat. This decision illustrates the critical perspective of *Auchan* towards BBV's strategy of *"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 in enterprises like the Avallon facility in central national buying structures for multiple retailers, and also with catering chains. This limits its scope of activity to purchases by multiple retailers, whose policy regarding meat purchases is decentralised (for example, Leclerc), and parallel activities for mail-order sales, regional catering, butchers, and the BioCoop network of specialist organic traders.

When the prices agreed by *Auchan* were favourable to breeders, it was possible to build up financial capital within the initiative; following the period of deterioration of relations with *Auchan*, consensus gradually built up within the breeders' group to proceed with the relatively ambitious Avallon project.

4.4.1 Analysis of the impact of BioBourgogne Viande on stakeholder interests

A good price for animals sold is the most important benefit for the farmer members of BBV. In this respect, the impact of the Avallon processing unit is positive, especially for lighter carcasses or for specialised cutting according to particular client needs, helping to raise the value of carcasses or carcass sections that are in less demand. The quality manager of BBV reasoned that expert and proficient cutting could increase the value of the meat as much as poor cutting can lower it. A further benefit derives from the sharing of knowledge between farmers. One of the workers at BBV complimented the collaborative efforts that the group of organic farmers have made towards developing methods of breeding and production, and found pleasure in farmers succeeding in achieving high quality and attaining their overall goals in an effective manner. Socially, the strong feeling of belonging to a group of entirely organic farmers engenders professional satisfaction. This social dimension was confirmed by interviews with farmers, who feel they are taken more seriously when efforts are devoted to making business more profitable, profits which are then shared among the members. For farmers active in direct sales who want to keep contact with their customers, the opportunity to sell through a box scheme from the farm provides extra revenue, and in collaboration with *Producteurs Bio de Bourgogne*, they can offer a broader range of products to their customers.

Farmers working as employees for BBV, such as the manager, see the main benefit as playing a central role in controlling the business. Several interviewees questioned the ability of BBV to pay adequate salaries for management, especially since support for this from SEDARB has come to an end. For those workers still mainly financed by SEDARB, employment is an opportunity to gain experience in the regional organic market. As capacity is not fully used, there is currently no need to hire more people to work in the cutting and boning facility. From an outside perspective, working conditions in this kind of smaller firm, even for the cutting and boning personnel, is more interesting than in a conventional abattoir; unlike working on a production line, it provides scope to develop personal skills through the individual handling of every carcass.

Relatively few issues concerning relations with consumers emerged during interviews. However, one clear objective of BBV is to maintain close contact with customers, although this is partly a strategic decision to avoid overdependence on large retail chains. Within the region, BBV has been able to take advantage of the BioBourgogne brand, which has significant consumer recognition, but at present outside of Bourgogne, insufficient resources exist to mount effective promotional campaigns to raise consumer awareness. As a result of problems with some independent butchers, there may even be a negative consumer perception.

The meat category manager from the supermarket chain Carrefour explained that it is important to try to limit the number of business partners whenever possible due to the large volumes involved. They prefer to work with larger meat companies, reducing negotiation to a few contracts covering large combinations of quality and type of product at sufficient volumes. Companies like BBV could become a more attractive supplier to retail groups if volumes increase, or the range of their products broadens to include different products based on pork, sheep meat, and beef. The interviewee also discussed meat marketing regulations which affect conventional and organic food businesses alike; from the supermarket point of view, organic businesses or farmers' marketing organisations should be equally effective in answering the needs of customers. In France, all meat is now checked, traceability has improved, and risky materials are forbidden in conventional farming. Carrefour representatives therefore questioned what additional benefits the organic meat sector has to offer.

The other large retail chain interviewed, *Auchan*, has been in business contact with BBV since its foundation. André Lefebvre played the primary role in establishing contact between the supermarket chain and the farmers' group. During the early period of market development for organic meat, this collaboration was mutually beneficial and it devoted considerable effort in getting market leadership, providing information for customers and even investing in some staff training. Subsequently, with the strengthening of the organic food market, *Auchan* wished to change the partnership arrangements enabling it to source through different channels, and to increase profitability by handling the organic food business more effectively. From their perspective, BBV has made the business relationship difficult: *"BioBourgogne Viande a voulu prendre le rêve pour eux tous seuls (BioBourgogne Viande wanted to realise a dream for themselves only)"*. BBV seeks advantage by retaining control from *"field to fork"*, whereas *Auchan* would prefer to work with a few firms handling all business relations with farmers (with themselves only responsible for minor issues on the production side), and to organise logistics in a way that facilitates its negotiations. According to the interviewee, BBV compared favourably with another supplier of organic meat, as it concentrated on breeding and ensuring sufficient availability of supply, with a meat industry partner responsible for processing the meat in accordance with *Auchan*'s consumer demand. It is clear that it believes that each operator should stick to their respective professional competencies and not encroach on the work of other operators upstream or downstream. However, *Auchan* still needs organically produced meat from the Charolais breed supplied by BBV, having built up an organic-friendly business image, and they report ongoing growth in organic food categories.

No one was interviewed from the catering and restaurant sectors, but several comments emerged from interviews. Firstly, at least locally, BBV is considered as a potential supplier to the catering sector through the support of *Producteurs Bio de Bourgogne*, which sells an adequate range of products, including vegetables, cereal products, wine, meat, and some cheeses. The Avallon processing unit could provide specialist catering cuts. Selling more in the home region could, though this route, increase BBV's visibility among regional consumers, with restaurants and canteens informing their clients that locally produced inputs are used, and, in combination, work in favour of rural development and well-being of local people. This regional origin could be reinforced by use of the regional label BioBourgogne.

Because BBV is relatively well established, it has provided a pioneering model of how to set up an organic food company by organising farmers collectively on a commercially viable basis. Organic marketing initiatives like BBV have subsequently been established in other regions of France. More generally, some members of BBV and André Lefebvre from SEDARB have been more active on behalf of the whole organic sector, for instance through the national organic breeders association (*Eleveurs Bio de France)*, or through participation in various meetings and trade fairs. Examples of success have been important in developing the credibility of organic meat processing for the industrial sector, and developing the supply chain as a whole. The accumulated knowledge within BBV is taken seriously and has led to the desire to improve collaboration between all the actors in the organic meat sector.

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. BBV 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.

Together with a cereal OMI, COCEBI, BBV contributes to a specific vitality of organic agriculture in the region. SEDARB's past support for employment in COCEBI and ongoing support for BBV, ensures management with the interests of rural development in mind.

Politically, the influence of the green movement in Bourgogne is strong. From this perspective, organic agriculture is important for three key areas of rural development: nutritional quality (hence for human health); economic organisation and welfare; and rising social expectations of environmental quality. Organic farming favours mixed farming systems, combining crops and cattle is of environmental benefit, although less attractive for industrial food chains. It is also oriented to small dispersed agricultural structures, local markets, rural employment, and diversification of agriculture, none of which depend on the classical support schemes of the CAP, which are production oriented. The orientation of organic agriculture towards tourism is widely evident, with agro-tourism on farms and school visits. In terms of general regional tourism promotion, the *Bienvenue à la ferme* scheme exists for farms with guest accommodation, and regional farm products are promoted under the *Paniers de Bourgogne* label. So far, however, these initiatives were undertaken individually rather than on a collective basis, and organic farmers groups have not yet expressed particular interest in developing them separately in association with their other activities. Table 4-1 provides a brief summary of the present contribution of BBV to rural development issues.

Table 4-1 BioBourgogne Viande: main impacts on rural development

SOCIO-ECONOMIC DIMENSION Contribution to local and regional economic growth and to community revitalisation and welfare	
Employment generation	Modest (4 employees) but in economically difficult area
Improved income levels	More than improving income level, the aim is to secure a market share for organic products independently from conventional production
Working environment and job satisfaction	Gives the members a group feeling of support to their values
Diversification of activities	
Improvement in local identity and marketability	the OMI contributes to dynamism in regional economic development
Local community involvement	
Improvements in local knowledge and skills.	
Improved access to services	
Improvements in local availability (and consumption) of healthy/quality food	Created local organic retail outlets (three organic butcheries)
Development of strategic business alliances at local level	BBV built up an organic filière at the regional level with processing units and retail shops
Institutional networking at local and regional level	Close relationship to SEDARP Active in the national organic breeders association
Catalyst effect	new OMIs followed the example in other regions
ENVIRONMENTAL DIMENSION Contribution to local resource conservation and environmental health	
Agricultural land conservation and sustainable management	Positive impact on the conversion of Charolais breeders
Visual impact of premises	Located on out-of-town industrial estate: modern industrial building
Adoption of energy and materials conservation	
Waste management strategies	
Enhancement of environmental awareness	

4.4.2 Assessment of development of relations

As noted earlier, the basis of BBV developed around a few key individuals and, as the result of the experienced gained, these core actors in the initiative have become multi-skilled businessmen, working simultaneously as farmers and/or advisors. At the outset, 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 provided a strong basis from which to run the business together.

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, relations will change over time, especially in a dynamic state of development as experienced by BBV, and decisions need to be made about future development options, particularly 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 BBV if it is attractive enough for them, bearing in mind that the conventional marketing organisations (CIALYN and GECSEL) that they currently belong to may start their own organic line.

In contrast, within the initiative there is tension between the core group, worried about the dilution of the organic movement's ethical objectives, and those members motivated more by having a profitable business, who emphasise the importance of direct selling, supplying caterers and increasing the number of their own retail butchers and specialist shops. In this situation of future uncertainty, personal ties between farmers become more important, with each group trying to convince the other of the preferred direction for the OMI's future development. The critical question now is whether BBV can deal with this changing situation in such a way that current cohesion between members is maintained, whilst at the same time allowing expansion by taking in new members.

Relations between BBV and the different state authorities have always been good, as a result of excellent personal relationships. Now its supporters and other institutional actors are also waiting for the next phase of development. According to one of the interviewees, *"...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 BBV to take it forward and produce results.

From the point of view of other, conventional farmer initiatives, BBV was seen as very isolated. Some of them had come into contact with members or employees either through a common interest or in meetings elsewhere on related issues. Many external stakeholders felt that their lack of knowledge about the initiative restricted their ability to judge it accurately. Often they were unsure about lines of responsibility and questioned the skills levels of some of the staff. Some said that it was hard to find the right person to negotiate with.

For outsiders, it is difficult to judge the strength of the influence of SEDARB, or other institutions. André Lefebvre was seen as the spokesman, or figurehead, for BBV. There seems to be greater willingness to cooperate in order to promote the organic farming sector in the region from outsiders than from within BBV. Some stakeholders from conventional marketing organisations said that if they were able to understand BBV's aims more clearly, they could make their own decisions more easily, although they also believed that several initiatives could co-exist in the organic meat sector in Bourgogne.

5 CASE STUDY 3: *ALCE NERO* AND *LA TERRA E IL CIELO* IN THE MARCHE REGION OF ITALY

Annarita Antonelli, Patrizia Pugliese, Jürn Sanders, Raffaele Zanoli

In contrast to previous case study chapters, the next case study concerns two organic marketing initiatives in the same region, processing the same crop into the same principal product. The original intention was to study just one of these two initiatives, but it rapidly became clear that because of the intertwined development and resonance between each enterprise, much of the explanation of one could not be satisfactorily completed without also considering the other. This provides the unique possibility of studying and comparing two different cooperatives, operating in the same regional context and involved in the same products, but with different business structures and potential to contribute to rural development. Both Alce Nero (AN) and La Terra e il Cielo (TeC) are cooperatives of organic cereal producers that produce and market pasta, located in the Marche region of Italy (

Figure 5-1), although each has developed in a separate way from that common base. This chapter follows the case study format of the previous two, except where descriptions of the enterprises and their interaction require departure from the established format.

5.1 The Marche background

Figure 5-1 Marche

The Marche region occupies the northeast coastal plain of central Italy, bordered by Emilia-Romagna to the north, Abruzzo to the south and, over an increasingly hilly profile to the west, the peaks of the Appennines form a natural boundary with Umbria and Tuscany. In contrast to the heavily populated coastal areas, the beautiful rural interior is sparsely inhabited. Total population is around 1.5 million, with average density of less than 150 inhabitants per square kilometre. The Appennine range is mostly limestone and noted for bare peaks, fast-flowing rivers, dramatic gorges and complexes of caves.

As well as magnificent scenery, it provides a home for some of Italy's most interesting wildlife, and large areas have been designated as natural parks. Areas nearer the coastal plain are renowned for their fertile hills, topped by ancient fortified towns.

Climate, temperature, wind and precipitation vary within the region. Along the coast, the climate is typically maritime, with limited temperature variation and little rainfall; moving towards the interior, temperatures are more variable and precipitation increases; in the inner part, snow is frequent in winter and rainfall is highest in spring and autumn.

Administratively, the Marche region is divided into four provinces, from Pesaro-Urbino in the north, through Ancona, Macerata and Ascoli Piceno in the south. Ancona is the most densely populated province although, in general, the region is not highly urbanised. What is more remarkable is the east-west distribution, as population density declines from coastal to inland areas; for example, the inner part of Ancona province has a density of 27 inhabitants per km^2, whereas the coastal area has a figure of 1,118 per km^2. Education standards in Marche are relatively high: in terms of high school education the region is ranked third highest after Umbria and Liguria, and levels of university education are also higher than the national average.

Following national and general European trends, mountainous inner parts of Marche are steadily becoming depopulated, with declining returns to forestry and sheep rearing, and a lack of basic amenities, including schools, hospitals and leisure. The trends are marked in areas of the Sibillini mountains (a natural park in the southwest of Marche), where many small villages are completely abandoned; in others, closure of primary schools discourages young families from remaining in the area. Marche's population is significantly more elderly than that of Italy as a whole: in terms of the 2001 dependency ratio (the ratio between the active population and over 65s and under 15s), Marche is five percentage points higher, at 53 percent, a ratio that has increased dramatically since 1997 (ISTAT 2001). This ageing of the region's population is of added significance for agriculture, with no countryside regeneration arising from young people settling and choosing farming as a lifestyle. However, the area is attractive for immigration from the Balkans because of its large numbers of small and medium enterprises (SMEs): there are 47,000 SMEs in the region, of which 31% are small scale, predominantly handicraft businesses. Families settling in the region will be the main source of future population growth, as the Italian birth rate is below replacement levels.

A dominant feature of the cultural traditions of Marche is its cuisine, deeply rooted in peasant tradition, where each small area has its distinctive culinary characteristics. Even the smartest restaurants aim to produce food in the traditional homemade style and dishes are based strictly on traditional, local produce. The developing tourist trade has raised standards in local restaurants and led to the rediscovery of many traditional dishes. Much use is made of food gathered from the wild, especially, truffles, for which the Marche woodland and countryside is justifiably famous. Marchigiani (the inhabitants of this region) eat more meat than elsewhere in Italy. Many typical products characterise the region, such as *ciauscolo*, a soft cured pork salami; *fromaggio di fossa*, a strong flavoured cheese matured in limestone caves; and different kinds of *pecorino* (ewes' milk cheese). On the coast, however, more fish is consumed. The recently revived wine tradition of the region is symbolised by *Verdicchio*, made from the local grape with the same name, produced in the area of Jesi in the province of Ancona, and accounting for about two-thirds of Marche's DOC wine production.

Marche's agricultural sector represents around 4% of regional added value, with over 66,000 farm enterprises involved in arable, livestock and forest operations. There has been a significant level of land abandonment, almost 20% from the 1970s to 2000. Farm woodlands are of greatest importance in the southernmost province of Ascoli, accounting for some 13% of agricultural area; however, cereal production is of major significance everywhere, amounting to about 41% of total utilised agricultural area (ISTAT 2000), and other industrial crops such as sunflowers and sugar beet are also common. Whilst partly due to climatic conditions, high agricultural support prices and the existence of a highly developed set of processing and marketing structures have shaped the nature of production. Although there are some important cattle breeds, livestock farming is generally of lesser importance in Marche, apart from some specialised egg and poultry production. Although the region was characterised by interdependence between cereals and livestock production in the 1960s, European agricultural policies and the decreasing economic viability and competitiveness of Italian livestock farming have altered this orientation over time.

Nationally, agricultural labour is declining slowly although, recently, the outflow has slowed a little. In Marche, decline continues at a higher rate than the national average. Self-employment increasingly predominates. Cheap migrant labour from outside the EU is also of growing importance, although at present it only accounts for 3.5% of total agricultural employment.

5.1.1 Agriculture and rural development in Marche

From sharecropping culture to diffuse industrialisation

Agricultural and rural development in Marche have been linked to patterns of the industrialisation that took place between the 1960s and 1980s in Marche's rural areas, and in other central and north eastern regions of the country (often referred to as the Third Italy). The so-called NEC model (North, East, Centre, or Marche model) of rural and 'diffuse industrialisation' (Zanoli and Naspetti 2001) generated various successful experiences of industrial districts.[12] According to Fuà, sharecropping is the most important institutional condition behind diffuse industrialisation in Marche's rural areas (Fuà and Zacchia 1983). Sharecropping favoured the development of entrepreneurial capabilities among farmers, in order to both make a living and meet landlords' rent expectations, and when it was officially banned in 1964, many sharecroppers became tenants. Others bought the land from the original landlord and continued as family farmers. Because these family smallholdings were often not economically viable units, many farms looked for new entrepreneurial ideas outside of agriculture, supported by savings accumulated in past years, and abundant cheap rural labour (Zanoli and Naspetti 2001). Consequently, the development of the family farm was progressively neglected and agricultural production became increasingly aimed at home consumption.

Whilst looking for external work opportunities, family farm members encountered the artisan and industrial micro-entrepreneurship developed in Marche's urban context. This led to small, 'industrial' on-farm activities, such as textile and shoe making, which, in the late 1970s and throughout the 1980s, led to a proliferation of family-run SMEs located in rural areas, where cheap and flexible labour was available. Farm income was integrated with extra-agricultural activities; local culture and traditions were preserved, and the agricultural sector and rural areas became integrated with the developmental path of regional economy. Gradually, however, industrial sector wages exceeded those generated through farming, and agricultural activities and incomes assumed a marginal role (Segale *et al*. 1999).

From agricultural modernisation to sustainable rural development

The shift from sharecropping, through to the family/peasant smallholding, followed by diffuse industrialisation was just one of the crucial changes in Marche's farming communities between the 1950s and 1980s. Other significant changes resulted from the widespread adoption of industrial agriculture (increased mechanisation, labour-saving strategies, and the increasing use of chemicals, crop specialisation and standardisation).

[12] For literature on industrial districts see Murdoch and Morgan (1996); Saraceno (1995); Romano (1996).

Unlike other neighbouring regions of central Italy with similar rural features, and despite the fact that they were inappropriate for such rural landscapes, Marche widely adopted such practices in the 1980s, favouring the creation of a dual agricultural system with geographically distinct areas characterised by uneven development trajectories. High input, commercial agriculture developed in fertile, coastal areas, where many farm businesses were concentrated and intensive agriculture was technically feasible, and could greatly benefit from EU subsidies. Industrial farming practices were also applied in peripheral mountain and highland areas (about one-third of Marche's total land area). These practices proved to be particularly disruptive for the social fabric and agro-ecosystems of these areas. The abandonment of more remote mountain areas, declining agricultural incomes, rising unemployment and out-migration to the coastal areas, as well as water pollution, declining soil fertility, soil erosion and hydro-geological instabilities, are among the most noticeable negative effects arising from the diffusion of industrialised farming practice.

From the mid 1980s, the crisis of the industrial agriculture model became increasingly evident worldwide. At European level, a process of revision of the CAP was started, leading to the 1992 reform and later to Agenda 2000. At local level, a bill was passed in Marche on support for organic farming. Although initially left unimplemented, a second bill was passed in 1992. The strong commitment and efforts of early adopters of organic farming in Marche, and the above-mentioned institutional support, are widely acknowledged to have contributed greatly to the pioneering experience and image of the region in the organic sector at the national level. Interestingly, the cultural background and entrepreneurial skills originating in the sharecropping system, and identified as the most important institutional condition behind Marche's diffuse industrialisation, have also been highlighted as crucial driving forces in the development of the regional organic movement.

The new rural and agricultural policy framework of the EU, combined with the changing role of regional economies and competitiveness on the global markets, offers rural areas a chance to play an important part in local development arenas. Against this background, Marche's rural systems seem to have great potential for development, and the region possesses some critical rural resources and capabilities to which its distinctive developmental trajectory (diffuse industrialisation) has contributed, notably:

- well-preserved rural landscapes: Marche's countryside could provide the setting for a variety of rural development practices (for example, farm tourism, environmental and recreational services, production of high quality and typical food);

- valuable human resources (and settlements): despite the abandonment of many rural areas and ageing populations, the human factor is vital to many rural development practices which often start and grow around farming families on multifunctional farms, who create a new division of labour, strengthen pre-existing (and create new) local networks and foster new institutional arrangements. The emergence of rural development initiatives could be further facilitated by an integration of agriculture and other economic sectors. The integration of the booming tertiary sector within agriculture with service provision for farms, represents an interesting example;
- long-standing agricultural specialisation, alongside distinctive food and culinary traditions, could produce high quality products able to penetrate domestic and foreign markets if adequately reoriented and developed. In this respect, Marche's pioneering experience and organic image can undoubtedly play a part in the regional agricultural sector, given some restructuring;
- a favourable political and social context where regional institutions are supportive of agriculture and rural development, and where most people from the Marche countryside share a positive attitude towards its preservation and development.

Strengths and weaknesses, as well as opportunities for and threats to Marche's rural areas, are clearly identified in the Rural Development Plan (RDP) 2000-2006, elaborated by the regional government for the implementation of EC Reg. 1257/99. Continuity with earlier programmes and allocation of financial resources based on ex-post evaluation of implemented measures appear to characterise Marche's RDP, which acknowledges and stresses the significant potential of regional rural resources, and envisages a development strategy based on the notion of sustainable rural development. With such priorities on the regional agenda, the networking issue assumes (and is given in the plan) specific relevance since it represents an essential condition to encourage any development process based on cooperation and integration among actors, and to create important linkages with the regional territory.

5.1.2 SWOT analysis of Marche

From the specific evaluation provided by respondents, a picture of the strengths, weaknesses, opportunities and threats for the Marche region has been built up in the following boxes.

Strengths
The integration between agriculture and other productive sectors (The Marche model) has led to development of high added value production and enterprises of exceptional performance. There is strong regional specialisation in cereals, seeds, vegetables, wine, aviculture, and sugar beet. Combined with abundant market opportunities, these provide a fundamental strength. The traditional rural landscape, with a large share of territory in protected areas, is attractive and well maintained. Organic farming is well established, with an above national average share of land use; typical production methods are widespread. Investment has been growing in recent years.

Weaknesses
Population is concentrated among the more elderly age cohorts, especially in the farming community. Farm size is small and, consequently, some sectors (particularly cereals and wine in the south) are uncompetitive. This is compounded by poor farm management skills and insufficient, poorly coordinated technical advice from the extension services. Opportunities for diversification of production are rarely taken up. There are insufficient adequately trained workers for the development of manufacturing and services sectors, and low levels of physical investment both in commerce and infrastructure. In the interior, declining extensive animal rearing is contributing to environmental change, in terms of soil fertility and soil erosion.

Opportunities
There is potential for redistribution within the regional economy, between urban and rural contexts and wider global markets. A positive political climate and favourable public opinion towards regional agriculture and rural development opens up opportunities for the region, as does the multifunctional nature of the region. Development could arise through increased consumer demand for high quality products. Potential synergies exist with tourism, focusing on gastronomy, culture and the environment.

Threats
Potential threats to the environment and natural resources in the region include adverse agronomic practices; widespread use of monoculture; increased intensification and below average share of mixed farming; abandonment of marginal hill areas; use of agricultural land for other activities (industrial, residential, waste disposal). The regional economy may be adversely affected by increased standardisation of consumption with a reduced market share for typical and traditional products; globalisation of markets, and fiscal pressure on agricultural activities. At EU level, reduced protectionism of agricultural products and declining public support for agriculture could also have an impact. Declining cultural traditions linked to rurality pose a challenge to reviving rural areas.

5.2 Development of organic agriculture

Producers in Marche were among the earliest to adopt organic farming in Italy although, to understand its present context, some recognition must be given to the recent development of the sector in Italy as a whole.

5.2.1 Organic agriculture in Italy

Growth in organic farming in Italy has been massive, placing Italy among the leading countries in the EU organic sector; this very rapid growth has only slowed comparatively recently. In absolute terms, Italy had the largest organic area in 2001, with over one million hectares, representing about 27% of EU certified and in-conversion area; and the highest number of organic holdings which, at over 50,000, corresponds to almost 40% of the EU total. Proportionately, about 8% of Italy's farmed area is managed organically, second only after Austria.[13]

Underlying this rapid boom are two European institutional factors: regulation of organic certification, and consistent financial support for organic farming through agri-environment measures. However, differences in the regional implementation of such measures help to explain the differing extents to which organic farming has developed, with crops typical of each region resulting in uneven distribution of organic farmland and production. Policy support has favoured a rapid increase in organic farms in southern regions and on the islands of Sicily and Sardinia. This growth has outstripped that of the pioneer, central and northern regions where organic movements first took root in the early 1980s, although these regions still lead in terms of certified organic processors and traders.

However, for many producers who have recently converted, especially in southern regions, the viability of organic farming would be limited without subsidies. There is a lack of technical expertise and extension support, yields have been depressed, and performance is further adversely affected by lack of adequate marketing structures. Whilst there are examples of success, an old-fashioned approach to marketing results in wholesalers being the best-established marketing channel, and marketing difficulties are expected to be a major cause of a potential future retreat of organic farming if subsidies are phased out. Whilst growth in organic production has been strong, much of the output is sold on the conventional market without retail certification, and thus attracts no premium. Travaglini (2001) explains that only 13.7% of Italian organic producers sought retail certification, and the drop in the conversion

[13] See Yussefi and Willer (2002), and http://www.organic-europe.net/europe_eu/statistics.asp

growth rate observed in 2000, and expected for subsequent years, seems to confirm this discouraging potential. Concrete action and serious commitment are needed to capitalise on the human, technical and financial resources invested so far in the sector, and to tap emerging domestic and export market opportunities.

The domestic market in Italy did not develop until recently. A comparison between the ITC's estimates for 1997, 2000 and 2003 shows that, in the course of six years, the organic market experienced a significant increase, and still presents promising prospects for growth, unlike other more advanced and mature European markets. According to surveys, organic sales by supermarkets and hypermarkets have more then trebled between June 2000 and June 2003, from €120 million to €380 million. Organic sales represented 2.2% of multiple retail sales in 2003 (Tirelli 2003). There are several main reasons for this slow start, including the absence of a support programme to assist market development, limited initial involvement of mainstream retailers and the food industry, lack of consumer awareness and confidence in organic food quality, and high prices. However, recent development of the domestic market has been supported by investment by mainstream retailers, progressive enlargement of their organic offering, a widening of availability, and launches of private, organic own-labels.

Table 5-1 The Italian market for organic food and beverages

Year	Retail sales ($M)	Total food sales (%)	Expected medium term growth rate (%)
1997	750	0.6	20
2000	1,000-1,050	1.0	15-20
2003	1,250-1,400	1.0-1.5	5-15

Source: ITC 1999; 2002 (www.intracen.org/mds/sectors/organic)

Although overtaken by the multiple retail sector, specialised outlets are also experiencing growth, and an expansion of specialised franchising chains is expected in the near future. In parallel with the development of a mass organic market, their challenge is to capitalise on specialisation and established direct contact with consumers. Other promising sales channels for organic food are in catering services, public procurement and e-commerce sales; more importantly, in response to multiple retailers' developing interest, several major food companies are now launching organic versions of their most popular products.

Further progress in developing the market for organic food may emerge from partnerships that are increasingly necessary for achieving greater bargaining power and economies of scale. Some of the pioneer food companies in the organic sector and important brands of the food industry have formed consortia to operate under various umbrella labels. Partnerships with fair trade operators are also being created to reconcile new, expanding organic businesses with the original spirit of the organic movement, as identified by Marino and Zanoli (2002), thus catering for emerging consumer taste for quality and ethical foods.

On the consumer side of the market, Italy has modest, though increasing, per capita spending on organic foods. Yussefi (2002) calculates that, in 2000, it was about one sixth of that spent by Danish organic consumers in Denmark, the country with the largest per capita spending. Figures for 2001 by Ismea-Pragma show that, on average, Italian families spend nearly €62 monthly on organic foods. Fruit and vegetables were the most popular organic items, followed by dairy products. Italian organic consumers tend to be relatively young, with a high socio-cultural level, good incomes and often pre-school children. Their concerns are mostly with health and food quality, and less with ideology. Although most live in the northern and central regions, where market channels first developed, significant new increases may be expected in the south and on the islands where availability, especially through supermarkets, is improving.

New efforts have recently been made to promote organic food, including an initiative in May 2000 by the Italian Ministry of Agriculture. These efforts are being made to try to reduce confusion among consumers, resulting from existence of multiple labels and absence of a single clear national symbol, a major obstacle for further development, despite growing real and potential demand for organic food.

Organic awareness has been increasing over recent years, although still a little less than one fifth of Italian consumers declare never to have heard about organic products. ACNielsenCRA estimated that, in January 2001, 75% of Italian consumers reported knowledge of organic products (Marino and Zanoli 2002); and a 2003 Gpf&A survey reports a further increase in product awareness, at around 82% (Colussi 2003). Organic product knowledge has been investigated only by the ISMEA-ACNielsenCRA telepanel survey in January 2001 (Marino and Zanoli 2002): only 15% of consumers exhibited good organic product knowledge (five correct answers out of seven), while 54% of the respondents scored at a low level (two correct answers out of seven). This demonstrates a need for improved consumer information and communication strategies but, more positively, indicates that substantial potential exists for attracting occasional and potentially interested buyers.

The domestic market is supplied only partially by home production, with between 20 and 40% supplied through imports. With one of the largest food processing industries in Europe, Italy may soon experience shortfalls in demand for organic raw and partially-processed ingredients in the short to medium term.

Conversely, about half of all Italian organic produce is exported, mainly to other European countries, and is concentrated in vegetables, fruit, wines and olive oil.

5.2.2 Organic agriculture in Marche

This overall context provides the conditions within which the Marche organic sector has developed and currently operates. In 2001, there were almost 43,000 hectares of organic land in the region; during the preceding five years from 1997, this area doubled in size and there was a similar increase in the number of certified organic producers, whilst processing operators increased more than fourfold. The movement developed from a small group of pioneers who, acting out of political, idealistic or territorial motives, established the first organic farms in the region in the early 1970s. In outline, its success is due to this long-standing tradition, an entrepreneurial link with sharecropping, and a favourable institutional context.

This initial movement can be associated with the demise of sharecropping culture, which furthered the development of entrepreneurial capabilities among producers in order to make a living and meet the landlords' rent expectations. When sharecropping became illegal in 1964, many sharecroppers became tenants, but others bought the land; with a tradition and abundant cheap labour in rural areas came new entrepreneurial ideas (Zanoli and Naspetti 2001). Organic farming, particularly in the province of Pesaro, draws on this socio-cultural background. Significantly, it also adopted the first regional law to support the organic movement, several years in advance of EU legislation. In recent years, it has drawn political support from the Green Party. A bill to support organic farming (first proposed by the Green Party in 1987, but not enacted until 1990) made Marche the second Italian region to introduce such legislation. In 1992, again on the initiative of the Green Party, a second bill provided the basis of the first regional law in Italy with specific provision for area subsidies for conversion and established organic farms, anticipating EC Regulation 2078/92; it also provided support for innovation and investment in the farming structure, processing capacity, marketing and promotion, and organic producers' associations.

Marche's political leadership in organic farming legislation is associated particularly with the interest of Marco Moruzzi, a Green regional councillor who became regional minister for agriculture in 1995. In 1998, his administration enacted a further regional law which improved funding and other provisions for the development of organic farming. In Marche, politics in general divides along provincial lines. In the northern provinces of Ancona and Pesaro, there is, historically, a strong farm workers movement, demonstrated through strong electoral support for the former Communist Party. The Green Party is also better established in the northern provinces. The southern provinces of Macerata and Ascoli generally have a strong conservative vote, currently represented by Forza Italia and Alleanza Nazionale. The concentration of organic farming in the north has some relationship with this political tradition. Producers in Ancona and Pesaro were keener on alternative practices and movements, rather than an industrial approach to farming. Traditionally, the cooperative movement was also stronger in the northern provinces. This has furthered the emergence of organic farming as an 'adversarial' farming approach, through the implicit alliance between the organic and cooperative movements (Michelsen *et al.* 2001). Pesaro province has thus led the development of organic farming; this is confirmed by an evaluation of the application of EU Regulation 2078/92 (Regione Marche), which found 64% of the total regional organic land in Pesaro, 9% in Ancona, 12% in Macerata, and 14% in Ascoli.

The most widely grown organic crop is lucerne (54% of regional organic area, mostly in Pesaro province), in rotation with cereals, especially durum wheat and barley. In Marche, lucerne is cultivated on dry land, in particular clay and limestone areas where it is well suited to the production of hay for on-farm use or for the production of dry fodder. Its predominance in Pesaro is linked to the presence of plants producing dehydrated lucerne flour for cattle feed. Environmentally, the cultivation of lucerne is advantageous in an area with problems of hydro-geological damage.

Over the history of the sector, there have been distinct phases and changes in the key actors involved. In the pioneering phase, the few organic producers were stereotypical, alternative idealists, embracing risk. In some ways, their legacy has made the sector what it is today. In other ways, their influence has declined, especially in terms of their weight in decision-making processes. Recent entrants to the organic sector have different histories and attitudes, a more commercial approach, and ambition to promote the Marche image (particularly, for example, the consortium *Marche Bio*); the role and the importance of certification bodies have also changed. Initially, AMAB (*Associazione Marchigiana Agricoltura Biologica* or the Marche Organic Farming Organisation), strictly linked to the producer cooperatives, was the most important certification body, with the largest number of certified operators. As the sector developed, other organisations began to operate in the Region, such as Suolo e Salute, AIAB (*Associazione Italiana Agricoltura Biologica*) and CCPB (*Consorzio per il Controllo dei Prodotti Biologici*) and, finally, the institutional context is also changing. Most organic producers see the new regional policy towards organic farming as less engaged; in a general context of restriction of funds for agricultural support, even the favoured organic sector has experienced a cut. However, the official responsible for the organic sector argued that this change *"...doesn't mean a loss of interest in organic farming. Instead of specific lines of* *support, regional policy for the organic sector will be integrated with other source of financing."*

The potential and prospects of the sector are seen by the different stakeholders in different ways. According to an advisor to the former regional minister of agriculture, not enough effort has been put into the organisation of the sector with regard to the development of supply chains and the infrastructure to promote efficient and strategically-planned, competitive growth. Consequently, although high margins can be earned from final products, returns to primary producers are inadequate, leading to products which are not always of high quality. Also, many initiatives are subsidy-driven rather than structured, strategically-planned actions. In her opinion, the attitudes of pioneering initiatives (such as the OMIs which are the subjects of this case study) may be holding back the development of the regional organic sector, which must adequately exploit its resources and potential according to a new, modern approach. Rather, an objective, critical, but not necessarily negative, approach towards the past, and a new, modern attitude towards current and future development opportunities are now needed, in order to plan and foster the adequate growth of the sector. This might involve identifying a few, key, typical and traditional products in relation to their communicative potential, and market opportunities and local development initiatives should be planned, structured and carried out around them.

Views of producers concerning future development (represented by an interview with a producer who is a member of TeC) suggest the need to support the creation of organic districts, conveniently located for both organisation and funding purposes. This would facilitate the provision of technical advice and extension services, as well as the organisation of area-based initiatives. At the moment, producers are mostly widely dispersed, face serious technical problems (particularly pest management and neighbourhood contamination), and feel unsupported in decision-making. He would like Marche to follow the rural development model of Tuscany, since there is great potential for combining sustainable farm management with on-farm processing and rural tourism, offering a distinctive experience built around high quality food and drink which is linked to the regional territory.

According to a professor at the University of Ancona, there is widespread misconception of organic agriculture as being entirely opposed to conventional agriculture. He believes that this dichotomy is based, unhelpfully, on ideology and a poor scientific basis, since much organic farming differs little from conventional, best practice agriculture. In contrast, Gino Girolomoni, leader of the AN initiative, is concerned by what he sees as the rapid and risky process of conventionalisation that the present, fast growing organic sector is currently undergoing. According to Girolomoni, organic agriculture is becoming just another farming method, as its original principles are being oversimplified and the alternative, innovative message emptied of meaning.

5.2.3 Consumer attitudes to organic food in the region: focus group results

The most important elements which came out of the discussion are:

- Information and education seem to be fundamental to making people more aware of the food they consume;
- For regular consumers, eating organic food is a life choice: they pay attention to the quality of life they have and they see themselves eating less and paying attention to what types of food they combine, while non-organic consumers are more interested in eating more without paying any attention to food quality;
- In general, regular consumers trust organic products, but, as with non-regular consumers, they think that certification bodies may or may not be trustworthy;
- Consumers prefer local products and are interested in supporting the local economy and the local area. In general, traceability of origin is a very important element for both types of consumer and this sort of information should be written on the label of organic products;
- Regular consumers prefer to buy organic products in specialized shops while non-regular consumers buy organic products in supermarkets; they are able to save time and so find it more practical;
- Organic products are seen by both regular and non-regular consumers as healthy, tasting good and expensive;
- Organic farming is seen as a niche market with low possibilities for expansion;
- Advertising should be carried out to target different types of consumer.

5.2.4 Public support for organic agriculture under rural development programmes

Public support for organic agriculture in Marche derives from a specific subsection of the regional government’s RDP. Its general aim is to differentiate territorial support as much as possible, in order to increase its effectiveness. Its implementation, therefore, has involved substantial increases in subsidies for organic agriculture, with the exception of fodder crops and sunflowers, sectors which have been distorted in the past by previous programmes in Italy, resulting in large areas of organic pasture and alfalfa, a corresponding absence of livestock production and limited markets for organic fodder. Such subsidy-driven conversion is clearly unsustainable in the longer term. Conversely, increased support for vegetable and vine production has not been sufficient to compensate for income reduction during the conversion process; this can be considered a lost opportunity, particularly because of high demand (and supply deficit) for organic vegetables throughout the EU, and because the Marche region presents a particularly favourable environment for this kind of production.

Further specific conditions for access to subsidies contained in the RDP include a requirement that the whole farm area be covered by a conversion plan; avoidance of bare earth during production cycles, for instance through cultivation of herbaceous winter plants; incorporation of crop residues; pastures and meadows can receive support only in the presence of livestock farming (although organic livestock farms can obtain limited funding); and hedge and watercourse maintenance. Further support is available as compensation for the additional activities required of organic producers (cover crops, hedges etc.).

5.3 The two Organic Marketing Initiatives

The two marketing initiatives described in this case study are both cooperatives, involved with the production, processing, packaging and sales of organic pasta. Alce Nero was established in 1977 by Gino Girolomoni, and La Terra e il Cielo was founded in 1980 by Bruno Sebastianelli and a group of like-minded friends.

AN's headquarters, including a mill, pasta factory and an agritourism operation, are located in Isola del Piano, a small village between Pesaro and Urbino. Isola del Piano lies between the valleys of Metauro and Foglia, beneath the Cesana Mountains. The landscape is typical of Marche's rolling hill areas: land cover is mostly wheat, vineyards and uncultivated land bounded by hedges, with some woodland; characterised by typical farmhouses and divided into small family holdings.

The Monastery of Montebello is a popular heritage site in Isola del Piano built by Pietro Gambacorta da Pisa at the end of the fourteenth century to found the congregation of San Girolamo. When this disbanded in 1933, the monastery remained abandoned for many years until Girolomoni's family bought and restored it. The rural economy of the area is based on environment-friendly practices (many organic farming cooperatives operate here) and on long-standing agricultural traditions associated with high quality products. The village is located within the Comunità Montana (or local authority) del Metauro, an association of twelve municipalities.

Alce Nero means Black Elk in English, inspired by the Native American chief whose tribe, which had great respect for man and nature, was slaughtered by settlers from Europe. The few survivors were confined to Indian reserves. The name evokes similarities between their experience and the marginalisation and impoverishment of traditional rural society in Italy, either swept away or confined to remote rural areas. AN's link with ancestral lands, together with its critique of ecological and social upheaval associated with conventional agriculture, has strongly influenced the cooperative's adoption of organic agriculture methods. Black Elk became a devout Christian, which also resonates with the religious basis of the cooperative's founding philosophy.

AN's mission is to further a new model lifestyle, engaging with issues such as health and nutrition and a sense of human history embedded in a new type of viable but sustainable economy. Awareness of the dignity, knowledge and skills of rural society and concern for the living and working conditions of disadvantaged and marginalised rural people underpins the cooperative's efforts to preserve rural and agricultural traditions. In the beginning, the focus was to stem and reverse large-scale out migration from some of the remotest parts of the Italian countryside, so AN began rearing cattle, growing cereals and producing flour and pasta, providing new job opportunities for young local people. From this base, AN purchased a plot of land abandoned for decades, restored the monastery, built livestock housing, the mill and the pasta factory. It has recently established a new warehouse for Rapunzel, its main customer, and also manages two specialist shops. It engages in many cultural activities through the Alce Nero Trust, established in 1996 and based at the monastery. Principal among these are meetings and conferences; entertainment; exhibitions; book publishing; educational activities; an ethnographic museum, and agritourism.

In 2000, AN members approved a financial restructuring of the cooperative, which separated the business into a new enterprise, Agrobiologica Alce Nero, which took over the mill and pasta making plant and thirty-seven hectares of land, and the original cooperative, AN, retained the agritourism operation, the two specialist shops and eleven hectares of land. The workforce consists of forty-one employees, three quarters of whom work for the new cooperative and the remainder in agritourism and retailing. There are twenty producer members, mostly farming in Marche and Umbria, and there are plans to expand the membership in the near future. The current membership farms a total of about 3,000 hectares of land, of which 400 are located in Isola del Piano. Raw materials are also drawn from further afield in Calabria and Emilia Romagna.

Products manufactured in Isola del Piano include emmer wheat (an ancient variety of wheat) and durum wheat, including wholemeal varieties; flours, cereals and pulses are also processed. Pasta accounts for 85% of turnover, but the co-op also buys in products, including tomato sauces, fruit preserves, rice, honey, oil, vinegar and wine. Estimated turnover for 2002 was about €3.6 million, with exports accounting for some 80 percent. Outside the domestic market, Germany (mainly sales through the Rapunzel group) is of primary importance, although markets also exist in Japan, France, Switzerland and the USA (in America, products are sold under the Villa Italia brand, particularly because the native American tradition and Italian pasta do not fit as comfortably there). The cooperative manages its exports directly, through a single exclusive importer for each country. On the Italian market, the brand is managed by Mediterrabio, a trading company created by AN in conjunction with other partners. Market contacts are often made through personal networking.

LA TERRA E IL CIELO

TeC provides both similarities and contrasts. It is a cooperative, established in 1980, similarly producing, and processing, and packaging but also retailing pasta. Its registered office remains in Senigallia, where it owns some five hectares of land. In 1999, the cooperative moved its operations to the village of Piticchio d'Arcevia in Arcevia. These premises include the main office, a meeting hall, warehouse, a roasting plant for coffee and barley, and production and packaging facilities for cereal creams and soups. The cooperative outsources milling and pasta production to three independent processors; with one, Pastificio Di Antonio, it has an almost exclusive relationship. The Dimensione Bio cooperative manages its specialist retail shops in Ancona and Senigallia.

Arcevia is one of ten municipalities associated in the Comunità Montana Esino-Frasassi, the second largest Comunità Montana in the region in terms of area and number of inhabitants. It is rich in environmental and cultural heritage, containing a nature park, the Frasassi Caves and ten historic medieval towns. The Nature Park is described as the 'green heart' of the region. In 2002, an initiative was formed to organise various local tourism businesses, to take advantage of the natural and cultural resources of the area and integrate tourism opportunities in the coastal and mountain areas.

TeC was founded by a small group of people whose shared ideals and outlooks motivated them to do something different. This bond still exists today; most of the founding group remain members, and even the more recent members share such attitudes: *"in general, we choose partners from those who are similar to us…"* (founder member/employee). Membership requires a financial commitment in the form of an initial subscription and dividends are infrequent. There is a high level of trust in the organisation, best displayed when the cooperative moved to its new premises involving a shift from rented to owned property, for which many members personally borrowed money in order to finance the development.

In English, La Terra e il Cielo means the Earth and the Sky. The Earth symbolises the cooperative's work and its founders' desire to create a close relationship with nature through the adoption of organic agriculture methods; the Sky expresses the founders' values and ideals and the desire to transcend the materialistic dimension of work and life, focusing more on human relations. Their logo consists of two arches in a circle (representing the earth and sky) with da Vinci's Vitruvian man inside the circle as a link between the two, joining the material and spiritual dimensions.

The cooperative's mission can be identified through its aims: to promote organic agriculture; to contribute to the production and consumption of healthy food; to protect and enhance the natural environment; to create job and business opportunities in the agricultural sector and related activities; to enhance individual abilities, skills and creativity; to promote direct relations between producers and consumers; to encourage cooperation as well as clear and transparent relations among the different actors of the supply chain; to guarantee fair prices at all levels of the supply chain; to reduce social marginalisation; to promote a balance between work and spiritual aspects of life; to put universal values into practice (truth, love, freedom, justice, peace); to encourage networking and the exchange of experiences, supporting the development of other initiatives sharing the same principles and aims. Specific attention is paid to these issues throughout the cooperative's activities. For example, the managerial style is democratic, encouraging real commitment from the staff. All people are considered equal, even in their salary. The working atmosphere is relaxed and friendly, and management fosters a down-to-earth, participatory atmosphere.

The workforce consists of ten employees, all of whom are members of the cooperative. Many have been with the initiative for ten to fifteen years and there is a strong attachment to the organisation, despite some of the difficulties and organisational problems. There are also ninety producer members, over three quarters in the Marche region and the remainder in Umbria, Tuscany, Abruzzo and Puglia. Collectively they farm more than 2,000 hectares, producing 1,800 tonnes of cereals annually including 1,000 tonnes of durum wheat. The cooperative grows and processes an ancient, almost extinct variety of barley, suitable for roasting, and an ancient variety of durum wheat, Etruscan wheat, which, as tradition says, was brought back into cultivation from seed found in an Etruscan grave. This is larger than normal varieties and can grow up to two metres tall, and it is also well suited to pasta production. The OMI produces forty-four categories of products, including thirteen kinds of pasta, flour and other cereals, barley coffee, coffee, legumes, cereal creams, dried vegetables, olive oil, tomato purée, wine and beer.

TeC's estimated turnover for 2002 was just over €1.9 million, with exports accounting for slightly less than 40 percent. Almost two-thirds of turnover is pasta sales, particularly spelt pasta, which has recently overtaken sales of durum wheat pasta. Export sales are concentrated in fewer categories of product than those for domestic markets; major export markets are Germany, Japan, the UK, the USA, and Spain. Unlike AN, there is normally more than one outlet in each market. 40% of sales in Italy are managed by a national distributor (Baule Volante), 30% through a chain of supermarkets (Esselunga); 5% of output is sold through the two specialist shops managed by the independent but linked cooperative, Dimensione Bio. Other activities involving TeC include organisation of meetings (the cooperative was a prominent partner in organising the International Meeting of Well-being); partnership with fair trade organisations; cooperation with the local health support initiatives for drug addicts; and collaboration with an NGO for disaster relief.

5.3.1 Background and development of the two OMIs

AN and TeC are widely recognised as two of the most influential pioneering initiatives in the development of the organic sector in Marche region and in Italy. In addition, they are both leading companies in the organic pasta sector.

Their founders, Gino Girolomoni and Bruno Sebastianelli, became interested in the organic movement around the same time. Each is one of a group of friends and fellow founding members with shared concerns for environmental conservation, healthy food, and ethical values. In political terms, both have left-wing views and ideas and participate in the regional cooperative movement. However, these shared interests developed in very different social and cultural contexts, which explains many of the differences in the organisational and development paths of the initiatives. Despite many common elements, AN and TeC have evolved very differently in their company profile, strategies, organisation and networking. Both embody an alternative approach to agriculture and society, but are profoundly different in implementing their approach.

In common with many other pioneering initiatives in the organic sector, the two OMIs have experienced difficult periods, but from the mid 1990s onwards have benefited from a favourable institutional context at the regional level; both have used this to actively contribute to the development of the organic sector. Common problems in more recent years derive from increasing competition and a process of conventionalisation in the organic sector. These make the skills that contribute to pioneering success, although useful, less than sufficient tools for success in the modern marketplace.

Alce Nero: crucial facts, people and issues
Both AN's history and its prospects are closely interwoven with Gino Girolomoni, (its founding president). His peasant roots, life experience, family connections, religious and cultural interests, and his individualistic and enthusiastic character have all played a part in defining the nature of the OMI. Interviewees provided some insights into his complex personality. Of himself he says, *"I'm a peasant poet and a politician"*; according to others, *"he's a philosopher, not a businessman"*; his strength is that *"he's been able to keep Alce Nero alive, despite all troubles and any form of coherence. He's a very intuitive man"*, whilst his weakness is that *"he's never critical of himself, his own attitudes and decisions"*. Three main influences on Girolomoni can be identified that have informed his world view and shaped the development of AN: his sharecropping cultural background, his peasant origin and his religion.

The sharecropping culture has been central to the evolution of Marche's rural systems. It is characterised by its family values, work ethic, self-sufficiency, entrepreneurship and a strong antipathy towards the urban 'non-rural' world. Family hierarchy and organisational structures are of paramount importance in the sharecropping culture, in particular women have a highly influential role. These values have survived the decline of the sharecropping system and, in recent years, have penetrated innovative business initiatives including the agricultural sector. Both AN and TeC illustrate this process in rural Marche (Di Raco and Guidincini 1988). Within AN, problems and inefficiencies deriving from family connections have been referred to frequently, and it faces difficulties in deciding whether to abandon the sharecropping family model which is not compatible with today's global market requirements and competition. The work ethic of the sharecropping culture is reflected in AN's involvement in restoration of farm housing and ancient woodland conservation. Preservation of the land has been fundamental to its adoption of organic agriculture. Self-sufficiency, also central to the sharecropping tradition, is reflected in Girolomoni's approach to AN whereby he tries to bring everything within the sphere of his control: the monastery, the family, the cooperative, the local community. The contrast between the urban and rural worlds is a dominant theme in Girolomoni's thinking and behaviour which is mirrored in the mistrust traditionally shown towards the external, non-rural world by the sharecropping family. The AN project was intended to demonstrate the superiority of the peasant culture and ethics over urban/industrial values and lifestyles. Interestingly, Girolomoni feels different and alternative also within the modern rural and agricultural world. In sharecropping systems, entrepreneurial instinct and capabilities emerged. Undoubtedly, Girolomoni is a far-sighted entrepreneur with a clear vision and the skills to realise that vision. Through AN he has succeeded in turning his vision into reality, despite some troubles and somehow regardless of the costs, both financially and in terms of human relations. Despite this entrepreneurial instinct, Girolomoni seems to lack adequate management skills, a failing which he acknowledged at least implicitly by hiring a general director.

The second main influence on Girolomoni is his deep commitment to peasant society and culture. For him, AN is more than just a farming and business experience, it represents a viable model for local development in rural areas. The marginalisation and impoverishment of Italian (and Marche) remote rural areas has given Girolomoni an awareness of rural society's dignity, knowledge and skills, as well as of the urgent need to rebuild cultural pride and identity of rural communities. Girolomoni is persuaded that the repossession, preservation and handing down of peasant culture should occur without any commodification of its ideas and history and he believes that AN can play a valuable role in challenging current trends and values. Besides increasing concern at a political level for peasant communities and culture, Girolomoni has been actively involved in gaining commitment to such issues from the intellectual community. In this light, the cultural activities held at Montebello monastery are particularly relevant and strictly linked to AN's mission.

Girolomoni's religious vocation and experience has been the third major influential factor. Born close to Montebello monastery, he had always been fascinated by it and its history, and its ongoing restoration has played a central role in his life and in AN's history. In many ways, AN goes beyond the organic farming experience; it is his lifelong project. Some members of AN have, however, criticised Girolomoni for stifling the emergence and development of the spiritual experience linked to the monastery restoration, by putting too much effort into the growth of the cooperative.

Girolomoni's interest in and commitment to the revitalisation of rural culture appears to be in a transitional phase: *"Why should I keep fighting to preserve rural remote areas when nobody really cares about them? Institutions, especially"*. His current, hands-on involvement with AN management suggests that this is more an expression of his frustration with the direction of the organic movement. He remains active in campaigning for a return to original organic principles and is highly critical of current trends towards increasingly bureaucratic procedures, lack of credible and effective lobbying, relaxation of rules and controls, and the general conventionalisation of organic agriculture. He is a fervent critic of post-industrial society and the modern organic sector, believing that organic agriculture is in danger of losing its ability to challenge conventional agriculture's rationale.

Historical development of Alce Nero

The AN cooperative was established in 1977 by Girolomoni, his wife and some close friends from the local agricultural community with shared values and goals. In the same year, one of the first courses on organic agriculture in Italy was held in Isola del Piano, funded by Marche regional government. At this time, relations with the local community were strong; in 1973 Girolomoni was elected mayor of Isola del Piano a position which he held until 1980. The establishment of AN coincided with the set up of a local financial cooperative, the Coofin, which aimed to retain wealth locally and support local development initiatives such as AN. Unfortunately, following some high risk decisions most of the investors lost a lot of money. This created considerable antagonism from local investors towards Girolomoni who was not only closely involved in the foundation of the Coofin but, as mayor, also represented Isola del Piano members on the Coofin board. As a result, AN's relations with the local community deteriorated and remain weak to this day. Although his efforts to save the Coofin and limit losses for local investors have to be acknowledged, there are rumours about the existence of privileged creditors, and tensions and bitterness about Girolomoni's role in the affair still remain. It would be interesting to understand why Girolomoni decided to join the Coofin instead of entering the existing MAG (mutual financial initiative) network, which included some successful initiatives in northern Italy and, at that time, represented an established, tried and tested organisation. His dislike for networks and preference for self-sufficiency might partly explain this decision.

In 1979, some founding members left the cooperative, as a result, perhaps, of initial teething problems as well as concerns about management; or, from Girolomoni's point of view, as a result of their weak commitment. His closer relatives entered the cooperative, bringing with them their farming experience. Also in 1979, AN's never-ending legal troubles started concerning wholemeal pasta (at the time it was illegal to label wholemeal noodles as pasta), and these problems continued up to the early 1990s when the regulation was changed.

Initially, AN was a small cooperative of wheat producers just producing cereals that were processed to pasta by a contracted pasta plant. In the 1980s, it was difficult to find organic pasta producers and AN was one of the few producers offering certified organic pasta. In 1983, AN made initial contact with Josef Wihelm, the president of Rapunzel, which has been buying organic pasta from AN since 1984. Today it buys more than 1000 tonnes of pasta per year. Rapunzel has built up a very close relationship with AN despite some temporary difficulties. Poor quality has been at the root of these problems, followed by the cooperative's financial troubles. AN has taken a number of steps to resolve quality issues with varying degrees of success. In 1985, funding from the region enabled the cooperative to buy a stone-grinding mill in order to produce better quality wholemeal pasta. Today, however, the stone-grinding mill is less important since wholemeal pasta is no longer its core product. Together with TeC, as part of the Product Organisation project, AN is currently considering building a cylindrical mill for white pasta which is better suited to the Italian pasta-making tradition.

In 1989, the cooperative installed a pasta making plant to enable it to process its own pasta, adopting alternative technologies to preserve as much nutritional quality as possible. However, insufficient technical and managerial skills resulted in a lower quality product, at a time when the organic market was growing alongside consumer expectations for not just an organic, but also a high quality, product. Initially, only 35% of the plant's production capacity was used and it only reached full capacity in 1995. It was essential for AN to improve quality. In 1991, Paolini, one of the founding members, began to work for Corticella Mill and Pasta Manufacturing as a consultant and sales agent, and the following year, Corticella became the exclusive distributor of AN brand products in Italy. According to Rapunzel, the cooperation with Corticella provided the necessary technical skills to overcome the quality issue.

By this time, AN was also distributing through two of its own specialist shops: the first shop opened in 1985 in Urbino followed by a second in Fossombrone in 1989. In 1991 it set up its agritourism business, and in 1996 the Alce Nero Trust was established to manage all its cultural activities.

On the financial side, AN benefited from a new law about cooperatives passed in 1992 which allowed members to contribute funds towards the cooperative's investments and, in 1995, its financial situation began to improve. This coincided with the set up of a core management team when Sergio Manuelli was appointed general director. Manuelli comes from outside Isola del Piano, as do other members of the team he created, and he worked for AN for seven years. Describing his experience, he says *"in seven years we filled up a very good box/project with contents"*, the box being the idea and mission behind the cooperative and the contents being some of Manuelli's contributions: the rationalisation of production processes (less waste); better control of the supply chain; improvements in staff motivation and commitment; restriction of long-standing members' (Girolomoni's relatives) duties, power and scope for intervention. In relation to this, Manuelli claims that *"family connections were too strong and rigid... I always had to mediate between family preferences and market needs"*. According to Girolomoni, Manuelli's most important achievement was that he organised the production and commercial areas and succeeded in realising his original concept of quality in the production process.

Manuelli's relations with some AN members have been quite fraught. Moreover, despite his achievements, he feels that his management style and business ideas were under constant judgement. Conflicts were frequent, especially with Girolomoni (regarding his son who is in charge of storehouse management) and, feeling that his authority was being undermined, Manuelli decided to leave. According to Girolomoni, he left because *"he was fed up of arguing with me though I liked fighting with him"*. Tension also existed between Manuelli and Paolini, eventually leading to the withdrawal of Paolini from AN's activities to become more involved with Corticella, initially, and later with Rapunzel. A number of AN members were unhappy about this decision.

In 1997, Manuelli entered negotiations to sell AN's brand to Corticella, which wanted to develop the organic side of its business and sell under its own brand. At the same time, AN needed money to help relieve the pressure of its financial problems, and to finance the enlargement of the pasta factory to produce long thread pasta (for example, spaghetti). This had become essential since Rapunzel, and other customers, repeatedly requested long pasta formats (in addition to the shorter ones) in order to have control of the whole pasta sector. AN had failed to make the necessary investment promised since 1990, which in 1996 lead to declining purchases by Rapunzel, although lower prices guaranteed by some of the cooperative's competitors are probably another reason for this. Selling the brand was considered a risky solution so a clause allowing the cooperative to 'buy back' the brand in two to three years time was included in the contract. Opinions among members varied and some were sceptical about the buy back clause. In the end, Corticella refused to accept the clause and the negotiations fell through. Manuelli purchased a second-hand line for long thread pasta, part-funded through the EU LEADER programme. In 1999, the distribution contract with Corticella was cancelled.

The new enterprise, Agrobiologica Alce Nero, was established in 2000 (see above). Girolomoni's wife has a 49% share in the new cooperative whilst the remaining 51% belongs to the original cooperative, AN. According to Girolomoni, this restructuring of assets had become vital to resolve its long-standing fiscal problems, however there are also suggestions that the restructuring was too family-oriented. In 2001, AN set up Mediterrabio in partnership with an Italian consortium of honey producers (Api-CONAPI) to manage its brand on the Italian market. Mediterrabio's turnover was estimated at €12.3 million in 2001 and at €14.5 million in 2002.

Girolomoni and AN have been involved in furthering organic agriculture at both national and regional levels. In 1986, they had helped set up AMAB, the Marche Organic Farming Association; and, in 1997, they were involved in the setting up of *Associazione Mediterranea Agricoltura Biologica* (also AMAB, or the

Mediterranean Organic Farming Association), the national federation of the regional associations of organic producers. In 2001, AN also contributed to the creation of *Marche Bio*, a marketing consortium, established as a federal cooperative, which manages three shops and promotes and sells its members' products directly.

AN is a leading company in the organic pasta sector worldwide and has also successfully penetrated the Italian market. Its social and ethical values are held in high esteem by its main customer, Rapunzel; however, one of the biggest challenges is to communicate this major selling point successfully to consumers. This is particularly problematic because its pasta is sold under the Rapunzel brand, although all consumer leaflets contain detailed information about AN. According to Rapunzel the impact of AN on the region is relatively high, mainly due to the activities of Girolomoni (for example, through projects like organic food in school canteens, organic trade shows, organic seminars, development of AMAB) all of which make the marketing for Rapunzel easier and more effective.

According to Rapunzel, competition in the organic pasta market is likely to intensify; in particular the growing imports of durum wheat from Eastern Europe pose a threat for all pasta plants processing only domestic raw materials. Against this background, Rapunzel acknowledges that AN's strengths can help the company succeed in the challenging environment that is emerging; AN has remained true to its principles, tradition and its business policy, even during difficult periods. It would seem, therefore, that Girolomoni's emphasis on credibility and consistency has proved valuable as regards the market and relations with business partners, and it is therefore advisable that AN continues to be market-oriented and take consumer expectations into account.

La Terra e il Cielo: crucial facts, people, and issues

The role of one of the founding group, Bruno Sebastianelli, has also played a central part in TeC's history. Sebastianelli, like Girolomoni, came from a sharecropping background. As an adolescent, he witnessed the abandonment of the countryside and held his rural origin in low esteem. However, after studying electronics, he returned to his roots convinced that there could be a future there and wanting to do something different. He started with horticulture and, eventually, became interested in macrobiotics. He shared his ideas and his concept of what agriculture should be with other people with similar ideals, in terms of the preservation of the environment, the importance of human relationships, and respect for the dignity of people.

One influential factor behind the establishment of TeC occurred in 1978 when Sebastianelli attended the first course in Italy on bio-dynamic agriculture. There he met Loris Asoli and they decided to do something together. Asoli is one of the founding members of the cooperative and, through his alternative interests and experience, he has always represented the crucial link between the cooperative and the alternative (now anti-globalisation) movements.

In Sebastianelli and in TeC, the sharecropping tradition meets the 'alternative' urban, bourgeois and merchant culture which is concerned with the quality of food, environmental preservation, and ethical issues. This connects with the new alternative culture that has been emerging in the last decades and now feeds anti-globalisation movements advocating a more environmentally and socially sustainable world order.

Sebastianelli's personality has allowed the cooperative to adopt a model based not on family relations, as in the case of AN, but on economic linkages among people. According to one of the founder members, *"Bruno represents continuity in the cooperative: he's involved in the everyday issues of the cooperative…His role is an active one [moreover] he manages La Terra e il Cielo in a warm way; he's a nice person, not invasive"*.

Historical development of La Terra e il Cielo

TeC was established in 1980, when it started farming three plots (thirty-two hectares) on the hills near Senigallia rented at a very low rate from IRAB, a charitable trust. There were eleven founder members whose first profitable activity was the production of cheese, later followed by pasta production. After experimenting with various types of organic agriculture, they decided to specialise in biodynamic production, and became the first pasta factory in Italy to receive the biodynamic logo.

In 1985, the cooperative's statute changed when a difference between 'working members' and 'members with land' was established and the cooperative opened its doors to new producers. By 1990, the parallel management of the biodynamic and organic lines was not economically viable, so the biodynamic method was replaced by the application of strict organic practices. In this year many new members joined and the cooperative began to grow significantly.

In 1996 the cooperative opened its first shop in Senigallia followed by a second in Ancona, directly managed by the cooperative. By 2000, a new cooperative, Dimensione Bio, was formed to take over management of the shops. In fact, the shops do not really represent a strategic activity in TeC's overall business since their turnover (about €350,000 pa) is modest when compared to overall turnover.

TeC moved from Senigallia to the area of Piticchio d'Arcevia in 1999, using Objective 5b funds for the construction of the new building. Piticchio d'Arcevia has the highest concentration of members, is the main source of raw materials, and, above all, is closest to the storing and milling plants. The choice was also influenced by political and administrative planning. *"The move to Arcevia was a big step for the cooperative because it now owns property instead of renting, and the entire headquarters has been built according to organic architecture and bioenergetics."* (TeC website). There is an ongoing process aimed at reorganising the cooperative primarily through optimisation of human resources and the rationalisation of procedures. A step in this process came in 2001, when it received certification in compliance with the ISO 9002 standard (a process certification), representing consistent product and process quality. ISO 14000 certification, which evaluates an organisation's environmental management systems, may represent a possible future objective.

The OMI has received a number of awards in recognition of its product quality and ethical goals. In 1991, it was awarded first prize in the Italian National Organic Pasta competition followed by the award for best pasta in the German market, from the consumer magazine *Ökotest*, in 1992. In 2000, it received the UK Ethical Consumer award and the UK Challenge 2000 pasta prize. In 2001, it was awarded best organic whole-wheat pasta in Italy by *L'Altro Consumo* magazine and, in the same year, it received Kosher certification from the Manchester Beth Din.

TeC has become involved in a number of initiatives which reflect its environmental and social ethics. In 2001, the Guatemala Project, *"Mayan organic coffee, for a new millennium of peace and solidarity"* was started, in partnership with Nobel Peace Prize recipient Rigoberta Menchù Tun's Foundation and the *Canaleña Union y Fuerza* cooperative. The goal is to develop a direct and equitable importation network, according to fair trade principles. Its seventy-four members are organic coffee producers primarily made up of Mayans indigenous to Villa Canales and Quiché. The cooperative produces and harvests locally grown coffee and handles the preparatory processing, while TeC is responsible for the roasting, packing and selling. Part of the money will be used to fund development projects for the indigenous Mayan population.

In 2002, TeC became involved in the organisation of the First International Meeting of Well-being held in Piticchio. From this, the idea of transforming the area into a 'well-being area' emerged, which would promote healthy eating, relaxation, natural therapies and *"offer a quiet place to develop one's spirituality"*. The project involves a number of local actors including residents, the parish priest and producers. In the same year, the cooperative joined one of the Tagwerk initiatives on ecotourism. Tagwerk is a German organic cooperative that organises environmentally friendly tours around Europe to promote an ecological lifestyle. In this tour, from Dorfen in Bavaria to Athens by bicycle, the participants stop in Senigallia, as guests of TeC. Together with Girolomoni, Sebastianelli contributed to the creation of the Marche Organic Farming Association (AMAB) in 1986 and its umbrella organisation, the Mediterranean Organic Farming Association (also AMAB) in 1997.

Today, TeC is a successful company with promising prospects. It is a well-known initiative actively involved in many social and cultural projects. The backgrounds of the founder members, its past and recent achievements and the various changes the company has undergone, have all contributed to its present success and popularity. Its commercial drive is strictly interlinked with its ethical and cultural ideals, and the company and its people are involved in a variety of challenging activities. A further rationalisation of resources, in terms of processes and procedures as well as definition of roles and tasks, is crucial for the cooperative's future. Another challenge is to find the balance between its cultural and commercial activities, so that their development is part of a coherent strategy. From the local perspective, the OMI is perceived as another tool to achieve the welfare of the community. According to the mayor, *"La Terra e il Cielo is seen as a successful business initiative which is able at the same time to provide for local environmental and cultural needs. It is a successful initiative which is working as an example for other potential entrepreneurs, contributing to the creation of a positive, dynamic business environment."*

5.3.2 The organisation and environment: SWOT analysis

This section contains an analysis of the strengths, weaknesses, opportunities and threats for the two OMIs compiled and developed in consultation with the advisory committees and the in-depth stakeholder interviews.

Strengths

The commitment and charisma of the founders is emphasised as a major asset for both OMIs. Gino Girolomoni is described as a committed pioneer with strong values and vision, capable of networking on both a national and international level. Similarly, Bruno Sebastianelli is a committed spokesperson for the organic sector: he is empathetic, supportive and appreciated by many people, all of which has promoted strong relations among the members of TeC. The strong family involvement that characterises AN is seen as essential to the survival of the OMI especially during difficult periods. In contrast, the management style of TeC, which is more democratic and participatory in nature, has led to high workforce commitment and flexibility in structures and organisation. Involvement is strong among its membership (especially the producers) and there are high levels of trust, mutual respect and effective communication.

Local sourcing of wheat; the use of 'soft' technologies; dedicated pasta making plants, and, in the case of TeC, eco-friendly storage facilities, all contribute to the high quality of the product for both OMIs. Also, both have a high level of understanding of the importance of brand awareness: in AN's case this is especially linked to the OMI's history and success and Girolomoni's extensive writing and media coverage of the OMI's activities. TeC's decision to diversify its product range to offer complementary products such as tomato purée, oil, and wine has been especially important to its export activities. A key strength of TeC is its stepwise growth, without taking too many risky decisions but, at the same time, taking advantage of opportunities as they arise.

Both OMIs have contributed to rural development: in AN's case, with the provision of jobs and services; TeC has increased visibility at the local level, building a local identity around the product and the mission, and establishing local networks and fostering good relations with local politicians, institutions and authorities. They are also an integral and influential part of the regional organic network.

Weaknesses

Although Girolomoni's charismatic nature is described as an asset to AN, his individualistic and dominant style can at the same time inhibit the cohesion of the organisation. The mix of management and family has led to conflict between the strategic planning and the day-to-day management of the business. His management style is hierarchical and not always very flexible which has diluted the cooperative spirit of the workforce and its commitment to the business. The managerial style of TeC, although very different, has also led to conflict about the running of the business in terms of, for example, poor organisation and confusion of roles and responsibilities. Both OMIs have struggled with financial issues and are over dependent on export markets; AN needs to improve its export strategy and TeC needs to resolve the issue of fragmentation of its export markets.

Promotion policy is weak for both OMIs, particularly TeC where communication and advertising has been referred to as *"unattractive"*. Nevertheless, it is involved in some innovative communication approaches, for example special tastings provide information about the intrinsic characteristics of pasta at their shops (a first for this type of cooperative in Italy). Although there is room for improvement in the quality of AN's pasta, in promotional terms it does not make the most of its use of soft technologies for processing its product, and a large share of its production is sold under other labels. In addition, on the Italian market the brand is entirely managed by Mediterrabio. Their marketing focuses on increasing supermarket share at the expense of specialist shops, a strategy which Girolomoni fears could result in a loss of credibility and consumer trust. Product issues for TeC centre on the diversification of its range, which is difficult to manage as it involves small volumes. Overall, TeC lacks a strategic marketing approach.

Links between AN and the local region and community have deteriorated, and it has perhaps reached a stage where a carefully managed trade off is required: between ethical values and the original mission, and business and managerial needs.

Opportunities

The main opportunity for both OMIs exists in the strong growth of the organic market in Italy and worldwide. In the Marche region, a preference for local food, countryside and tourism resources is emerging on which the OMIs could capitalise.

Threats

Major threats include increasing imports of cheap organic produce, in particular durum wheat from the EU accession states; reduction of public financial support for organic agriculture; competition from low quality organic processed products and private label products, and a conventionalisation of the organic sector.

5.3.3 Success factors in the development of the OMIs

AN and TeC are both successful cooperatives in the organic pasta sector, well known and respected for combining ethical and cultural values with commercial goals. In this section, their success is analysed in terms of internal factors that have shaped that success; the motivation of the actors involved, coherent application of the OMI's original ideals and internal cohesion among actors, and finally their technical competence or expertise.

Motivation

Gino Girolomoni has undoubtedly been highly motivated in developing AN. The OMI can be considered his baby, *"his prayer"*, and is so tightly interlinked with its founder that it is difficult to separate one from the other. His commitment to organic agriculture is motivated first of all by his worldview, which is a profound synthesis of deep ecology and grass-roots Catholicism, and through this he is able to contribute to environmental conservation and preservation of rural values and tradition.

The managers involved in AN have also proved to be highly motivated and they participate in the cooperative's activities with a high degree of personal commitment. According to Girolomoni, one-third of his employees are there only for the sake of a job, without any particular involvement. By contrast, the employees interviewed appear very motivated and happy to work for AN. A number of employees are family members which may influence their behaviour and attitudes towards work. For the most part, however, there is a perceptible sense of satisfaction at being part of *"this large family"*, as two AN employees described it.

Bruno Sebastianelli has been equally highly motivated throughout the development of TeC. Along with the other members of the cooperative, he believes that organic farming is not only a new, alternative agricultural practice but also reflects an alternative way of life. His commitment to the organic movement is reflected in his involvement in the wider development of the sector in the region.

The democratic and supportive management that characterises TeC has produced a high level of commitment among the staff and good interpersonal relations. The workers interviewed display a strong sense of ownership towards the cooperative and its goals, and are proud to be part of the OMI.

Coherence

Girolomoni founded AN with a precise principle in mind and it has been his goal not to betray this. He tries to be coherent and consistent in his actions and not to accept compromises in the name of the profit, although this could possibly be jeopardised were Mediterrabio to mismanage the brand.

According to Girolomoni, AN's strict hierarchical management structure and family linkages are at the core of its internal cohesion. The family circle has provided a reliable source of resources and energy. In light of this, the reorganisation of capital within the family and the desire to see the family's children living and working in the company appears a legitimate aspiration, although this cannot be easily accommodated within market and managerial requirements. As a result, disruptive conflicts have arisen with the management competencies provided by professionals external to the family and to the historical core of the cooperative. Regarding internal cohesion, another consideration is the gradual dilution of AN's original message which is not always shared by the family's new generations or by external employees.

Internal cohesion in TeC is demonstrated by the fact that the principles of organic agriculture have never been questioned and the majority of the founding members of the cooperative remain committed to their membership. What differentiates TeC from AN is a positive attitude towards innovation and external contributions. The Guatemala and Well-being projects are two examples of such innovation and differentiation.

Competence
AN products are, for the most part, considered to be of a high quality, partly because of the soft technologies employed, although one interviewee felt that the pasta was more of a moderate quality. Its principal customer, Rapunzel, appears satisfied with the quality and has acknowledged the efforts made by the cooperative to improve product quality. Work still remains to be done to communicate this additional quality factor adequately to consumers. AN's reputation can be partly attributed to Girolomoni's excellent communication skills.

TeC products are also widely considered to be of a high quality. During the past years, a lot of effort has been made to improve product quality with positive results. As mentioned previously, the lack of a real strategic market approach (in terms of internal organisation, communication and promotion) is one aspect that could be improved. Attempts to deal with the company's organisational and communication weaknesses are currently being made, with encouraging results.

Both OMIs would benefit from further professionalisation of their management styles. For AN, this would entail the introduction of some elements of flexibility in the current hierarchical structure, and for TeC a clearer definition of tasks and roles. Improvements in communication strategies are also needed; AN could focus on more effective brand communication emphasising the product quality, and TeC needs to improve the use of communication tools to increase their effectiveness. For AN, brand policy at the national level constitutes a crucial issue following the creation of Mediterrabio. Neither OMI has a clear and far-sighted export strategy, yet both are heavily dependent on foreign markets. For TeC in particular, foreign trade is very fragmented, with many small customers scattered around the world. Finally, bearing in mind past financial troubles that AN has experienced, and the crucial restructuring phase currently underway at TeC, it is likely that financial issues will represent a critical factor in their future development.

5.3.4 Consumer attitudes to Alce Nero: focus group results

As in the other case study countries, six group sessions were conducted in the Marche region, in the province of Ancona; the AN cooperative, situated in the province of Pesaro-Urbino, was chosen as the OMI to be analysed. AN is viewed positively by regular and non-regular consumers on account of its history and professionalism, as well as for the impact it has had on the region.

Its main strengths were considered to be the broad distribution network for its products, both through supermarkets and small shops, although some felt that supermarket sales compromised its organic authenticity. Some of those unfamiliar with the OMI felt that its presence in the supermarkets is particularly positive and more convenient, as they do not like to shop in small, specialist outlets. Also, the attractive packaging and logo, and the image it conveys, were viewed very positively, as was the good access to information about the OMI and its products through its leaflets, but more especially through visits to the cooperative.

As mentioned above, some participants expressed concerns about the increasing presence of its products in the supermarkets, fearing a breakdown in trust in the brand. Some criticised the small range of products and the fact that they are only distributed in the Marche region. A tension emerged between wide distribution networks that help the cooperative to develop, but risk the brand being seen as mass-market with lower quality products. Other perceived weaknesses (not necessarily mentioned by all participants), including poor promotion, lack of transparency concerning the regional origin of the products, dull and uninspiring packaging, and the poor taste and quality of the pasta. However, in Italy there is a strong, pasta eating tradition and it is difficult for organic pasta to gain market share, whereas in Germany, for example, this problem does not exist because consumer expectations for pasta are different. Some regular consumers consider it important that a company has ISO 9002 certification (a process certification) and, since AN does not have this, consumers do not feel this higher level of product guarantee. Different opinions were expressed about the price of AN pasta: some consumers were of the opinion that the high price compared to conventional pasta is a weakness, which limits the distribution of organic products. On the other hand, one regular consumer considered the price of AN pasta to be very low and, paradoxically, this lowers his trust in the organic origin of the products.

As regards its impact on the region, there was general agreement, expressed by both regular and non-regular consumers, about the positive regional effects of an organic business such as AN. Organic production plays a part in protecting the environment because the land is not exploited, no pesticides are used in cultivation and nature is less polluted. Moreover, it was felt that the presence of AN could encourage other cooperatives to start producing organically, or convince more suppliers to use the cooperative which, for consumers, would mean a wider range of organic products and lower prices. The presence of organic businesses adds value to the area: land is not abandoned or left derelict. The presence of AN in the Marche region exploits the fact that wheat from the Marche is of a high quality. In addition, for some non-regular consumers, AN acts as an advertisement for the region as a whole, and is a way of adding value to products from Marche in general. For several regular consumers, having one of the oldest and best known organic cooperatives in Italy in the Marche region contributes to raising the quality of life in the region: the products sold are healthy, and consumers pay more attention to eating healthily and to food quality. The small size of the cooperative gives the impression that it has a close relationship with consumers. Finally, the presence of an organic business should make organic products more available in the Marche than in other regions.

Participants provided a number of recommendations for the wider development of AN organic products from the consumer point of view:

- Price: there was a consensus that if AN products are to be more widely available, prices should be lower. This was considered to be the main area of interest for consumers.
- Product: suggestions included the development of packaging in a way that is sympathetic to the product; a more comprehensive label (more transparent concerning the origin of the raw materials and processed products); and the option of smaller portions of organic products as a way of promoting organic products to small families.
- Place: develop home delivery and internet services; make the whole range of AN products available in supermarkets to encourage existing consumer loyalty and to attract new consumers.
- Promotion: investment in advertising and brand promotion (brochures, product samples; food tasting at point of sale etc.); educational activities in schools about organic agriculture and the OMI. In addition, some regular consumers think that promotion of organic products should differentiate between regular and non-regular organic consumers.

5.3.5 Aims and strategies

Alce Nero

AN is a pioneering, dynamic, risk-taking initiative which has been a forerunner of organic agriculture in the region in many respects, such as experimenting with different techniques and processing activities; penetration of export markets; relations with the mainstream grocery trade; development of organic organisations; and the integration of the organic farming experience with an area-based rural development project. In relation to the latter, it is interesting to note that the choice of setting up an organic cooperative in a remote, marginal rural area, heavily affected by out migration, largely anticipated present EU and national concerns and development strategies for peripheral rural areas. AN's risk-taking, experimental, and sometimes aggressive, approach has allowed the company to achieve some important goals, but at the same time has exposed the

OMI to some failures and crises, which up to now it has weathered successfully. The OMI's charismatic founder, the intellectual and cultural ideals underpinning its mission, and the company's hierarchical structure and family-based organisation are other important factors contributing to the OMI's evolution and development, and influencing the perceptions of the outside observer.

Due to the size of the pasta making plant, AN is seeking to expand its membership, mostly outside the region (Tuscany, Umbria, etc.) where larger suppliers are predominantly found, although this sourcing strategy detracts from the aim of closing up the supply chain within the region. On the other hand, the preference for local suppliers and integrated growth of the organic cereal sector could represent an important goal for many actors playing a role in the regional organic arena: small local producers, their associations, various market actors and regional authorities. The issue of raw material costs should nevertheless be carefully analysed in terms of brand image and final product price using standard marketing tools.

According to Girolomoni, Mediterrabio's marketing strategy of focusing on supermarket share has created an imbalance, which he is trying to redress with the help of recent member, Banca Etica. If this succeeds, Girolomoni has two interesting project ideas: the first aims to network organic producers and point of sale; the second is to set up an alternative distribution channel combining organic products with fair trade, in partnership with the bank.

The successful performance of export markets has been fundamental to the growth of the OMI, which has faced aggressive competition from major national brands. For a long time, the domestic Italian market had few opportunities for small, alternative initiatives producing organic wholemeal pasta, a product not even defined in national law until the early 1990s. The ability to meet customers' requirements abroad has therefore been the key to AN's success on export markets. As a result, the OMI now deals with some of the major organic traders: Rapunzel in Germany, BioCoop in France, and Whole Food in the USA. These marketing achievements do not correspond to a similarly good performance in terms of brand marketing. A significant share of the exported product is still sold under different private labels: only in Switzerland and in Japan are its products sold under the AN brand. Brand weakness on foreign markets is acknowledged by the OMI's management and represents a crucial area to target in the near future. Increasingly aggressive competition in the sector, mainly from manufacturers with a cost leadership strategy, is another fundamental issue which needs to be tackled.

La Terra e il Cielo
The cooperative form and the democratic and participatory style of management have remained central in the evolution of TeC, which has been characterised by a more risk averse approach to market opportunities and business expansion than AN. However, similar to AN, TeC has undoubtedly been a pioneer in the national and regional organic sector, although its growth has been smoother, more gradual, cautious and without major disruptive events, and with less problematic, closer relations with local authorities and local communities.

Although the style of its management, combined with flexibility in the structure and organisation of the company, has contributed to the high workforce commitment and satisfaction, it has sometimes adversely affected business results. For a long time, roles and tasks have not been clearly defined, often resulting in overlapping activities and/or gaps in processes and procedures to the detriment of customer satisfaction. The rapid and consistent growth recently experienced by the OMI has contributed to these difficulties. Optimisation of human resources and the rationalisation of processes and procedures have therefore become a crucial priority for the OMI, which is currently undergoing a process of reorganisation. Receipt of ISO 9002 certification is an important outcome. At the same time, this only represents an initial step and further efforts are needed in the short to medium term to optimise resources and procedures.

Efforts to improve product quality seem to have been rewarded: the OMI is, rightly, very proud of the various international awards that the cooperative's pasta has received. At this stage, though, a more effective and efficient strategy of product communication and promotion is also needed. In this respect some work is currently being carried out, but a proper evaluation of results is not yet possible.

In recent years, TeC has been expanding its range of products. This product diversification combined with a broad portfolio of customers scattered all over the world is not a situation which is easy to manage and does not represent an effective or efficient marketing strategy. The continuous diversification of products and activities appears to be an ever present feature of TeC's evolution, mainly fostered by the open attitude and wide ranging interests of the OMI's founding group. Many other exciting projects and opportunities may emerge from such an approach yet, at the same time, the OMI runs the risk of undertaking too many new activities which may not be fully consistent with its original mission. Arguably more benefits and interesting growth opportunities could arise instead from a closer and more structured cooperation with AN, which seems very interested in exploring possible options in this direction, although the different size of the two companies (TeC being smaller than AN) is, without doubt, an issue that it may want to consider carefully. Also, the fear of overly rapid growth may represent a stumbling block for TeC which cannot be disregarded.

5.4 The regional context and rural development

AN and TeC bear many similarities; both started up around the same time having developed in the same regional context, and operate in the same sector. Conversely, each OMI is the result of a unique combination of people, interests, and events that have shaped their evolution and which will affect their future development prospects. Both OMIs, now in the mature stage, are at a crossroads. In this section, the interests of the OMIs' stakeholder groups are analysed with specific focus on key relations in the region, and their impact on rural development processes.

5.4.1 Relationships between Alce Nero and the regional context

Interestingly, despite its popularity and multiple activities in the wider Marche region, AN is not strongly interlinked with its local community and institutional framework: there are few connections with Isola del Piano municipality, the Comunità Montana authorities and more generally, with the numerous tourism initiatives in the area. This can perhaps be explained by the events which occurred to turn AN into an extended family business rather than a local village/community initiative; in the beginning about half the village was opposed to Girolomoni in political terms (the local priest originally viewed AN members as heretical). Events such as the Coofin affair seriously damaged relations with the local community and, eventually, some of the founder members abandoned the initiative and it was taken over by family members. Despite this, investments in the agricultural sector, especially organic farming, play an important role in the current mayor's strategy for local development. An organic menu is already being served in the canteen of the local school and, most importantly, there is a declared willingness to support AN which is seen as an important resource in spite of differing political allegiances.

As mentioned earlier, Girolomoni is a powerful advocate against what he sees as the conventionalisation of organic agriculture. According to him, the original principles of organic agriculture are being oversimplified, and its alternative, innovative message is being diluted. In other words, the modern organic sector is losing credibility, and its ability to challenge the rationale and effects of conventional agriculture is being diminished. To some extent, AN has succeeded in bucking this trend and represents an influential actor in technical, commercial and cultural terms. The power of the cultural vector is demonstrated by the success of initiatives carried out by the AN Trust and by the multiple activities of the AMAB study centre (located at the Monastery), attracting many national and international operators.

In the debate about the future of the regional and national organic sector, however, Girolomoni's ideas contrast with the position expressed by other stakeholders who see a need to modernise the organic sector and seize opportunities often missed in the past. The extent to which such modernisation will, inevitably, entail some conventionalisation in order to fully exploit its potential, is hard to say. In the regional (and national) organic arena, the balance of power is rapidly evolving and new, influential actors are emerging, many of them with interests in the modernisation of the sector. They occupy new positions in pre-existing networks, form associations with other actors with similar agendas and mobilise available resources. In the light of this, Girolomoni sees an urgent need for new, strong and aggressive partnerships involving old 'friends' and new initiatives. Especially at the regional level, the creation of strategic alliances and, in general, the intensification of networking activity is perceived as crucial. The need to capitalise on the efforts made by the pioneers and on previous collective achievements (such as AMAB, *Istituto Mediterraneo di Certificazione* (IMC), regional law, etc.) is emerging as a priority that can no longer be delayed.

In the regional scenario, closer and more structured cooperation between AN and its companion competitor, TeC, undoubtedly represents a worthwhile move with potential benefits not only for both parties, but also for the revitalisation of the historical organic network of the region. Such cooperation, which has been long considered, could find new energy and motivation in the present context, and both Girolomoni and Sebastianelli hold each other in high esteem. At the same time, there remain some delicate issues to be explored; different business size, and diverse personalities, competencies and interests need to be carefully considered and managed.

From a rural development perspective, AN might be described as a small, self-contained community (the extended family, local producers, employees, etc.), living and working within a larger local community but with no significant networking between the two. Such weak linkages explain why AN's impact on rural development is not so evident, despite the success of the OMI and its wider activities, and its commitment to pursue action in local development processes. Yet, what can be perceived as isolation by the external observer, perhaps could be better described as an unconventional, independent development path pursued by AN in what it considers to be 'its territory'. This territory, however, is becoming increasingly open to various other development practices, carried out by individuals and institutions with few collaborative relations with AN's mission, business and actors. An additional or alternative insight into this situation is also possible: in the 1970s, Girolomoni's ideas about rural development attracted much criticism and were considered out of step with mainstream agricultural policy. Coupled with personality clashes, this led to institutional and personal conflicts that prevented effective networking. Now that rural development is a widely accepted concept, these past personal and institutional relations cannot easily be rebuilt and, in some cases, there is no real interest in trying. Once again, AN appears to be out of step, and any functional networking is difficult to establish. In this respect, it is interesting to compare AN's history and present situation with that of TeC, which only moved into a rural context three years ago, when many of the negative changes affecting the Italian countryside were diminishing and rural development processes were being encouraged and supported by institutions and local communities.

5.4.2 Relationships between La Terra e il Cielo and the regional context

Though different in size and managerial style, TeC has many similarities to AN in the role played in the regional (and national) organic sector. Sebastianelli is widely recognised as a pioneer and charismatic figure in the organic arena and TeC is valued as an influential success story. Yet, as described in the case of AN, in order to shape the future of the regional organic sector, strategic alliances and intense networking have now become crucial for the OMI to find its way and redefine its role in the rapidly changing organic arena.

As a relative newcomer to its rural location, TeC has had little tangible impact on local development processes as yet (for example, in terms of job opportunities). It does, however, have a strong interest in the revitalisation of the local community. Some of the relations that attracted the OMI to the Piticchio d'Arcevia area three years ago could play an important role in this respect. The invitation from the former mayor of Arcevia for TeC to settle in the area was motivated by her high regard for the OMI and her awareness of the significant, positive effect that it could bring in terms raising the image and profile of the local territory. Mutual respect and willingness to cooperate are also the basis of current relations between TeC and local authorities, which will be crucial for undertaking common development initiatives. Other linkages between the OMI and the immediate area, though of some potential importance, have not undergone any further notable development. For instance, it has not succeeded in expanding its membership in the area and only a few producers converted to organic agriculture after its move there. Existing relations are undoubtedly strong and trust-based, but still not numerous.

Promising new linkages with other important local stakeholders have been established during the short time TeC has been operating in the area. These include the fruitful cooperation with the local association, *Gli Amici di Piticchio*, and increased contact with local consumers thanks to the opening of the storehouse to the public on certain days of the week, which is adding to the visibility of the OMI, its products and its mission. It may be argued that the soft, and essentially intangible, impact of TeC on the area up to now is not, by any means, indicative of the potentially more substantial impact that the OMI could have on future local development processes.

5.4.3 The regional actor network

According to the present regional government, the organic sector policy support adopted by the previous government had a major drawback: it was a sector-based approach, implementing specific legislative action and support initiatives, which overlooked essential linkages between the organic sector and the regional agro-rural system. Thus, the potential for local development that organic agriculture had to offer was not fully exploited. Building on lessons from the past, the present regional government claims to view organic agriculture as an integral part of the regional agro-rural system, and, thus, a horizontal priority to be considered in sector and system development plans. In answer to critics accusing the regional government of reducing public support to the organic sector, it claims that, even though available resources are scarce, the authorities' intention is to increase support using a different distribution strategy.

In the rural development framework, agricultural policies need to be considered within the wider context of local economic development and service provision. In order to identify the multiple needs of local communities and productive segments and to encourage synergies among various development trajectories, the regional authority has recently taken action to promote discussion and concerted action among stakeholder groups operating in regional agro-rural contexts: farmer unions and other agricultural institutions, industry and trade operators, consumers associations, environmentalist groups, and operators of health and employment services. Through a participatory approach, it is envisaged that a development strategy for the regional agro-rural system will take into account the needs of different rural actors and distribute available resources accordingly. This is the rationale behind the ongoing refinement of the Marche RDP and Regional Plan for the Agricultural Sector.

Organic agriculture features prominently in this holistic vision for rural development in the region. It is entitled to consistent, but not exclusive public support, which can be justified on the grounds that organic production takes into account increasing concerns about food safety and environmental conservation, and has significant potential for the revitalisation of the region through multiple strategic links with tourism, craft and cultural activities. In the regional authority's view, though, the extent to which the regional organic sector develops further relies considerably on its capacity for project development and management, which at the moment remains weak and disorganised. Thus, any associative kind of initiative, encouraging the structuring of the sector as well as the collection of regional organic produce, is looked upon favourably by regional institutions which acknowledge the need to support any form of collaboration in the agricultural sector. Thus, it may be argued that the creation of regional organic districts or the setting up of a cereal product organisation between AN and TeC would be valued positively and encouraged.

Regional institutions' intentions towards organic agriculture are not entirely trusted by many operators who accuse the present regional government of withdrawing support guaranteed to organic agriculture by the previous government. According to some members of the regional organic community, the declared regional interest in the sector has not resulted in more concrete, operational commitment and action. A more focused effort to support the organic sector was expected, as opposed to the rather disappointing attempts to distribute RDP (and other) resources equally, a strategy that, according to many, will inevitably lead to poor policy results and missed opportunities.

The new AMAB (*Associazione Mediterranea Agricoltura Biologica*) has become established as a national federation of regional organic agriculture associations, and is now a pivotal element of the regional organic network, and newly established associations in other regions. Its membership is well developed at the regional level and has recently been growing at national level. AMAB is aware of the need to strengthen organic networking at the regional level. With this aim, various initiatives have been undertaken, but, so far, the impact remains weak. *Marche Bio*, a marketing consortium, cooperative of cooperatives, promoting and selling its members' products, is one such initiative. It currently runs three specialist shops in the region and has been trying to develop the catering market channel. After a slow start, it seems to be booming as the recent signing of new contracts with school canteens suggests. *Marche Bio* has been a test-bed project, a sort of experiment from which important lessons have been learnt; the difficulty of combining different commercial interests is without doubt one of them.

In general terms, AMAB feels that the time has come to strengthen and consolidate the regional organic system; to go beyond individual interests and histories, and concentrate energies and resources on clearly defining roles and tasks, and properly structuring the regional organic sector in line with a supply chain perspective. Among other benefits, such a collective effort would also allow better provision of technical and commercial services. This step is essential to achieve success and enhance the visibility of 'organic Marche' both nationally and internationally. An initial step would be the intensification and strengthening of the regional organic system's relations with regional government. Currently, fruitful cooperation between the two is hampered by two main factors: firstly, individual company interests prevail and conflict with the need for a collective strategy and a network-oriented organisation of the regional organic community; secondly, regional authorities are accused of being unable to assess accurately the potential of 'organic Marche' (which outside the region, paradoxically, is seen as a model to emulate) and, consequently, to invest effectively in its coherent development.

The *Istituto Mediterraneo di Certificazione* or IMC was set up in 1995 and is one of nine private certification bodies authorised to operate in Italy. Besides certifying in compliance with EC Reg. 2092/91, IMC also carries out the additional certification procedures in compliance with AMAB's stricter standards. Created out of the AMAB experience, IMC maintains a close relationship with the association in which it has a 47% share. Important relations are maintained also with AN and TeC both of which were involved in its formation. Yet, like AMAB, IMC has clearly identified tasks to accomplish and strategic interests to pursue. In the regional and national organic arena, the close relation with producer associations has proved fundamental for certification bodies, especially in the start up phase. Strategic links (and informal alliances) with farmers' unions are reported to be of crucial importance as well. In Marche, however, where IMC carries out much of its work, competition among certification bodies has not been particularly strong. IMC has only one single important competitor, Suolo e Salute, which has been increasing its presence in recent years. At the national level, IMC developed predominantly in central Italy (and in Calabria) and claims not to have been interested in an aggressive recruitment campaign, but rather in focusing on the range and quality of services provided. Diversification of services (that is, the provision of additional certification services related to other quality labels and systems) can be seen as the natural evolution of a certification body's role and tasks.

With a large part of its interests still based regionally, IMC stresses the need for better organisation of the regional organic sector in order to help overcome the disadvantages associated with niche activities, and to try to compete effectively on the mass market. However, it acknowledges that this is especially difficult when dealing with cereals, a commodity facing stiff competition from eastern European countries as well as from major national pasta brands. The fragmented nature of land management patterns in the region, with its numerous small producers and networking difficulties, represents an additional structural problem.

Another bottleneck, adversely affecting the development of the organic cereal sector in Marche is the inadequate number of bran-making plants working with organic cereal producers inside the region. As a result, organic cereals produced in Marche are often processed outside the region and are then brought back to Marche to be processed in regional pasta-making plants. In a global market context, is probably unrealistic to expect the organic cereal supply chain to be completely enclosed within the region. Nevertheless, some efforts could still be made to fill some gaps in the chain, thus creating more value added at the local level. This would, at least, reduce production costs. Work on the demand side also needs to be done. Although consumer demand for organic products is increasing, competition is also growing rapidly, and the price of some of Marche's organic products is still too high. Moreover, effective communication and promotion strategies need to be implemented to link the consumption of the regional organic product in with regional image. AN and TeC are inevitably involved in the issues surrounding the restructuring of the cereal sector, as well as the 'niche versus mass market' debate.

5.5 The impact of the two OMIs on local processes of rural development

The successful management of an OMI as a private company does not necessarily generate a significant impact on rural development processes at the local and regional level. Therefore, for a better understanding of an OMI's function as a catalyst for regeneration of rural landscapes and local economies, the issues identified in the SWOT analysis need to be reconsidered in the broader context of the local/regional economy, and according to the local community's perspective. Also, such issues need to be integrated with the analysis of other equally relevant factors to the local/regional context.

The notion that organic farming and rural development share a similar vision for agriculture and its role in local development processes underpins the focus and the strategy of the research work that has been carried out. Evidence of this link can be found in the relevant literature describing multiple synergies between current rural development practices and organic farming systems. The Marche case study may contribute to this debate in a twofold way. Firstly, in Marche, the pioneer organic movement, the emergence of which was associated historically with the end of sharecropping system, drew from this the cultural driving force and entrepreneurial skills required to introduce and develop alternative farming methods and, through them, an alternative vision of rural territories, of life in rural areas, and, consequently, of rural development itself. Secondly, some interesting insights can be drawn from the parallel between the two OMIs' diverse and yet similar experiences. In relation to that, it is important to point out that the appraisal of the OMIs' impacts (weak or strong, intangible or concrete, temporary or permanent, universal or unique) should not be viewed in isolation from the spatial (strictly rural in AN; urban and rural in TeC) and temporal context in which such impacts arose.

The ethos of organic agriculture suited each OMI's original mission. For both AN and TeC, the choice of organic farming was a way of life, inspired by an alternative vision of agricultural work and rural life, rather than by business goals and market opportunities. Yet market success was also achieved, primarily, thanks to the innate entrepreneurship and dedication of the two charismatic leaders, supported consistently by a small circle of people (a few friends and family members in one case; essentially friends, in the other) who shared the OMI's values, troubles and success. Operating in the same regional context and sharing ideals and difficulties, both Girolomoni and Sebastianelli (and their OMIs) have had a significant impact on the emergence and development of the regional and national organic sector that they helped to build, and in which they still play a prominent role. At the same time, each OMI pursued its own distinct path with different impacts on local development processes. Contrasting managerial styles and differing attitudes to local networking have been key elements affecting each OMI's history and development trajectories.

An evaluation of the impacts of AN and TeC on rural development has been carried out by assessing each OMI's performance, in qualitative and descriptive terms, against a range of selected indicators, related to the key dimensions of rural development and seen as relevant in the investigated contexts (summarised in Table 5-2). In each case, impacts have also been considered in relation to the Marche's critical rural resources, and the competencies identified in the regional RDP, on which the rural development strategy is focused. Although the reflection on selected indicators needs further development and the information available is sometimes incomplete, the exercise offers some interesting insights.

According to Girolomoni, AN represents a striking example of rural resource preservation and reconstruction. In its locality, most local producers have decided to remain whereas, in similar areas, people have left. Also, a number of rural houses have been restored and young people have even returned to settle there. Organic pasta production constitutes a crucial business activity with multiple upward and downward linkages in the area, even though most of the produce processed at AN's plant is not sourced locally.

Table 5-2 Alce Nero and la Terra e il Cielo: main impacts on rural development

SOCIO-ECONOMIC DIMENSION **Contribution to local and regional economic growth and to community revitalisation and welfare**		
	Alce Nero	*La Terra e il Cielo*
Employment generation	Modest – jobs often given to members of extended family. No local people hired for core management positions.	Low – only 3 new jobs created after the move to Arcevia. No local people employed.
Improved income levels	Producer members are satisfied with high prices received for their produce, even though payments are often delayed.	
Working environment and job satisfaction	According to Girolomoni and his niece, young people (our children) like living and working for AN.	All employees interviewed appear satisfied with their jobs and the working atmosphere.
Diversification of activities	Development of agri-tourism activities. *Bio Europa* yearly meetings. AN's location coupled with the beauty of the natural setting could provide scope and resources for further expansion or diversification of its activities.	Organisation of cultural and entertainment activities in partnership with the Association *Gli Amici di Piticchio*. Ongoing discussion on the Well-Being project. In general terms, the OMI appears very much interested in diversifying their activities in all possible directions, sometimes even stretching beyond their original mission.
Improvement in local identity and marketability	Cultural initiatives at the monastery attracting international visitors. Educational activities for schools.	Various initiatives in partnership with local institutions and authorities.
Local community involvement	Scarce, especially after the Coofin affair.	Low at present, but potentially increasing.
Improvements in local knowledge and skills.		Training courses on organic agriculture.
Improved access to services	Local access to water and electricity services seems to have improved.	

Table 5-2 Alce Nero and la Terra e il Cielo: main impacts on rural development *(continued)*

	Alce Nero	La Terra e il Cielo
Improvements in local availability (and consumption) of healthy/quality food	Management of two specialised shops in nearby villages.	The storehouse is open once a week to the public, which seems to have slightly increased local consumption of organic products. Opening of the shops in Senigallia and in Ancona increased the visibility of cooperative products, fostering local consumption.
Development of strategic business alliances at local level	Contribution to the creation of *Marche Bio* Consortium.	Contribution to the creation of *Marche Bio* Consortium.
Institutional networking at local and regional level	Contribution to the development of the regional organic sector. Intense lobbying of regional institutions dealing with the organic sector.	Contribution to the development of the regional organic sector. Intense lobbying of regional institutions dealing with the organic sector. Close relations with Arcevia municipality.
Catalyst effect	Important impact on conversion rate at the local level. Networking with some local agri-tourism activities.	Has set an example to other potential entrepreneurs, contributing to a positive, dynamic business environment at the local level.
ENVIRONMENTAL DIMENSION Contribution to local resource conservation and environmental health		
Agricultural land conservation and sustainable management	Important impact on conversion rate at the local level. Preservation of ancient varieties.	Moderate impact on conversion rate at the local level. Preservation of ancient varieties.
Visual impact of premises		New premises built according to bio-architecture principles.
Adoption of energy and materials conservation		New premises built according to bio-architecture principles.
Waste management strategies	Recycling	
Enhancement of environmental awareness	Educational activities for schools.	Activities and visits: its headquarters are open to the public.

In addition, AN’s very presence and growth have encouraged other activities linked to the cooperative and the surrounding area. Therefore, although its membership within the local farming community is still quite limited, the OMI provides many other job opportunities locally, arising from its processing and marketing activities, the agri-tourism business, and various cultural and educational initiatives. AN's visibility in the area is further enhanced by the presence of its two specialist shops. Encouraging people to stay on the land, through provision of jobs, business opportunities, and services, the diffusion of organic agriculture, and the commitment to the preservation of the peasant culture and local traditions have all contributed to safeguard the human, environmental and cultural resources and, with them, the identity of the area.

Sebastianelli's dynamism represents an important revitalising factor in the Arcevia and Piticchio rural context. This is evident in the local community's perception of TeC's presence in the area which is characterised, amongst other things, by the smell of roasting barley, and the distinctiveness of its premises alongside industrial buildings; different, not only in its 'bio-architecture', but also in the success story it embodies. Contributing to a favourable climate through its history, activities and human energies, TeC is thus a positive presence in the area, and an injection of trust and encouragement for other local entrepreneurs. Of course, being essentially a newcomer in the local agricultural and socio-economic context, it is not possible to identify any significant, concrete impact from a developmental perspective. Its membership remains quite scattered both within and outside the region, and not many local producers converted to organic agriculture after its move to the area despite its attempts to raise local producers' awareness. In terms of job creation, its impact at the local level is insignificant. At the same time, however, its increasing integration into the local community and the socio-political context associated with its broad interests and multiple relationships, may, in the not too distant future, lead to the emergence of various development initiatives and opportunities. In this respect, the high visibility of TeC products and activities at the regional level constitute further support for the success of future ventures.

Undoubtedly, rurality, in its multiple facets, has always been central to both AN's and TeC's story. It is, however, important to stress that the two OMIs started at different times and in completely different institutional contexts, adopting very diverse approaches to rural development issues. From its foundation in the late 1970s, when the modernisation of agriculture was still the paradigm in Italy, AN was conceived as an integrated, coherent rural development project, being carried out in a remote rural area. In contrast, TeC's rural development-oriented activities and networking found a specific area-based orientation in more recent times, specifically after the move to Piticchio d'Arcevia. It is important to remember that the move, and many of the OMI's related activities in the area, occurred in a supportive political and institutional context; above all, at a time when rural development had become mainstream thinking, shared (in theory at least) by corporate agriculture and modern alternative movements. It is not surprising then, that the two OMIs have differing impacts on local development processes as well as diverse prospects for the future. In AN's case, various hard development factors have been identified although they are not easily captured by quantitative indicators. It can, however, be safely asserted that, had AN not existed, the rural economy of Isola del Piano would, at least to a some extent, have been quite different. Therefore, in addition to its powerful symbolic relevance, AN also provides a concrete, albeit not exactly replicable, example of rural development, which has survived despite considerable financial difficulties, institutional hostility and personal conflicts. In rural development terms, TeC's impacts are even less tangible and less measurable, considering the limited time span in which it has been actively involved in local processes.

Strong commitment, charismatic leadership, internal cohesion and networking skills are common strengths which have allowed the two OMIs to survive thus far. In the future, their survival appears linked to their ability to transform through existing or planned diversification of activities. The consolidation (or revitalisation) of local and regional networks seems equally important. Additionally, since organic agriculture and rural development are closely interlinked elements in the evolution of both OMIs, they may be able to play a role in the further development of the regional organic farming system, which will also affect their future impact on local development processes. In this light, closer and structured cooperation between the two would be an important step forward. It would prove extremely beneficial to the development of the regional organic sector, especially of the cereal and pasta sector which, as many key experts acknowledge, is an increasingly competitive market where the emergence of many new operators makes it difficult to remain efficient and viable. Interestingly, some larger operators in the conventional pasta sector have unsuccessfully attempted to penetrate the organic market, whereas AN and TeC are still there and remain prosperous. At the same time, exogenous factors, such as increasingly tough competition, will significantly affect the market potential and prospects of the two OMIs. In relation to this, their ability to create strategic business alliances within and outside the region will prove to be of paramount importance. Maintaining the status quo would affect negatively the future of the two OMIs and, to a certain extent, the development paths of the rural areas in which they operate. Their collaboration, instead, could also encourage important synergies, with the diffusion of viable development practices that could be associated with the adoption of organic agricultural methods in many rural areas.

6 CASE STUDY 4: *GROWING WITH NATURE* IN THE COUNTY OF LANCASHIRE, ENGLAND

Mary Beckie, Carolyn Foster, Markus Schermer

The final case study differs from those discussed in preceding chapters in a number of ways. The initiative, supplying locally produced organic vegetables through a home delivery service, is privately owned, rather than a cooperative, although close collaborative links exist between the enterprise and its suppliers. Also, unlike the other cases, it is not located in an LFA, although it is close to upland areas in the Cumbrian Lake District and the Pennine mountain range dividing northern England. Its peri-urban location provides the advantage of a number of market opportunities in nearby conurbations (*"Lancashire is a complex patchwork of interwoven communities that accommodates the very urban and the deep rural within relatively close proximity"*; Lancashire Rural Partnership (LRP) 2002). Whilst some complex disparities set this final case study apart from the others, it broadly follows the chapter structure established so far.

6.1 The regional context

6.1.1 North West England

The North West region of England encompasses the counties of Lancashire, Cumbria, Cheshire and the metropolitan counties of Greater Manchester and Merseyside (Figure 6-1). Varied in geography, with lowlands to the west and south, and upland areas to the north and east, there are also wide differences in soil and climatic conditions. Throughout the last century, agriculture's role has been declining as other industries have grown in size and economic influence. The Industrial Revolution in the nineteenth century had a major impact on the culture and landscape of Lancashire, particularly the textile industry and associated transport infrastructure, but lead, iron and coal mining were also important developments. However, much local historical distinctiveness has been lost, as buildings and features have been neglected or replaced with modern building design and materials. Conversely, several rural areas are also emerging as tourist destinations due to their unique cultural, ecological and recreational features.

In 2001, the North West had 6.7 million inhabitants, the second largest population of the UK's regions, and three times the EU average population density (Office of National Statistics (ONS) 2002). There are, however, significant variations in density: almost 80% of land area is characterised as rural, but most of the population reside in the conurbations of Greater Manchester and Merseyside (MAFF 2000). During the past two decades, population as a whole has been declining in number, and ageing. The biggest falls in population have been in metropolitan counties, where levels of out migration are highest. In contrast, the more rural authorities in Lancashire and Cumbria have both experienced an increase in total inhabitants (ONS 2002), and there is a high and increasing proportion of retired people living in coastal and inland resort areas. Young people, however, generally migrate out of rural areas to urban centres within the North West and to other regions in the UK. Access to larger urban centres is relatively easy across the North West as there is a well maintained and well developed transport network, including major north-south and east-west roads and motorways, railway lines and international airports.

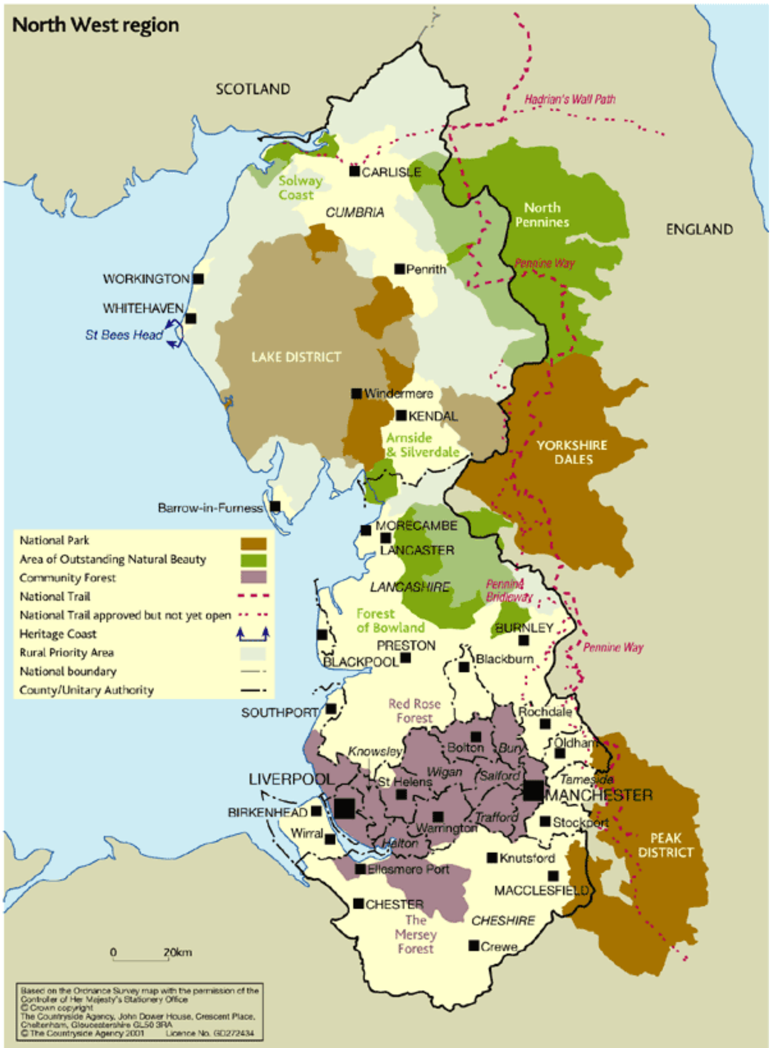

Figure 6-1 North West England

There are three distinct agricultural areas: the uplands of Cumbria and the Pennines (Cumbria, East Lancashire and parts of Greater Manchester), where pasture-based livestock is dominant; the lowland plains of West Lancashire, Cheshire, parts of Merseyside and parts of coastal Cumbria, more suited to dairy, arable and horticulture operations; and the fringes of the main conurbations. Excellent to good quality soils are found in the plains and valleys, whilst land quality varies from predominantly poor to very poor in the uplands. Average rainfall in the lowlands is less than 800 mm, but in the uplands is over 2,500 mm (MAFF 2000).

The hill and upland areas are characterised by low or declining populations with a higher than average dependence on agriculture. While traditionally more affluent, the agricultural economy in the lowlands is also under significant pressure from declining commodity prices. Horticulture represents a small proportion of lowland agriculture in the North West, although it is an important part of the rural economy in these areas. The longest tradition of horticulture, and the majority of the region's horticultural area, is in the county of Lancashire (MAFF 2000).

Two-thirds of the 2.7 million workforce in the North West work in the service sector, one-third in industry and less than 1% in agriculture (MAFF 2000) although, in some areas, mostly in Cumbria and to a lesser extent in Lancashire and Cheshire, more than 25% of the workforce is in agricultural employment (MAFF 2000). In general, however, the agricultural workforce in the North West is ageing and there are relatively few young people. Average earnings in the North West are lower than in England as a whole and, contrary to the pattern in the rest of England, average earnings are lower in urban rather than rural areas (Countryside Agency 2001); people in rural districts are also, on average, less educationally deprived than their urban counterparts. Nevertheless, broad averages can conceal (especially in rural areas) severe deprivation where, for example, the elderly and part-time or seasonal workers live on very low incomes in close proximity to those on high incomes.

The contribution of agriculture, hunting, forestry and fishing to the GDP in the North West was estimated to be 0.9% in 1998 (ONS 2001). Support from subsidies contributed an average of about 15% of farm receipts in 1997. However, for some sectors such as upland cattle and sheep farmers, support payments represent a much higher proportion of receipts (about 40% in 1997). Despite this (and more recent additional support for some sectors), it is apparent from farm income data that many agricultural businesses are making a loss. There was a steep fall in income beginning in the mid 1990s, due to a combination of the high value of sterling relative to the euro, low commodity prices in international markets, and the effects of various food scares. In 2001, the UK agricultural economy was badly hit by an outbreak of Foot and Mouth Disease (FMD) resulting in livestock culling and severe restrictions on the movement of animals. Counties dependent on the livestock sector, such as Cumbria, were particularly affected.

Currently, the financial position of many farm enterprises in the North West is serious, and a growing number of farmers in the North West and throughout the UK rely on non-farm sources of income. On average, income earned from other sources is slightly more than the income earned from farming (MAFF 2000), and approximately 10% of farms in the North West are adding value through processing and marketing activities. Self-employment in the region's rural areas is above the national average and reflects the dependence on agriculture, tourism, and related activities. The tourism and leisure industries contribute approximately 5% to the region's GDP and provide almost 40,000 jobs in rural areas. However, work generated in these sectors is generally seasonal, part-time and relatively low paid.

6.1.2 Lancashire

Historically, the county of Lancashire has always been associated with two major industrial cities, Manchester and Liverpool, until UK local government reform in 1974 redefined its boundaries to exclude them. Two new metropolitan counties were created, Greater Manchester and Merseyside, and the 'new' Lancashire that emerged was greatly reduced in size with a significantly altered geographic and demographic profile. Although many industrial mill towns remained within its borders, without its urban core it became a substantially rural county. Even so, association with an industrial past remains, and many inhabitants in Greater Manchester and Merseyside still have a sense of belonging to the 'original' Lancashire.

The upland areas of Lancashire are remote and sparsely populated, and possess an exceptional range of nationally rare and valued habitats. There are extensive areas of heather moorland on the upland fells of the west Pennines; the environmental qualities of these areas, together with their cultural and archaeological heritage, underpin a buoyant tourism industry. Forestry in the west Pennines also contributes to rural development through woodland creation and management. As mentioned above, however, both forestry and tourism are associated with relatively small incomes and seasonal and part-time employment. Upland areas are sparsely populated and the highest population densities are to be found in the coastal resort towns of Blackpool and the main centre of Preston. Other densely populated centres include the Victorian industrial and/or market towns in south and central Lancashire.

The more favourable climatic and soil conditions are in the lowland plains, the river valleys of the Lune, Ribble and Wyre and the coastal plain. These areas have higher population density and more intensive agricultural production. Environmental assets of the lowlands include river and lake habitats, wet woodlands and grassland habitats that support many wildlife species. However, the lowlands are less well protected than the uplands by environmental designations, and are vulnerable to the impact of intensive agriculture and increasing urbanisation.

Agriculture in Lancashire is more diverse than in many other British areas, although the livestock and dairy sectors are predominant. The eastern uplands of Lancashire (the west Pennines) are classified as LFA land, with some parts designated severely disadvantaged, and are heavily dependent on beef and sheep rearing. Horticulture is concentrated in the lowlands of the northwest and southwest boroughs (districts) of Lancashire (West Lancashire, Fylde and Wyre Boroughs). Of the approximately 6,000 farm holdings in the county, over 85% are classified as either livestock or dairy; of the remaining mixed and cropping holdings, only 1% of the total were horticultural, and holding sizes are rather smaller than in England as a whole (LRP 2002). As elsewhere, farming in Lancashire is restructuring towards fewer, larger specialized farming enterprises and an increasing number of smaller, part-time farms. There has been some interest in collaboration between groups of farmers, particularly in marketing and agricultural contract businesses arrangements, but most farms remain family operated. Less than 2% of the county's workforce is employed in agriculture although the proportion employed in the uplands is much higher. Overall, however, agricultural employment in Lancashire is declining at a slower rate than the national average and there are opportunities for diversification into tourism and related activities.

The rural voice in Lancashire is not as strong as in neighbouring Cumbria, a less favoured rural county, which has had a considerable amount of funding provision, resulting in well-organised rural facilitation organisations working effectively with farmers. In Lancashire, rural development funding has been available only in parts of the north and east of the county, in its LFAs that had Objective 5b status. *"Historically it has been difficult to provide a focus for rural development outside the rural priority areas around the Forest of Bowland AONB"* (LRP 2002). Despite various funding regimes operating in these areas, historically there has been no clear direction or attempt to prevent duplication, and also no county-wide approach to the problems facing agriculture and the development of all its rural areas. Now, as a result of the general crisis in agriculture, shifting direction in EU agricultural policy and the FMD epidemic, interviewees reported a new political recognition of rural issues; one government agency official stated that *"in the last three or four years there has been a recognition that the rural area [of Lancashire] has got its problems."*

With the decline of manufacturing in Lancashire, interviewees suggest that there has been a search for a new identity in recent years. Of all the counties in the North West, only Cumbria (and perhaps, to a lesser extent, Cheshire) is seen as being truly rural; in Lancashire the divide between urban and rural is blurred, and there is broad consensus among interviewees (also expressed in the county Rural Recovery Action Plan: LRP 2002) that, due to the severely disadvantaged nature of some of its urban areas, rural issues have tended to attract less priority at local and regional government level, even though four-fifths of the land area and over a third of the population is rural. Further, due to the administrative structure of the county, local and regional government organisations are dominated by elected members and professionals from urban areas, often leading to lack of understanding of rural issues; a representative remark concerned their tendency to view rural areas as *"a problem and not a potential."*

The marked impact of the FMD outbreak has, however, begun to change the perception of agriculture and the rural economy in Lancashire. Disease control measures included restrictions on the movement of animals and on public access to the countryside, adversely affecting the main rural industries of agriculture and tourism. In counties with many confirmed cases, such as Cumbria and Devon, widespread culling of animals resulted in compensation for farmers. In Lancashire there were few cases and, in general, farmers were not compensated for consequential losses caused by restrictions. Interviewees described this as a kind of wake-up call in the county, increasing awareness of the importance of agriculture and the rural economy, and persuading organisations of the need to work more closely together.

Several institutions act in support of both agriculture and rural development in the area. At regional (that is, North West England) level, important actors are the North West Development Agency (NWDA), the North West Regional Assembly (NWRA) and Government Office North West (GONW); at county-wide level (that is, Lancashire), Lancashire County Council (LCC) and, within the county, local borough or district councils also play a role. In addition, there are various non-governmental or quasi-governmental stakeholders with an interest in food, farming and rural development.

The NWDA is one of nine Regional Development Agencies (RDAs) established, relatively recently, in England. These are government-sponsored, public bodies with a primary role as strategic drivers of regional economic development, working with partners in the public, private and voluntary sectors at the regional and local level, to deliver projects and schemes. GONW represents central government policies in the North West of England. Set up in 1994, it combines the regional functions of various government departments including the Department of Environment, Food and Rural Affairs (DEFRA), which deals with rural and food chain issues in the region. GONW works closely with the NWDA, taking forward a broad spectrum of responsibilities in the economic development and regeneration fields. Formed in 1997, the NWRA combines all forty-six local authorities in the North West with key economic and social stakeholders from the public, private, voluntary and community sectors, in order to develop a regional consensus on strategic issues. In May 2002, government proposals were published for the devolution of power and resources from central government to the English regions (Cabinet Office and Department for Transport, Local Government and the Regions 2002). At present the powers of the Regional Assembly are limited, but as part of the government's regionalisation proposals, it seeks to become the elected body for the North West.

Local government in Lancashire, as in most of England, is structured in a two-tier system; Lancashire County Council is responsible for social services, education, trading standards, and transport across the county, whilst district or borough councils (in some cases also called City Councils) provide housing, leisure and recreation, and environmental health services. In Lancashire there are fourteen such councils; Growing with Nature (GwN) is located in Wyre Borough Council. Local authorities have a significant stake in the work of the RDAs, with some board members drawn from local government, reflecting type and size of authority, geographical and political spread.

Other regional organisations involved in food and farming issues include North West Fine Foods (NWFF), a regional speciality food group; the National Farmers' Union (NFU), the main farm lobby in England and Wales; and the Countryside Agency, a statutory body working to improve economy, society and environment in the countryside. NWFF was established in 1994 as a not for profit organisation representing speciality and regional food producers and processors, and is part of a national network of regional and local food groups, encouraging the development of small and medium-sized enterprises involved in speciality and regional foods. Core funding from *Food From Britain* is supplemented with membership fees and project income. Recently, county level promotional initiatives brands for local food have also been established: *Made in Cumbria, Made in Lancashire, Made in Cheshire*.

A goal of the NWRA is to *"encourage and promote a strong sense of regional identity"*. What definitely emerged from the interviews was a sense that the North West has no intrinsic coherent identity, but is an artificial construct of identities of five individual counties, two of which were only created very recently. This seems to be reflected at institutional level. One respondent described the introduction of GONW, designed to bring government policy to the regions at a strategic level, as *"singularly ineffective"* and criticised the wider devolution agenda: *"there is no natural cohesion about government in the North West. They try to create these artificial distinctions about government in the North West and it is unreal"*. Although the regional devolution agenda is providing more opportunity for stakeholder discussions, there seems to be potential for divergence of goals and reluctance to give up power to the Regional Assembly, especially at county level. A majority of interviewees who raised the issue of devolution were sceptical, expressing fears of another layer of bureaucracy; one described it as *"a pointless distraction of effort"*.

In 2001, LCC helped establish the LRP, combining organisations and individuals with responsibility and direct interest in rural affairs; it includes, among others, GONW, NWDA, the Countryside Agency, the NFU, Myerscough College (an agricultural college in Wyre Borough), Lancashire West Partnership (see below), and DEFRA. One partner described its aims as, firstly, to provide a clear voice for the county within the region and, secondly, to integrate efforts by agencies on the ground to improve efficiency. Recently, efforts of the LRP have focused on the Rural Recovery Action Plan (RRAP), for which it has lead responsibility for Lancashire. With funds from the NWDA (which has earmarked £100 million [ca. €146 million] over a five year period from central government to deal with recovery from the FMD outbreak) the RRAP seeks to coordinate the sustainable development of the rural economy.

The rural agenda has also been receiving more attention at the lower tier of local government: according to an official *"we [Wyre Borough Council] have spent quite a lot of time, effort and money in making sure that things happen in the rural area"*. The Local Government Act, 2000, places a duty on local authorities to produce a Community Strategy to promote or improve economic, social and environmental well-being of their areas and contribute to overall sustainable development in the UK. It requires these strategies be prepared and implemented by Local Strategic Partnerships (LSPs), through which local authorities work with other local bodies. Consequently, Wyre Borough Council has set up the Wyre Strategic Partnership. This forms part of a wider partnership called Lancashire West Partnership, involving eight local boroughs; the Lancashire West Strategy is currently being developed to identify the area's needs and priorities. As part of this, the Wyre Rural Forum was established to address issues facing the rural and farming sector in the borough and includes representatives from the NFU, Myerscough Agricultural College and members of the local farming community.

There are also sectoral attempts to coordinate activities underway among regional speciality food groups. While NWFF is focused on regional speciality food growth, the *Made in…* initiatives are trying to organise a platform for food promotion from the counties. *Made in Cumbria* was the first, set up with funding from Cumbria County Council in 1996. More recently, Lancashire and Cheshire have decided to set up their own *Made in…* initiatives, although *Made in Lancashire* has not received levels of financial and political support proportionate to Cumbria's initiative. There are also misgivings about the effectiveness of *Made in Lancashire* because it is institution-based rather than an organisation developed by producer members like NWFF and *Made in*

Cumbria; at present *Made in Lancashire* appears to be simply a collection of different partner organisations working to get the initiative off the ground. Several interviewees expressed concern about duplication of activities, potentially risking confusion for the producers and processors they serve and the consumers which they target; a Regional Speciality Steering Group was set up to try and address some of these concerns by bringing together the four speciality food promotion groups and the key sponsoring agencies such as NWDA, the Countryside Agency and DEFRA (Hartington Group 2002) and, recently, the initiatives have combined to make a joint bid to the NWDA for promotional funding.

According to a range of interviewees, the diverse nature of agriculture in the county poses a key challenge, in terms of how to address the myriad issues confronting the different farming sectors. Problems affecting agriculture nationally are reflected locally, but some respondents viewed this more as an opportunity or strength of the county's agricultural sector: an organic retailer noted *"…there's more of a balance of agriculture in Lancashire than there is in any of our other counties"*; or, according (more pithily) to one of the owners of GwN: *"because they [farmers in Lancashire] have always had their fingers in a few pies they are adaptable to change"*. An adverse consequence of this heterogeneity is difficulty in organising the sector as a whole: NWFF's members represent a wide cross-section at unequal stages of development and serving very differently markets. Tensions are reflected in strategies ranging from direct marketing to exploit local urban markets, to interest in trade development. NWFF has to face unpalatable compromises in developing services to meet this broad spectrum of needs.

Another issue that emerged both from interviews and the RRAP is that, while upland, former Objective 5b areas have been dependent on funding programmes, lowland farmers in non-LFA areas are largely unused to applying for grants or other funding schemes. *"Large parts of rural Lancashire have not been the recipients of any main economic development funding regimes. As a result they have operated in something of a vacuum as far as rural policy and rural development action has been concerned"* (LRP 2002:24).

This dilemma is mirrored at the wider institutional level where one independent interviewee observed that there was no *"natural pull"* between local and regional governments, largely operating in isolation from each another. There is a clear attempt being made, particularly at local government level, to prioritise rural issues and to approach regional problems in a more coordinated way. The Partnerships (both LSPs and the LRP) provide the means for local government to participate in wider regional debates in the Assembly, through formulating the RRAP. Nevertheless, a number of respondents expressed dissatisfaction with levels of cooperation and communication between institutions, and poor progress in developing genuinely integrated solutions. This suggests that giving rural issues a better voice requires greater cohesion among local and regional organisations and institutions, more grass-roots involvement, and elimination of artificial distinctions within government in the North West and Lancashire.

6.1.3 SWOT analysis of Lancashire and the North West

To summarise the discussion of this section, and drawing on interviewees' perceptions of the region in the context of potential for the development of organic food and farming, the strengths, weaknesses, opportunities and threats relating to Lancashire are set out in the boxes below.

Strengths
The county is well positioned with regard to the strategic transport infrastructure of England, and good local networks exist. Agriculture in the area draws on a long-standing, mixed farming tradition which is adaptable to change. Arable land is of high quality in west Lancashire, and the same is true of grassland in valley areas to the east of the county. In urban areas, substantial resident populations provide an easily accessible consumer base, and there are large numbers of organic processors and retailers.

Weaknesses
The diversity of farming types in the county are affected by remarkably different problems, making a single strategy difficult to formulate. At local government level, low awareness of rural issues results in downgraded priority for action, and this is compounded by poor cooperation at institutional level and lack of strategic direction. The horticultural sector is characterised by poor communications, both between growers and externally with other sectors of production. The organic sector lacks critical mass and faces a strong, sceptical conventional farmers' lobby. Absence of coherent regional identity in the North West impedes effective government at the wider regional level.

Opportunities
Increasing attention is being paid to rural issues at institutional level in the wake of the damaging effects of the FMD outbreak. The Rural Recovery Action Plan has coordinated government support programmes and grants for rural businesses. This has been assisted by the devolution of central government functions, allowing for better organised representation at local level, greater transparency and institutional cooperation. The 'greening of Lancashire' represents an attempt to redefine countryside identity. There is increased public awareness of the environmental impacts of high-input agriculture, and food culture in the North West is developing and maturing. The results of the Northern Organic Development Strategy feasibility study could act as a springboard for development of the organic network in the North West.

Threats
The devolution of central government administration to the region has been only partially successful, and creates increased bureaucracy and greater potential for duplication. In a county with a deeply industrial image, there is a lack of coherent rural identity, and the institutional framework in Lancashire has traditionally been very focused on urban issues and problems. Interest in organic agriculture among growers, farmers and consumers is relatively low, at least in comparison with southern regions of England.

6.2 Organic agriculture and horticulture in Lancashire

The organic sector in the county operates within a national context of recent, rapid growth (Soil Association 2002), fostered by conversion payments of around the EU average and the recent new commitment to make post-conversion payments, linked to agri-environmental objectives. The market for organic food has also expanded rapidly, although last year witnessed a slowdown in growth (15% during 2001/02 compared to 33% in the previous year) due to a levelling off of consumer penetration and market consolidation. Recent rapid growth in organic beef, sheep and milk production led to oversupply and, consequently, depressed markets worsened by the FMD outbreak, to which some supermarkets responded to by lowering prices and replacing organic products with surplus meat. This has undermined producer confidence in conversion, which may have otherwise attracted livestock producers looking for opportunities to recover from FMD.

6.2.1 Organic agriculture in the UK

There are six organic certification bodies in the UK, including the largest and best known, Soil Association Certification, and the next largest, Organic Farmers and Growers. In the 1970s, the Soil Association (SA) acted solely as a certification agency, but has since become the largest campaigning organisation on organic food and farming issues for both producers and consumers. Originally, it offered no technical support to certified producers, and as a result in 1980 a group of UK horticulturalists growers left to form the Organic Growers Association (OGA); shortly afterwards, arable and livestock farmers established the British Organic Farmers (BOF). In the past decade these two groups rejoined the SA, which set up a Producer Services Department to meet the specific needs of producer members.

Fruit and vegetables still account for the largest share of organic retail sales. Most demand is currently met by imports, due mainly to an underdeveloped supply base, but also because exchange rates favoured imports over domestic products for a lengthy period. Horticultural production, though growing, occupies an increasingly diminishing proportion of total certified organic land. In spite of this increased domestic production (in 2001 some products were oversupplied for the first time; notably potatoes, cabbage, lettuce), multiple retailers still rely very much on imported produce to meet increased demand. The European market is buoyant in supply terms, and benefits from good cooperation between growers, facilitating improved marketing (Firth *et al.* 2003). Also, structural changes mean that, as larger growers enter the sector, their scale economies make them suppliers of choice for supermarkets. Consequently, small and medium scale organic growers who may have previously supplied the multiple retailers face stronger competition, and they need either to increase their own scale, improve cooperation or seek out alternative markets for their produce. An additional limiting factor on the local retail market for fruit and vegetables is the requirement for retailers to be licensed to sell organic produce if it is not pre-packed. There is also a general impression (supported by Hamm *et al.* 2002) that organic demand growth has levelled off, and so OMIs, in particular those more recently established, will need to put a lot of effort into promoting their product or service and to distinguishing it from what else is on offer, in order to compete successfully.

A recent survey of Welsh horticultural producers found two main barriers to conversion: the cost of certification and either low or no conversion payments (area-based payments favour extensive livestock production and most growers have little land to convert: Little 2002). This situation is somewhat analogous to Lancashire, where according to several interviewees, declining farmer confidence in organic agriculture has resulted from slower market growth and price falls for specific commodities. There is no tradition of organic farming in the North West of England: at less than 0.5% of agricultural land under organic management (MAFF 2000), it lags behind the rest of England. Sales of organic products are also lower in northern England than elsewhere; income levels and awareness about organic food are lower (Lees and Rogerson 2001). Recent rapid growth in organic food processing and manufacturing in the north has encouraged a few producers to expand organic production, although processing companies appear not to give priority to local or regional sourcing. Northern primary producers still have to compete with imported organic produce and with the longer established producers in the south.

6.2.2 Organic agriculture in the North West and Lancashire

Agriculture in the north of England is traditionally livestock based and this is reflected in the organic sector. Lancashire is typically a livestock/dairying county with pockets of field vegetables and protected cropping areas in the coastal plains. The pockets of organic horticultural production that exist in Lancashire are in the Fylde and Wyre Boroughs in the northwest of the county (that is, the five growers that supply GwN) and the Borough of West Lancashire in the southwest, encouraged by quality soils and ease of market access. Compared to southern England, a shorter growing season limits the range of horticultural field crops that can be produced, but can be offset by greenhouse production.

The area under organic horticultural production in the southwest of Lancashire is quite extensive. There is one organic operation with over 200 hectares of field and greenhouse vegetables and some conventional growers are now undergoing partial organic conversion. Most organic produce generated by these businesses is sold to processors and supermarket pre-packers. In contrast, the five horticultural operations in northwest Lancashire that are connected to GwN represent just over twenty hectares of certified organic vegetable production. Low conversion rates in Lancashire are partly due to the relatively good financial performance of conventional farms in the county and, as a result, there are no formal organic producer networks. In contrast, in neighbouring Cumbria, depressed conventional livestock markets have favoured more widespread conversion. Cumbria Organics, a voluntary network of producers, processors, retailers and consumers interested in organic production, has helped to organise and focus the sector. Due to the drive and enthusiasm of some key contributors, the group has taken forward a range of activities in Cumbria and has managed to get funding from various sources to carry out farmer mentoring, the publication of promotional literature, training courses and the organisation of organic awareness days in Cumbria, and publication of the Cumbrian Organic Directory, listing all producers and their products.

The Northern Organic Food Initiative (NOFI) was set up in 1999 in close collaboration with the SA. This group brings together people with an interest in developing organic farming within the northern region of England (including all five North West counties), in particular meat and livestock. As a result of the activities of NOFI and following major consultations, the SA initiated an organic feasibility study, funded by the three RDAs for northern England (the NWDA, One Northeast and Yorkshire Forward), to define a strategy for the development of the organic sector in northern England as part of the efforts to advance the food sector and rural economies. Cumbria Organics has been a key player in NOFI and it has done much to encourage communication and cooperation between organic stakeholders in that county.

The feasibility study, published in 2001, underlined the growth potential of organic agriculture in the north of England, and recommended initial development of domestic regional markets as a base from which to expand further. The relative immaturity of the organic sector in the north requires, at all levels, further development and support: from production and supply chain infrastructure, to consumer education and marketing. With regard to organic horticulture, the report highlights the following key factors: effective linking of supply with processor requirements; ability to source produce nationally and internationally to combine with northern production and give buyers a single buying channel as far as possible; access to suitably skilled staff; research, development and technology transfer to improve production techniques, specifically for pest and disease management. Given the damaging effects of the FMD outbreak, this report came at a critical point when many farmers were reviewing potential improvements in their farming operations.

Beyond primary production, the organic horticulture supply chain involves wholesalers, packers and retailers. Goosemoorganics is a company based in Yorkshire, owner-managed by two organic growers; it grows and markets local (where possible) and out-sourced organic products through a shop, box scheme and wholesale business. GwN relies exclusively on this wholesaler for the vegetables requirements it cannot produce itself, and for most of its organic fruit. Organic 2000 is a wholesale company located in Manchester, which Blair's (one of the first organic growers in the north, see below) supplies. Huntapac is a vegetable packhouse situated south of Preston, supplying supermarkets such as Marks and Spencer, Tesco and Sainsbury; Huntapac is also a major conventional horticultural producer, but has recently converted eight hectares to organic production.

Several independent retailers operate in Lancashire, including The Green Man, a mobile organic market stall attending weekly town markets; Growing with Grace, a cooperative whose set up was greatly influenced by GwN, producing organic vegetables and marketing them with other organic items through a shop and home delivery bag scheme; Single Step Coop in Lancaster, a vegetarian wholefood shop set up as a cooperative in the 1970s, stocking a wide range of organic products including fresh produce; and various wholefood and health food shops. Like The Green Man, Single Step Coop buys mostly from Organic 2000. Eight farmers' markets currently operate in Lancashire, one of which is in the Wyre Borough near Pilling, and these have recently become increasingly popular. They offer a range of fresh or small-scale processed (conventional or organic) produce, distinguishing themselves from weekly town markets by the requirement that produce is sold directly by producers coming from a defined local area. Farmers' markets generally operate on a monthly basis.

Among supermarkets trading in the area, Booths is a long-established family-run regional chain whose policy is to source locally where possible; it carries a range of organic and (non-organic) local products. Other national multiple retailers are well established all over the North West although, as in the rest of the UK, they have only stocked organic products within the last five to six years, and with variable availability and volume between stores and over time. It is only the most recently established hypermarkets that stock a vast range of organic products, including fruit and vegetables; their main suppliers are pre-packers and distributors, such as Huntapac and Organic Farm Foods, or large-scale growers in the UK and abroad.

6.2.3 Consumer attitudes to organic food in the region: focus group results[14]

All six focus groups strongly associated 'organic' with fresh fruit and vegetables and tended not to take other products (such as meat, dairy) into account during the discussions. Furthermore, despite generally high levels of education among the focus group participants, there was a low level of knowledge and understanding of inspection and certification systems, or the legal protection of the term 'organic' on food products. This was reinforced by widespread confusion about labelling issues.

The results confirm that consumer motivations for buying organic products vary. Health was a main reason, but also more altruistic reasons entered the discussion (such as, for example, *"better for the environment"*, especially among the more regular consumers. Interestingly, some consumers made a connection between local and organic food, and gave *"supporting local producers"* as a motivating factor for buying organic. However, the expressed preference for local over organic suggests that they may be willing to switch to other (non-organic) suppliers, if they better correspond with their personal values and, hence, they may not be as fully committed to organic food as consumers who buy for health reasons.

There was widespread support for buying local food among the participants, followed by support for buying British, but participants did not express a preference for other regional products from outside their own area. Although no firm conclusions can be drawn from this, it does suggests that careful consideration and market research should accompany any regional food branding initiatives that seek to target a consumer base outside the home region.

The most significant barriers to buying organic food were price and price perception, access and availability, visual product quality and presentation, and mistrust of organic food in supermarkets. Eating habits and lack of cooking skills were also identified.

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[14] Based on Padel, S. (2003) UK Report B Focus groups in the case study region. Unpublished draft internal report; OMIaRD EU project.

6.3 The Growing with Nature initiative

GwN aims to link local consumers and growers in order to make high quality, fresh organic vegetables (and fruit) accessible to its customers through its home delivery vegetable box (bag) scheme. It also provides premium prices to its suppliers, has created local jobs, and currently employs nine full-time year-round staff. The initiative markets sixty to seventy different vegetables throughout the year; in any single week, between fifteen and eighteen different vegetables (including staples such as potatoes, carrots and onions, and more unusual seasonal vegetables) are provided to customers. Three standard vegetable bag sizes are available and, on average, 660 bags of produce are delivered weekly. Five local growers supplying the delivery scheme have complementary production systems generating a large number of greenhouse and field crops and, in the short period of each year when the initiative cannot supply staple vegetables, produce is obtained from a grower in Yorkshire, through the Goosemoorganics wholesale operation. Two sizes of fruit bags are also offered: a grower in Kent, in southeast England, supplies apples but most other fruit is imported and sourced through Goosemoorganics.

Produce is sorted and packed in the early part of each week, and deliveries made in the latter part using three diesel-fuelled vans; the majority of customers are within a fifteen miles radius of Pilling, within the Preston-Lancaster-Blackpool triangle. Customers from further away pick up their deliveries from ten drop-off points (wholefood shops, health food shops or community centres) to reduce delivery distance, time and costs. An environmental audit of GwN by Lancaster University estimated that each bag of vegetables sold travelled 2.38 food miles, many orders of magnitude less than supermarket purchases (Sustain and Elm Farm Research Centre 2001).

GwN itself is situated on a 1.4 hectare holding, owned by Alan and Debra Schofield and, apart from field crop and greenhouse production, buildings include a packhouse and the Schofields' home. Native trees have been planted on the site, mostly to form windbreaks between fifteen metre strips of cropped land. The soil is heavy loam, classified Grade 2 quality, which allows production of speciality spring and early summer crops, complementing the availability of produce provided by other growers. The smallholding is a widely recognised symbol of excellence in specialist organic horticultural production, winning the 1997 Loraine Award for Nature Conservation and Organic Farming, and the 1999 Best Horticultural Producer and Environmental Practice award, both presented by the SA.

6.3.1 Development of Growing with Nature

The origins of GwN rest in the personality of Alan Schofield, in particular his introduction to organic agriculture when working for Douglas Blair (trading as Blair's). Blair was one of the first organic horticultural growers in the north of England and a pioneer of organic greenhouse production, having studied organic agriculture in Europe and established a large organic greenhouse operation, growing tomatoes, peppers and cucumbers, in Pilling in the late 1970s. Primarily interested in technical aspects of organic horticulture and one of the founding members of OGA, he was highly regarded within the organic community for his expertise.

In 1982, Alan Schofield was employed by Blair to work in the greenhouses and to deliver produce to buyers two days a week. Schofield soon convinced Blair to allow him to branch out into the latter's primary interest in vegetable field crop production, beginning with half an acre of Blair's land, which developed into a formal sharecropping arrangement in 1985. Under this agreement Alan Schofield took over production and marketing of the field crops, but the land was certified and produce marketed under the Blair's trade name. Alan Schofield then became active in the OGA as treasurer and contributor to their publication, New Farmer and Grower. Around the same time, another organic horticulture holding was established by two growers outside Poulton le Fylde, using polytunnels to grow salads and root crops.

By the mid 1980s, Alan and Debra Schofield considered establishing their own horticulture business, and circumstances provided them with the resources to do so after the field crop managed at Blair's was damaged by a neighbour's herbicide spray drift. The compensation obtained enabled them to purchase a nursery just a few miles from Blair's in 1989. The holding had been a certified organic herb farm but had not been cropped for some years. From 1989 to 1991, he worked full-time at Blair's, and in the evenings developed his own organic vegetable business. At this time, both Blair's and the Schofields began marketing a significant amount of their produce through the UK's first organic pre-packer in Wales, Organic Farm Foods (OFF).

At the end of 1991, Alan Schofield left Blair's to concentrate on his own business, although the relationship continued through provision of assistance and advice to the new field crop manager. At this time, sales to OFF were supplemented by retailing at weekly town markets, although both of these marketing options were problematic and unsatisfactory. Vegetable box schemes, then just beginning to gain popularity in the UK, reflected the type of direct marketing that the Schofields were looking for; in the winter of 1991, they made plans to expand the crop range to 40-60 lines, to generate the mix of vegetables needed for a box scheme and improve crop diversity.

1992 saw the establishment of GwN, based on a five year business plan. Customers were offered two sizes of vegetable bag containing selected in-season organic vegetables and, for an additional fee, customers could choose extra available vegetables. Payment was either monthly in advance or cash on delivery. All vegetables, apart from peppers and tomatoes (sourced from Blair's), were grown on their own holding. In the first year, marketing was through home delivery and local wholefood shops, which received between 15 and 20% commission on volume of produce sold. Low sales and wastage from marketing through wholefood shops led, after the first year, to exclusive concentration on home deliveries; the customer base had grown from ten to fifty in that period.

Rapid growth occurred between 1993 and 1998. Over the early part of that period, the Schofields significantly expanded the product range offered, in response to requests from customers whose access to organic products in the area was limited. As well as their own fresh produce, GwN carried 180 different lines including tea, coffee, dried fruits, cereals and cheese, most sourced through Goosemoorganics. This did not, however, translate into an increase in individual customer spending, but rather a general shift away from fresh vegetables where most profit was made. Capital was tied up in stock, and logistics of ordering and distribution took time and energy from horticultural production activities; by the end of 1994, the Schofields sold off out-sourced stock and returned to their original goal of production and direct marketing of fresh produce. Further simplification was achieved by eliminating choice in the composition of the bags, apart from exceptions for those with special dietary requirements or allergies.

Since 1992, GwN's customer base had expanded by 25-30% per year. By 1995 demand outstripped supply and Ward and Thompson began supplying salad crops. In 1996, a new organic grower, Libby Flintoff, formerly a member of an organic cooperative in Yorkshire, established a greenhouse operation near Garstang and arranged to grow speciality crops for GwN. In 1997, an organic horticulture operation located just outside Pilling, owned by Roger Harrison (also a former Blair's employee) and his wife Lynn, began supplying GwN. It focuses on field crop production (mainly root crops). Apart from Libby Flintoff, the other suppliers for GwN had alternative outlets such as wholesalers, pre-packers, and retailers in the area, and this situation continues to the present day.

With supplies from five local organic horticulture operations (including his own), Alan Schofield attempted to coordinate their production at yearly planning meetings. However, it was soon realised that, as their operations were complementary, this was unnecessary. Blair's supplied greenhouse tomatoes and peppers, the Harrisons predominantly grew field root crops, Ward and Thompson concentrated on lettuce and salad greens grown under polytunnels, Flintoff grew speciality glasshouse crops, and the Schofields grew a mix of field and greenhouse crops. On a weekly basis, the growers indicated what produce was available and GwN ordered the amount needed. Expansion of the local supply base enabled the business to keep up with increasing demand. In response to a customer survey carried out in 1997, GwN introduced a third, larger bag size and, from higher turnover generated by the business, a packhouse was built and more vans purchased.

From 1997 to 1999, rapid growth of over 50% annually was attributed mainly to food scares. This disrupted planned expansion, imposed stress on staff, and created further shortages of local supply. The shortfall was obtained from wholesalers, but the resulting decline in quality negatively affected the business, which was clearly then in trouble. According to Schofield, *"every system was creaking"*. With 800 customers, they were not generating profit, and staff relations were deteriorating as the pressure of high turnover minimised contact with or management of the employees. In 1999, they consulted Business Link, a government-funded advisory service. As well as needing help to stabilise the core business, they also wanted advice about the possibility of developing a franchise system. Their business advisor identified three areas that needed attention: the customer base, pricing, and information management. Improvements to the accounting system and the customer database linked the two systems to facilitate information transfer. Restricting home deliveries to the Lancaster-Preston-Blackpool triangle, with additional drop-off points outside, reduced transportation costs. Staffing was completely restructured, with four employees laid off, a seven hour working day, better holidays, a free weekly bag of vegetables and a midday (organic) meal, creating time for socialising and relaxation. The bag price was increased and two sizes of fruit bags introduced.

An unexpected decline in customer base, attributed to the rapidly growing presence of the multiple retailers in the organic market, occurred in 1999 to 2000. GwN countered this by introducing a subtle but important shift in the promotion of the business' identity, from a vegetable home delivery scheme to an 'organic vegetable club', with the idea of engaging their customers more. To increase customer involvement, a visitor centre was also planned but this has not yet materialised. Further changes occurred at the same time in the north Lancashire organic network, as Douglas Blair sold his farm and greenhouse operation to Humber Growers, a large UK horticultural company; Humber

Growers kept the reputable Blair's trade name and employed one of his employees as manager. Although the relationship with GwN continued, volumes of produce supplied declined, with more coming from the initiative's own resources. In early 2002, the OMI conducted a membership drive by delivering leaflets to homes within the core business area. This resulted in a 15% increase in the membership. With expansion of the customer base (and further growth expected) two more temporary employees were hired through a work placement scheme at the nearby agricultural college, Myerscough.

Also in 2002, informal business links were established with two other organic marketing businesses: an organic meat box scheme run by friends of the Schofields and an organic wine-buying club, although only information and order forms are distributed with the vegetable bags. Though few customers have placed orders for either of these products, it is felt to be a worthwhile service to continue to offer to their members: according to Schofield, it provides *"enriched buying options"* and is a way for GwN to *"connect up with other like-minded people"*. On the other hand, one customer was uncertain about this development and interpreted it quite differently: it was felt that, based on the accompanying literature, these other businesses were *"clearly hard-nosed commercial ventures"* that had introduced an off-putting *"hard-edged commercialism"*. Clearly, any future changes of direction that may, at first sight, appear to be diverting from the original mission, need to be communicated very carefully to existing customers in order to keep them on board. For the future, changes that have taken place in the business over the past three years are seen as a foundation for further growth although, with current capacity, GwN does not want to exceed 1,000 members.

6.3.2 The organisation and its environment: SWOT analysis

During the interviews, both internal and external stakeholders were asked to identify the strengths and weaknesses of GwN, and the opportunities and threats that may affect its future success. In this analysis, issues raised by interviewees revolved around different aspects of the network: the business itself, the owners, the product and the suppliers, and the customer base.

Strengths

The business is well located for both supply (in terms of production conditions and a network of experienced growers) and access to centres of population. It has a good local reputation, and provides a stable, flexible market for growers and an efficient delivery service for customers; it generates good returns for the owners and suppliers within a system of prompt cash payments; and it provides local employment opportunities with fair wages and benefits. The founder of the OMI has achieved national recognition in organic circles as an outstanding organic grower and contributor to environmental conservation (low food miles, reduced packaging), and has established a direct marketing model for small-scale growers to exploit economies of scope rather than economies of scale. Management and communication is effective, as the owners work alongside employees, and there is efficient information management, accommodating customers with special food needs, and promotion through low-cost, targeted advertising, the customer newsletter and open days.

The owners are acknowledged as energetic, hard-working and innovative individuals, with a high degree of commitment to organic agriculture and the creation of local food systems. Their experience in production and marketing is recognised widely, and they are effective and enthusiastic communicators with contacts in well-developed, national organic networks. Similar contacts in the local, non-organic context are also emerging.

The business produces a wide range of high quality local vegetables, which are sold in a set assortment that offers an element of surprise, promoting food awareness and more varied, healthier diets. To do this, it draws on an experienced and compatible group of growers with complementary production systems. Its customers are selected within a fifteen miles radius of the initiative and about half are a loyal core, buying a bag every week.

Weaknesses

A major business limitation is the narrow focus of production, marketing and distribution. Despite a high profit rate, the OMI's turnover growth is limited due to capacity constraints, particularly the complex balance between production, supply, marketing and distribution. There is limited capacity to undertake capital investment, slowing physical and technical improvements and, therefore, the enterprise remains labour intensive. Its localised supply base makes it vulnerable to unpredictable environmental conditions, particularly pest and disease problems which also have implications for the quality of the produce. Although a possible idea for the future is to provide a supportive franchise for the business concept, this type of business model makes it difficult to implement successfully.

The style of the owners' management may be thought of as a weak point, being founded on the driving force of a single person. There has also been some conflict between organic, localist ideals, and recent and future changes in business. Potentially, the description of GwN as a *"group of local growers"* is a misrepresentation which is open to misinterpretation: in particular, communication with suppliers about planned changes to the business is insufficient. The product sold is limited in range both regionally and seasonally and, although the lack of choice is a 'surprise' for some, it constrains the potential customer base. Customers need knowledge and time for preparation, and it is difficult to compete against multiple retailers' loss-leading price strategies and extensive range.

Opportunities
The business is in a position to diversify into consultancy in order to advise other organic horticultural businesses, and to promote the social and environmental contributions of the GwN concept. There are also opportunities to extend networks and to influence policy development through involvement in the local borough and wider regional committees and fora, especially since the attention paid to rural issues at the institutional level is increasing in the wake of the FMD outbreak. The Northern Organic Development Strategy feasibility study suggests ways of building up the organic network in the North West, although the relevant development agency (NWDA) for the five North West counties (including Lancashire) has, so far, shown little interest in taking the recommendations forward. The 'greening of Lancashire' is attempting to redefine countryside identity, and specific government support programmes and grants are accessible to rural businesses. Supermarkets are increasing consumer awareness of organic food and there is a maturing food culture in the North West, in which awareness of the environmental impacts of high-input agriculture, and of the links between nutrition and health, is increasing.

Threats
Expansion might present significant problems for the business as there is a limited and declining labour pool for agriculture. Prospects may, however, be limited by competition from multiple and other retailers entering or improving their position in the organic market. Regulations governing the business, including general agricultural directives and changes to organic standards regarding production and processing, might have an adverse impact. More specifically, increased consumer demand for processed convenience food, lack of cooking skills, and the overall decline and ageing of the region's population, accompanied by relatively low incomes, will limit growth prospects. The region as a whole (North West) and the county (Lancashire) have no coherent rural identity: in Lancashire the industrial image is still prevalent and the institutional framework is traditionally very urban focused, with a lack of understanding of rural and farming issues. Agriculture is dominated by the livestock sector, and relations between horticulture and other sectors are poor. Combined, these may lead to relatively low interest in organic agriculture from growers, farmers and consumers in the region.

6.3.3 Success factors shaping Growing with Nature

Throughout the diverse stages in the development of GwN, from its establishment to the present, the business has faced a number of challenges. The Schofields have responded to these challenges in ways that have shaped the nature of the business and its success and, in this section, the three factors used in the previous case studies are examined: motivation, cohesion and competence of GwN.

Motivation
Alan and Debra Schofield were described by many internal and external stakeholders as highly motivated, committed organic growers and direct marketers. Prior to working for Blair's, Alan Schofield had worked in conventional agriculture and had limited knowledge of organic production; his subsequent interest and commitment were strongly influenced by Blair and his connections with the OGA and the SA. This experience provided the necessary knowledge and confidence to set up an organic horticulture business, and his increasing involvement in the UK organic movement enabled him to go further through connections to the wider networks.

The Schofields' decision to purchase a holding and remain in the Pilling area were based on soil and climatic conditions, experience of growing and marketing in the area, and reasonable transport infrastructures, enabling access to various marketing channels in the region; most importantly, it also stemmed from a conviction that organic production represented a positive way forward, both personally and globally. From early on, the Schofields found marketing through customary channels (such as wholesalers, wholefood shops, pre-packers, town markets) problematic. Volumes sold through smaller outlets were limited, and though a greater volume could be sold to pre-packers, this was at the cost of more restrictive conditions. They became critical of increasing standardisation and globalisation of the food system, both conventional and organic, and the growing presence of supermarkets in the organic arena became a particular point of contention. Adopting direct marketing was a response that would allow them to grow and market fresh, high quality organic produce efficiently to local consumers, while providing a fair living for themselves, their suppliers and their employees, and to develop a community food system that was sensitive to human and environmental health. While business profit is not central to the initiative's objectives, according to their business advisor, the Schofields have been motivated by the personal ambition of building a satisfying legacy on which other businesses can be modelled. The concept of franchising could be a means of achieving this through creating a means of succession, since no one in the immediate family is likely to take over the business, but it also has potential financial spin-offs.

For a successful franchise development, their business advisor suggested expansion and further development of the core business. Problems encountered in the previous rapid growth phase have made the Schofields cautious about this and, when interviewed, they referred only indirectly and without detail about possible future changes, although their business advisor indicated that they intend to embark on the new phase of business expansion in 2003.

Coherence
Within the business and through its small network of growers, relations are informal; for example, there are no contracts and there is no prescribed method for conflict resolution, or grower or employee input into the business. In fact, both employees and growers seemed unaware of the plans to expand the business in the upcoming year. Alan Schofield likes to be 'in control' and was never interested in founding a cooperative, even though promotion leaflets refer to GwN as *"a small group of local market gardeners"* and, more recently, as the Growing with Nature Organic Vegetable Club. Equally, growers have not expressed interest in developing a more formal arrangement with the Schofields, viewing (according to one grower) the relationship as purely one of buyer and seller. Interviews suggest, however, that relationships between the initiative and growers are based upon mutual trust and respect: the Schofields are dependent on their suppliers, want to support them, and so are willing to be flexible regarding the amount and types of vegetables they buy. Alan Schofield claims that he does not meet with the growers as a group anymore because he believes that there would be infighting. This is at odds with the impression given by the growers, however, who meet without him on a weekly basis, visiting each other and exchanging information and services.

The initiative has worked to develop customer loyalty, with a core of committed purchasers having a standing weekly order, and the other half ordering regularly; about forty customers have purchased since GwN started. Employees of the initiative communicate regularly with the customers when they order or deliver, and through bimonthly newsletters and open days at the holding. Customers have to book a place on one of the six annual open days, as space is restricted: the day begins with a presentation and tour and afterwards there are opportunities for questions and in-depth conversations. The Schofields see open days as the main chance to reconnect consumers with growers and the production system. While the other growers supplying the OMI have never been invited to an open day, photographs of them are displayed.

Competence
An overwhelming impression gained from interviews was that the business worked efficiently and effectively: according to one customer,

> *"Alan and Debra have moulded what they are doing to their environment and to their principles. Their abilities are very wide ranging. In the technical side of things they are absolutely solid and they have been very creative in creating an alternative marketing scheme that is rooted in the community and works. Alan has provided advice and support to a number of new growers throughout the country and he has also served as technical advisor for the development of organic greenhouse standards."*

This has resulted from trial and error with different approaches to organic production and marketing; although the influence gained working for Douglas Blair, and involvement in organic organisations were critical to Alan Schofield's development as one of the UK's foremost organic growers. This is recognised in awards for product quality and environmental sustainability of the production system. Maintaining these standards is very important to the Schofields, and it dictates from whom and where they source, including growers and the links made with other organic suppliers. One of the employees noted that complaints have only been received about the quality of produce sourced from the wholesaler, although one customer commented that quality of the produce was occasionally poorer than expected but, at the same time, was impressed by the responsive attitude of the Schofields to any complaints.

Despite expansion of range and turnover, both production and marketing remain narrowly focused, capitalising on areas of expertise, and where more significant profits can be made. Maintaining produce quality and local sourcing may become more difficult as the business expands, since local organic supplies are limited; potentially, reliance on wholesalers or large-scale horticultural growers might have to increase. Outside help sought during the difficult period of rapid growth provided the support necessary to resolve the major issues confronting the business and, according to the advisor, it is now *"a well-run and profitable business, with potential for growth"*. He added that, like most small business owners, the Schofields approach development *"cautiously"*, which has frustrated him at times. However, they responded that, as a box scheme is unlike other businesses, they have learned from experience, and that it is necessary to modify the various aspects of the business sequentially, and over time. As one external interviewee commented, *"they have come to understand the business's thresholds"*.

A significant proportion of Alan Schofield's time is spent raising the awareness of his customers and the general public about the benefits of eating local and organic food. He says:

> *"We do not just put a bag of vegetables on your doorstep, we just do not have a shop where you come and say 'celeriac, lovely, I'll have that. We are actually taking it through the hand holding process of 'now this is celeriac and this is how you cook it. This is one of Debra's favourite recipes; please try it'. And it is that connection back to a farmer and a farmer's family, and knowing that their money is going into our pockets."*

One of the businesses acting as a drop-off point remarked, *"Growing with Nature is an opportunity for people to get local vegetables, but it also an educational process"*. Newsletters and open days are used to communicate information on food production and preparation. Once or twice a year the Schofields will set up a display-only stall at local farmers' markets, in order to provide information about what GwN is and does. Within the organic movement, Alan Schofield is also well known as a passionate spokesperson for small-scale growers. His experience, awareness of the needs of small growers and ability to communicate with a broad audience make him a valued member of the Wyre Rural Forum and the Wyre Business Forum. According to a rural development officer with Wyre Borough, *"Alan is good in pulling together different opinions and views"*, and coming up with *"a common ground"* from which to work together; Alan Schofield defines himself as a *rural* representative of the organic sector in these forums, but at the same time he sees himself as a spokesperson for over 600 people (his customers), most of whom live in urban areas.

6.3.4 Interests of other internal stakeholders

The web of internal relationships explored includes employees, grower-suppliers, drop-off points, customers and the business advisor who coached the business through its difficult period. Of the three main employees interviewed, none had prior knowledge of, or particular interest in, organic agriculture. Their primary interests, in terms of employment, were to work in the Wyre area (their home community) and to obtain fair wages and benefits. These three employees were long-term friends of the owners and were offered jobs by them. They said that they enjoyed being part of the business and, over the years, they had worked there (eleven, eight and six years) they had learned a lot about organic production and its health and environmental benefits. They all take advantage of the free weekly bag of vegetables offered to the employees, but otherwise do not buy organic products due to high prices.

All but one of the four local growers supplying the initiative have several years of experience (between twelve and twenty years, individually) with organic production. Two were philosophically committed to the organic approach, whilst the other two viewed it primarily as a way to make a living. One of these growers also expressed reservations about producing organically due to specific and persistent problems with weed and pest control, and more general concerns about the economic and environmental sustainability of organic systems.

None expressed interest in expanding their operations, primarily due to labour and time constraints. Three of the four were entirely dependent on their production operations for their livelihood. All except one sold through a range of marketing channels: one said that maintaining diversified marketing options was a way *"to spread potential risk"*, but would also consider expanding the proportion (currently about a quarter) that they supply to the initiative if the opportunity arose. For the grower selling exclusively to GwN, farm income was a supplement to the main family income, and the nature and extent of their operation was shaped by domestic and family commitments. None wanted to start up their own box scheme: one said *"I wouldn't want the hassle of making up all the bags and delivering them out because primarily you come into the business because you want to be a grower"*; nor do they have the interest or time to follow the Schofields' involvement in the wider organic network.

All the growers supplying GwN have a long-standing relationship of trust and confidence in the initiative, viewing it as a reliable customer, and appreciating flexibility in purchasing: the amount and types of vegetables available are taken into consideration when the initiative orders, unlike other customers. Pricing and payment are important: prices are higher (on average by 10 percent) compared to alternatives, and payment is on delivery, rather than monthly in arrears. They also appreciate that Schofield is a grower with technical expertise, an articulate representative of the views of small-scale organic growers, and a source of information from networking activities.

Drop-off points play an important minor role in turnover, accounting for about one-sixth of total sales. There are ten drop-off points, which include businesses (such as wholefood or health food shops) and one village community initiative (outside Wyre Borough). One of these receives commission of between 10 and 15% of the bag price. We interviewed three of the people responsible for these. Kan Foods, a wholefood shop in Cumbria, was the original drop-off point for GwN bags and the owner has chosen not to accept any commission: she is happy to be able to support GwN and Schofield, whom she believes to be a high quality grower and an important advocate for organic agriculture. She added that she likes *"to try and help people source good food"*. The number of bags bought in her area has declined, which she attributes to the appearance of The Green Man, which has an organic produce stall at the local market and offers customers a wider choice of produce. The Greenhouse, a health food shop in a village near Preston, is one of the larger drop-off points. They provide a drop-off service because, in addition to the commission (not a main motivating factor), GwN customers make additional purchases when they pick up their bags. The Green Centre is a small environmental information centre in a small village near Chorley, Lancashire. They also take no commission, considering this to be an important part of their service to members of their community. By supporting a local and organic grower, they feel that the community also gains wider environmental benefits, including reductions in food miles, packaging, and agrochemical use.

The four customers interviewed were regular but not exclusively organic consumers and were primarily interested in buying organic for a combination of health and environmental reasons. All of them also expressed support for local growers, but it was the combination of organic and local that appealed to them most. Two of the customers expressed anti-supermarket views. According to them, other aspects of GwN that attracted them into membership were: the personal connection, accessibility and responsiveness to needs; cheaper than supermarket prices; convenience; element of surprise; valuable information. Although positive about the initiative, one customer was critical of the quality of produce which he believed had seriously declined over the past year. He was also unhappy about the increasing incorporation of out-sourced products (fruit, meat and wine) and what he described as a *"hard-edged commercialism"* that was creeping into the business.

When asked to characterise the customer base, the owners, employees and people responsible for drop-offs presented somewhat different views. One employee summarised customers in this way:

> *"I would say the customers are a cross section. I've tried to stereotype them before and it's hard to do. You get people right across the social classes, really, all sorts of income levels. But I think it is usually people with some sort of health problem, or they are bringing up kids and want to give them the best."*

Two people responsible for drop-offs centres identified the core customers as *"mainly middle class"* and *"professional people where income is not a problem"*, and *"environmentally aware"*. They also characterised some of the more marginal customers as those motivated to buy organic in response to food scares. According to Schofield, the one thing their core customers have in common is *"they cook and have the utensils to do so"*. However, he was somewhat dismissive of those customers who come to the OMI as a result of food scares *"I don't like it when that happens it's a fashion thing isn't it? And we get very busy and do a lot of one off trade but we don't like doing that"*. On the one hand, this is an economic issue, on the other he expressed concern about their motives and the lack of engagement with the link between food and nutrition.

6.3.5 Consumer attitudes to Growing with Nature: focus group results

As part of the consumer focus group research (see also 6.2.3), participants (some but not all were GwN customers) were asked to identify the strengths and weaknesses of GwN. They believed its main strengths to be good quality, fresh organic vegetables; trust; personal commitment of the owner to organic principles; home delivery service; and commitment to seasonal and local production. Main weaknesses and barriers to joining the scheme were lack of knowledge about the OMI; elitism and exclusivity; limited product range and lack of choice or flexibility; difficulty with home delivery during working hours and for social reasons; and absence of shopping experience for vegetables (for example, touching, smelling; bargain hunting). With respect to the barrier ‘lack of knowledge about the OMI’, the results of in-depth consumer interviews carried out in the market town of Chorley in Lancashire revealed that only 8% of interviewees had even heard of the OMI. Explanations for this include the fact that, due to the selection process, the focus group participants were more aware of organic food in general than GwN in particular; also Chorley does not lie in the direct delivery range of GwN, although there is a drop off point in a nearby village.

Focus group participants felt that GwN’s contribution to rural development was indirect rather than direct, which was considered to be limited by its size. They identified impacts in the area of employment, economic benefits to the growers and retaining wealth in the region, as well as setting an example of a locally based but successful small business with a commitment to environmental issues. It was also considered to have a potentially powerful educational influence.

Participants made some recommendations for improvement that could help to expand the customer base in future:

- More advertising outside the ‘usual’ circles;
- Trial bags;
- More information in advance about the content of a typical bag;
- Introducing an element of choice, potentially for a higher price;
- Extending the concept of home delivery to other products.

The OMI has already had experience of the latter two recommendations with varying degrees of success, so it would have to weigh these options, or variations of these options, carefully within the framework of its future development plans.

6.4 Growing with Nature and the regional context

As interviews proceeded, we quickly discerned two types of external stakeholder with respect to GwN: those with interests in the regional organic network; and those concerned with agriculture and the more general rural development agenda in the region, linking closely with concerns for sustainability. Both issues are problematic, as much of the preceding discussion has demonstrated. The county of Lancashire and the North West region, more generally, lag in organic activity, and rural issues are inadequately prioritised. In this section, we describe the importance of the wider environment for GwN.

6.4.1 Features of the local and regional organic network

The slow rate of uptake of organic methods by growers in Lancashire contrasts with the small but well-established tradition of (non-organic) horticulture in the southwest of the county. A competitor noted *"...the market garden side of it is very successful and we sell Lancashire tomatoes virtually all year round now"*. Beyond the widespread acknowledgement among respondents that interest in organic vegetable production among conventional growers is low, the interviews did not reveal clear reasons for this. With too little time to interview conventional growers to explore their reluctance to convert to organic systems, we can only infer from other interviews and secondary sources that costs of conversion, climatic and technical constraints and uncertain prospects for organic market demand may be important inhibitors. Additionally, there is less impetus than in other sectors and regions as established conventional horticulture markets have been unaffected by the conventional farming crisis. This has resulted in a culture portrayed by one of GwN's suppliers as follows: *"Most growers and farmers in the area still look on organics as a fad, or it's just a passing phase and in a few years' time nobody will want organic"*. The dominant theme running through the above points is that conventional growers in Lancashire do not see organics as a competitive alternative and, therefore, have little incentive to convert.

In future, it is possible that part-conversions of larger operators, such as Humber Growers and Huntapac, may exert a persuasive influence, and *"if there is more money available for people to convert to organics, then I think a lot of these growers will take that option"*. Conversion of livestock systems that included diversifying into field vegetables could be an option for smaller farms, though establishing efficient marketing channels might be difficult.

The networks linking this relatively limited organic production to consumers in Lancashire and the North West have seen a series of changes over the past twenty years. Initially, the market for organic produce was relatively small, and limited volumes were sold through small-scale retailers, such as greengrocers and wholefood shops, town markets and wholesalers. The establishment of an organic pack house by OFF, in the mid 1980s, marked a turning point, and it began distributing to multiple retailers who had gained interest in organic horticulture products. Although their interest fluctuated during the 1990s, the general trend has been upwards, and food processors (many situated in the North West) have also begun to branch out into organic products. The entry of large businesses in the organic market coincided with rapid increases in consumer demand, triggered by food scares. The consequent expansion of the supply base, however, favoured large-scale growers and packers like Huntapac and OFF which could provide large, continuous and consistent volumes at low prices; small-scale growers like those in the Pilling area could not successfully compete for these markets.

Even regional supermarket chains can prove to be problematic outlets for local organic growers. Booths, a small but well-established, regional chain in the North West, originated in Lancashire but now have branches in adjacent counties. Its commitment to sourcing local and regional products features prominently in merchandising, and although *"…what we have done in the last five years is successfully marketed that localness and regionality to the business"* this seems, originally, to have been a product of circumstance rather than design, due to local availability across a range of product categories. Now, however, this has become a key asset in terms of differentiating Booths against increasing competition from national chains in the regional market.

Booths began selling organic lines in the 1980s and successfully expanded their range in the mid 1990s, at the same time as the major national players, Tesco and Sainsburys. The company describes itself as *"a great champion of the price premium"*, and recognises the need for ever increasing standards in order to match reality with the consumer perceptions of organic food as a quality product. Booths derive some organic produce locally, but there is no evidence of an intention to increase this. Attitudes among growers are resigned, since *"…the inevitability of big commerce and big investment comes into play"*; even if supermarkets change some of their buying or retail structures to accommodate local, organic food, *"…it's not really in their interest to be involved with that"*. One of the GwN suppliers also markets almost half of their produce directly to Booths in pre-packed form; until recently, Blair's also sold a large proportion of their tomatoes and peppers but sales declined and, to improve returns, most of their produce is now channelled to two large organic pre-packers outside the region.

In the last five years, marketing options more suited to small-scale growers have increased in the area, including farmers' markets, small retail outlets and vendors, such as The Green Man, wholefood shops and a small number of box schemes. Their main motivation, according to a number of interviewees, is to take advantage of increased demand for organic produce and target the committed segment, about one-fifth of the market; some are also attracted because better relative returns can be earned and/or because they perceive such alternative marketing to be more ethically and philosophically grounded.

The Green Man market stall uses local supplies of organic vegetables from three of the growers supplying GwN, as well as from Growing with Grace. The owner began working part-time in organic retailing at an organic stall in Lancaster weekly market and, when that stopped selling there, he saw an opportunity to fill a gap in the market; The Green Man started trading at the end of 1999. The Growing with Grace cooperative has been modelled very much on the lines of GwN: two of its founder members were, respectively, an employee and a customer, and as Alan Schofield decided to cut back on customer numbers and delivery range, he provided them with a customers' list to the east of his core fifteen miles radius area. Initially, GwN was to provide advice and assistance in developing the new business in exchange for a percentage of its turnover, but this arrangement fell through. Growing with Grace now produces vegetables for its own box scheme and farm shop, supplemented from a variety of sources, including three of the growers supplying GwN.

Some interviewees attribute relatively lower organic consumer demand in the North West to lower disposable incomes and lack of awareness of food issues, although others disputed this, including one organic retailer who described the latter part of the statement as *"rubbish"*. Food culture appears to be evolving rapidly in the region, with some more affluent centres, such as Lancaster (Lancashire) and Kendal (Cumbria), experiencing significant increases in demand for organic products. Links cited by interviewees included the influence of Lancaster University, increasing numbers of retired people in the Lake District (Cumbria) and on the northwest coast, and the migration of relatively affluent people to Cumbria in search of improved lifestyles.

While most organic products consumed in the UK are now purchased through supermarkets, some smaller retail and direct marketing businesses did not identify this polarisation as negative, but as a reflection of the emergence of two different, but overlapping types of market. Some smaller retailers interviewed consider the growth of organic sales in supermarkets as a positive influence on the market, increasing general consumer awareness of organic food and resulting in an overall increase in demand. There is room in the market for a range of outlets, with the independents offering an alternative and distinct, niche market service: according to a number of interviewees, the committed 20% core of all local organic consumers prefer to buy directly from growers and small retailers to get fresh food with reduced packaging and food miles, and to support the local economy: *"People trust us because we've always been involved in organics and fair trade, and environment-friendly products"*.

As a whole, links in Lancashire across producers, consumers and the supply chains connecting them are few and not very well organised compared to Cumbria; as noted above, the neighbouring county has the Cumbria Organics network, which has done much to encourage communication and cooperation between organic stakeholders. Its key role in establishing NOFI in 1999, however, derives from the crisis in the livestock sector, particularly red meat, affecting farmers more in Cumbria than in Lancashire, and this is reflected in the northern organic feasibility study. However, nothing exists to connect growers and retailers in Lancashire, in part because of the lack of existing organic capacity in the county, but also because there seems little interest or incentive to do so. This may be because the production base is more varied, limiting the potential for cooperation, although it has been suggested that small growers, in particular, do not collaborate easily, being in direct competition for local markets.

6.4.2 Rural development interests in the organic sector

Increased awareness and acknowledgment of the need for integration of rural issues in Lancashire among government and other external interviewees has not resulted in specific links to organic agriculture. One local government interviewee believed *"...it's kind of a blank area"*. No strategic planning exists for the development of the organic sector in the county, with key institutional stakeholders interviewed seeming not to consider it as deserving special treatment. One exception is Wyre Borough Council at the local district level, whose rural development officer actively sought out an organic representative (Alan Schofield) to participate in its Rural Forum; however, this seems to reflect the individual officer involved, rather than the organisation's strategic thinking as a whole. Although the NWDA contributed to funding the northern organic feasibility study, it seems unenthusiastic about taking the recommendations forward, and according to one observer *"...it's like getting blood from a stone"*. Other rural stakeholders that work closely with the NWDA had never even heard of this feasibility study and commented that they would be interested to see it.

The national Organic Farming Scheme (providing financial support for conversion to organic farming) is administered in England by DEFRA. Its Rural Development Service provides local delivery of it and other Rural Development

Programme schemes, such as the Processing and Marketing Grant and the Rural Enterprise Scheme. Although DEFRA suggests that organic farming could be a potential beneficiary from these latter schemes, the local office in Lancashire has not had any applications from organic operators in the county. DEFRA, as part of GONW, has a strategic leadership role in regional agriculture and rural development issues, but our investigation found little awareness of organic agriculture in the region, or of the potential role it could play in contributing to rural development objectives.

As noted earlier, the FMD outbreak prompted the Lancashire RRAP. Coordinated by the LRP, this attempts to provide a county-wide vehicle for rural development, stressing *"Lancashire's rural assets have not yet realised their potential [and are] under utilised"* (LRP 2002:24). Yet organic agriculture is mentioned only once as a possible new sector to explore, and the recommendation, drawn from an earlier report on development of cooperatives in the food sector in Lancashire, is cautious about the uncertainties of future market development, in particular in the milk sector.

In general, those interviewed from outside local and regional government institutions expressed doubt about the competence and vision of public sector agencies to promote organic food and farming in this region. One expressed concern that the voice of the organic sector in the county was too weak and seriously disadvantaged by the very strong conventional lobbying network within the area, represented by large and powerful organisations such as the NFU which tend not to focus on the horticulture sector, least of all organic horticulture. Although regional, speciality food promotion organisations, such as NWFF, number organic producers among their members, their concern is to represent the spectrum of small-scale food enterprises in the area and therefore they are unable to preferentially promote organics.

6.4.3 An assessment: people, enterprises and institutions involving Growing with Nature

An assessment of the linkages between GwN and its social and economic environment can be divided into two parts; relations with institutions, agencies and authorities; and networks revolving around production, marketing and consumers, not neglecting the more general influence of multiple retailers and larger-scale horticultural enterprises.

In institutional terms, there has been some top-down activity involving the RDAs and government offices in collaboration with the NOFI, but the supporting framework has been inconsistent in sectoral and geographical terms. Non-government partners involved in the northern organic feasibility study are clearly disappointed that they can perceive *"no focused effort to convert ... [it] ... into some cohesive action"*. None of the recommendations have so far been implemented, a result, it has been suggested, of the effects of the FMD outbreak, which has diverted key resources. However, one interviewee implied that it became *"difficult to implement a programme due to unwillingness of the agencies to cooperate on an interregional level"*; others comment on apparent reluctance of the NWDA (compared to the other two RDAs in the north), suggesting that it still has reservations about the economic potential of the organic sector. In contrast, Yorkshire Forward (the RDA for Yorkshire and Humberside), has already invited the SA to submit a bid to take forward a range of activities emerging from the feasibility study.

Clearly, such top-down activity has not joined up with grass-root development. Although Alan Schofield has had the opportunity to participate in two local round-table partnerships, advising on and formulating strategies for accessing regional development funding, there are no dedicated linkages; a lack of awareness of the potential contribution organic agriculture can make at a local and county level is surprising, especially at a time when rural issues are being taken increasingly seriously. The structure for delivery of policy objectives at the lower levels appears, from this perspective, seriously inadequate.

In vegetable organic production and retailing, small informal networks have developed, revolving most notably around The Green Man and three of the growers who supply GwN. They meet weekly for The Green Man to collect produce, and this provides them with an opportunity to meet informally. The Growing with Grace cooperative also purchases small amounts from these growers, through the intermediary of The Green Man; correspondingly, in return for delivering this produce, Growing with Grace supplies The Green Man with some produce, though as a rule they do not grow for anyone else. Growing with Grace has made other small-scale links, such as its novel and award winning collaboration with rural post offices,[15] but they reflect a general tendency to collaborate where coincidence provides mutual benefit.

Views among these networks about the influence of supermarkets were ambivalent: whilst their effect has been to raise consumer awareness, there is a concern that they may lower standards and compromise the organic principles through the mass production of organic food. Symbolically, this emphasis seems opposed to what some see as the philosophy of organic farming and, therefore, if organic food is to be marketed successfully in these outlets, product philosophy in its entirety must be established. Only if it is communicated to the consumer (via appropriate presentation, information, and promotion) will organic food

[15] The Post Office Network scheme is a mutually beneficial initiative whereby rural Post Offices act as collection points for Growing with Grace vegetable bags.

have a special and distinct identity sufficient to encourage consumers to buy organic in preference to conventional food. The clear advantage seen for direct marketing is that it embodies direct producer-consumer links, which can facilitate greater direct communication and understanding of the concept of organic agriculture, believed by many producers to be vital to the future success of organic food. Arguably, the philosophy, which is so integral to organic food and is the source of its appeal to many consumers, can best be communicated when the links in the distribution chain are short.

Alan Schofield presented mixed views on supermarkets during the interviews. In some instances, he identified them as a major competitor and threat to his business, and on other occasions he was of the opinion that they raise awareness of organics.

> *"I do think one thing the supermarket has done, in some respects, is put the word organic out there are an awful lot more so therefore when we first started off, people eating organic were like needles in a haystack. They were extremely hard to find which was why our catchment area was so wide. Whereas now, it is a lot easier to find a customer because they are a lot more educated – they still don't understand fully what the word means, we have still got to go further with them".*

However, he was definite about the impact he believes their presence is having on some of the changes being made to organic standards, such as the increasing certification and sale of processed organic products. He is critical of the role of the SA in facilitating this process, which he believes is leading to confusion amongst consumers about what organic really means. He and other growers are also concerned about other changes being developed in EU organic horticulture standards, such as the strict adherence to five year crop rotations and the use of organic seed. The traditional concept of crop rotations is not easily transferable to a greenhouse system and there is only limited organic seed stock available, particularly of the heritage varieties that organic growers prefer. Food scares have also led to stricter government regulations concerning food production and processing. Grading, washing and packaging of produce is moving towards meeting supermarket specifications, which will require capital expenditure on upgraded equipment and is also seen by Schofield as unnecessary, wasteful of resources and detrimental to the shelf-life of the produce. Meeting more stringent regulations will also require more time and labour, both of which are difficult for small-scale operations with tight margins and a small number of employees.

In the absence of institutional support or other non-statutory organisations to promote and develop their interests on a county-wide basis, the small group of organic producers in Lancashire will continue to operate very much in isolation. Paradoxically, institutional involvement would follow if organic capacity existing in the region can be expanded or developed with opportunities for new business; as an external interviewee observed, *"There is very little link between producers in that region [the North West] and the processors and there is a big opportunity to try to link the two together"*.

The northern organic feasibility study stresses that *"effective networking, knowledge sharing and communication are essential to the longer term development of the sector in the north"*, but such levels of cooperation seem unlikely in the short to medium term (Lees and Rogerson 2001). Better organisation and communication especially among small-scale operators could provide opportunities for improved marketing and raising awareness about regional and local food, perhaps enabling producers to reach the critical level that could open up opportunities.

The strongest link between the growers and GwN is of economic interdependence, but business links are strengthened by the mutual trust and respect that has evolved through the long-term relationships within this community of growers. One of the employees described the relationship between the owners and the suppliers as *"very close"*, and *"nobody wants to upset anybody"*. The suppliers identify GwN as a *"good customer"* but do not consider themselves part of a grower network and have no interest in forming one locally. GwN's owners, and other external interviewees, shared the view that it is difficult to get growers to cooperate: according to one of the latter, *"Growers are not natural collaborators with their immediate supply chain. If it's a matter of working together to meet an immediate market outlet then that's one thing but there seems to be a limitation to their enthusiasm for more general networking"*.

GwN and its local suppliers are also linked by similar soil and climatic conditions and exchange of technical information occurs regarding production and related issues. Although proximity creates risk for the initiative's supply base, stemming from the unpredictability of growing conditions, the advantage is explained by one interviewee: *"What is very good and innovative about Alan Schofield's system is that between the various growers involved, they can move their rotation around between them. So if there are any problems with pests or diseases on a particular farm, they can move the crop to another grower for a period of time. In this way, they bolster and support each other in a biological sense"*.

In order to build a larger production base that could potentially supply as many as 1,000 customers, the following options are being considered: expansion of the

Schofields' production; increased supply from other local growers; or sourcing from partial organic operations, such as Huntapac. Expansion of the Schofields' operation would require purchasing or leasing additional land in the area that is suitable for production. Obtaining a larger volume of produce from the local growers may be possible, but these growers seem committed to maintaining a diversified marketing portfolio and are not interested in expanding the scale of their production. Currently, there are only a handful of certified organic growers in northern Lancashire, but one external stakeholder thought that the success of the initiative may help to convince *"other people to go down the organic route"*. The Schofields were not as optimistic, however, and said many producers in the area had told them that they would *"sell up before going organic"*.

Choosing the third option, sourcing from larger scale and mainly conventional growers, would seem a contradiction to the type of image that the Schofields have worked to create for GwN and some customers expressed concern about this type of change. Regardless of how it obtains additional supply, further expansion of the business is likely to require additional labour including strengthening of management. Acquiring suitable labour has become increasingly difficult throughout the UK agricultural sector as there is a general out-migration of young people from rural areas and overall declining interest in manual labour jobs. Over the past two years, Blair's has begun employing foreign students from former Eastern Block countries through an employment agency.

In terms of relationships between local networks and the wider organic movement, nearly everything revolves around the personality of Alan Schofield: *"If you are talking to people [in the UK] who are interested in alternative food systems, then everybody knows him and knows where he stands and what his business is about. On a regional level, anybody who is interested in setting up a box scheme or growing vegetables in the northern regions will have referred to him, or been to visit or had some connection to him"*. He has also been closely involved in the institutional development of the organic sector. In 1991, he became the first Chair of the SA's Horticultural Standards Committee and subsequently, a member of its Standards Board, and also of the UKROFS (Organic Standards Regulator for the UK) technical committee. Within the SA, he is extremely critical of the certification of highly processed products out of mainly imported raw material sold in the supermarkets. In his view, this undercuts endeavours to strengthen the local and regional cycles of production and consumption that are reflected in his business, and which he sees as a central principle of the organic philosophy. Recently, he resigned as Chair of the Horticultural Standards Committee, as he felt that not enough attention was being paid to the needs of small-scale growers within the general discussion, though he continues as a member of the committee.

6.5 The impact of Growing with Nature on the organic sector and rural development

"I sing a very local, very regional, very specialised tune and I have always sung the same tune." (*Alan Schofield).*

A picture is emerging of a county where both the farming community and statutory agencies are reticent, if not sceptical about the potential of organic production. Despite this background, GwN has successfully created local and direct producer-consumer links for organic food through an innovative marketing model, and has additionally stimulated demand for other producers. This penultimate section illustrates the type of impacts that this has had on the organic sector and its more general contribution to rural development.

Alan Schofield has played a pivotal role in developing the organic horticulture sector in the UK, particularly in constructing standards through involvement with the SA: as one interviewee put it *"...they [the standards] have grown around him and he has grown around them"*. His business model, a locally anchored box scheme, and his excellence as a grower are recognised widely in national organic circles. GwN's influence at the regional level is less pronounced, possibly due to the small number of producers in Lancashire and a lower profile in comparison to Cumbria. Even so, Alan Schofield is well known within this limited network and provides information and support for his suppliers and those interested in direct marketing: Growing with Grace is one example of an organic cooperative set up on very similar lines in Yorkshire. Alan Schofield has also spoken at meetings hosted by the NFU, the Green Party and speciality food agencies such as NWFF.

Locally, the biggest impacts are on the growers supplying the initiative, and on its customers, reconnecting them with local food production and providing informal education about food and production issues. One customer commented *"...it has made us more conscious of organic food and the benefits of organic food and the taste and health aspects of it, so it has increased our consciousness"*. It provides a market outlet with relatively high prices for local growers, and maintains good relations that can be described as trustworthy and flexible.

More recently, the voice of small-scale organic horticulture growers and the issues that GwN represents have been articulated through Schofield's participation in the Wyre Rural Forum and the Wyre Business Forum. In both, he is perceived as a spokesperson for the organic sector and this should lead to contact with a wide range of agencies with interests in rural development.

Potentially, communication with local suppliers could be improved, drawing more growers into a stronger network; more broadly, this could form a vehicle for greater promotion, and links with the speciality food groups.

In terms of rural development, the impact is very local and to a large extent intentionally so. The philosophy of GwN centres on creating a local and sustainable food system. It seeks to promote the idea of food security in a local context, environmental conservation through reduced food miles, improved soil quality and increased biodiversity, and to inform and raise awareness among local consumers providing opportunities for them to reconnect with local food production. It enhances the local economy through creating some employment opportunities and supporting growers who would otherwise be forced to use the wholesale market. Inevitably, the impact of such a small-scale initiative on wider rural development in the region is going to be fairly limited. Most of the respondents we interviewed were unable to identify much direct impact beyond the modest employment opportunities provided.

However, as a template for similar types of initiative, the impact is potentially very large, although the dynamic enthusiasm of its owners, the Schofields, plays a critical role. Three external stakeholders have described Alan Schofield, in particular, as being someone who is capable of bringing people together, of having a *"convergent"* personality. Paradoxically, he describes himself as a *"control freak"* (others have also implied this), and it is a specific blend of determination and sensitivity to interdependence that has carried the OMI forward through adverse and sometimes very challenging circumstances. Through opportunities to become involved in local consultative committees, Alan Schofield could improve the representation of several different constituencies: the organic sector; growers; organic consumers; and rural businesses; thereby further raising awareness of rural issues at the local and regional level, and of the importance of local food systems and food security. We have found this latter role to be extensively valued in this setting: capitalising on his ability to understand and integrate different points of view, and to identify a common ground from which to work together. A brief summary of the impact of GwN is contained in Table 6-1.

Table 6-1 Growing with Nature: main impacts on rural development

SOCIO-ECONOMIC DIMENSION **Contribution to local and regional economic growth and to community revitalisation and welfare**	
Employment generation	9 fulltime equivalent employees, most from the local surrounding
Improved income levels	Higher producer prices and cash on delivery (rare in vegetable growing)
Working environment and job satisfaction	Stable, long term employment, fair wages and benefits (such as free meals)
Diversification of activities	
Improvement in local identity and marketability	
Local community involvement	Annual visits to smallholding for members of ‘egetable Club’
Improvements in local knowledge and skills	
Improved access to services	
Improvements in local availability (and consumption) of healthy/quality food	As the initiative is strictly local this is the main focus 660 bags of vegetable distributed to final consumers every week
Development of strategic business alliances at local level	Strategic alliances with health shops as droop of points for vegetable bags. Cooperation with selected organic producers in other regions (wine, beef and fruits) in sharing the customer base Wants to establish a franchise system
Institutional networking at local and regional level	Strong influence on the horticultural section of the soil association; member of the Wyre Rural Forum
Catalyst effect	A pioneering box scheme, providing moral and organisational support to others in the same activity
ENVIRONMENTAL DIMENSION **Contribution to local resource conservation and environmental health**	
Agricultural land conservation and sustainable management	
Visual impact of premises	
Adoption of energy and materials conservation	No washing of vegetables
Waste management strategies	Reduced packaging (vegetables delivered in a reusable plastic bag)
Enhancement of environmental awareness	Educational dimension of open days for customers, regular newsletter issued

6.6 Conclusions

Maintenance of upland farming in Lancashire is important for the environment, the social well-being of local communities and the regional economy, due to its role in shaping the cultural landscape and wildlife resources. The LFA designation provides additional support for farming, and the uplands have also benefited from agri-environment schemes. Financial contributions from agri-environment schemes in the lowlands are significantly lower. According to another government interviewee, *"in the past, the funding has always come to that little piece of the county [the uplands]. Consequently, horticulture [predominant in the lowlands] has never really been a part of that whole agenda, so that's a pretty big issue to address now"*. Key issues include collaboration and adding value to agricultural output. Opportunities for alternative cropping arise from good transport links and land quality, together with access to market towns. There are also opportunities to protect and enhance the range of environmental assets by more sensitive land management.

The urban fringe has competing demands for land and there are many threats and opportunities offered by proximity to a large urban population. There is a need to focus on activities that better integrate urban and rural communities and also revive deprived urban areas. Economically disadvantaged historic towns in Lancashire benefit from heritage-led regeneration, adapting buildings for viable economic reuse often related to tourism; whilst the enhanced historic character of areas provides an economic driver, and strengthens communities by developing a sense of place and local pride.

This case study of GwN has shown that box schemes can be an effective model for the direct marketing of organic produce, through providing fresh and local produce to consumers, building a local food system, and contributing to the local economy. Such grower-based box schemes therefore can impact on rural development, in its broadest sense, although this impact is necessarily localised. The nature and extent of the GwN's contribution has been driven largely by the personality and commitment of its owners, and has also been shaped by the opportunities and obstacles presented, both locally and nationally. To be successful, this type of box scheme requires owners or managers that are energetic and multi-talented. As with any small, independent business, GwN is a very unique case, operating in a very specific set of circumstances, and yet there is clearly potential for elements of the business to serve as a model for the rest of the region.

One of the problems for smaller, organic retail initiatives is retaining consumer interest in, and loyalty to, their product or service. If they are going to expand successfully in an increasingly competitive market, initiatives like GwN will need to pay more attention than previously to promotion and raising awareness of their scheme within the region. At the same time, development needs to be market-driven. According to the owner of The Green Man, *"...I just think there are masses of opportunities, masses. I really do think that everybody could expand. It's getting the personnel to do it, isn't it? I haven't got any more time in this world to do anything else. Oh yeah, I do. I really do. It's just getting everybody linked up, and that is the only way."*

7 COMPARATIVE ANALYSIS: IMPACTS ON RURAL AND REGIONAL DEVELOPMENT

Carolyn Foster, Markus Schermer, Peter Midmore, Norbert Gleirscher

Sustainability is at the forefront of the current rural development debate. In all case study countries, and also at EU level, organic agriculture is recognised (within the agricultural agenda) as contributing to sustainability. Such potential convergence of organic agriculture and rural development principles underpins the focus and approach of this research. This chapter explores this, and considers the extent to which OMIs can contribute to a reinforcement of capacity and a lessening of fragility, particularly for peripheral, less favoured rural areas.

Perhaps one of the most striking results of all four case studies is that OMIs' direct contributions to rural development, in terms of income and employment generation, are relatively modest. Nevertheless, in terms of indirect and 'softer' contributions, their effects are considerable: supporting and embedding confidence and business skills, and raising the profile of the regions. These suggest that with growth, multiplication and consolidation of the activities of OMIs, a foundation might be provided for improved impacts in the future, particularly if policy support can be achieved and OMI marketing management is improved. Answering the questions how and why these effects are evident, can provide useful and convincing arguments which, in themselves, may help to improve the impact.

7.1 Major influences and driving forces

The rural development outcome may be thought of as a blend of influences and driving forces of various kinds, acting on the unique structure and process of each case, and serving to handicap or facilitate the OMI's potential to impact on rural development. The function of these studies is to weigh, compare and interpret the effects of such influences, which are explored in the following sections.

7.1.1 Regional conditions

Apart from GwN, all the case study OMIs are located in LFAs which are valued for their natural beauty. Agriculture is a cornerstone of the rural economy and one of the major land uses in the four case study areas. However, it is a primary sector of declining importance, and is under significant pressure from declining commodity prices, ageing populations, out-migration, agricultural labour and skills shortages etc., although, in Bourgogne, the decline of small industrial centres has resulted in a revitalisation of agriculture. The case study areas of both BBS and GwN benefit from the fact that climate and soils are quite favourable.

Transport infrastructure plays an important part in linking local value added to market potential, and GwN, BBS and BBV have good market access: this is due, in part, to their proximity to major urban markets facilitated by good transport networks. However, the scattered nature and small-scale structure of supply incurs high collection and transport costs for both BBS and BBV and, in the case of GwN, its proximity to urban areas gives rise to competing pressures for land. In contrast to the other OMIs, access to markets for AN is hampered because it is isolated by the poor transport infrastructure around Isola del Piano.

The core products of the Austrian, French and Italian initiatives are typical and traditional to their region. GwN, on the other hand, focuses on vegetables in a predominantly dairy and livestock region where there is little or no horticultural tradition and where, although the soils are favourable, the climate is not. Furthermore, BBS, BBV and the two Italian OMIs benefit from a deep-rooted food culture both in the region and in the population in general and, in many cases, this is directly related to the region's image (the identity of all the case study regions except Lancashire is strongly founded in rurality) and the OMI's core products: BBS specialises in mountain cheese which ties in with the image of a pristine alpine area, and the two Italian OMIs specialise in pasta which resonates particularly well in its export markets. BBV specialises in a distinct local breed in a traditional livestock area. Similarly, as regards organic agriculture, all the OMIs except GwN operate in areas where there is a relatively long-standing organic tradition: Marche is one of the pioneering areas of Italian organic agriculture; the organic movement in Vorarlberg was founded relatively early compared to other regions (mid 1980s); and Bourgogne is one of the few regions in France which, historically, has stood out against the main trends in terms of conversion to organic farming. In Lancashire and the wider North West region, however, there is no established tradition of organic farming and it lags far behind the rest of England.

7.1.2 Market conditions

The Vorarlberg region has a strong dairy sector, particularly in Bregenzerwald. There is a proximity to the prosperous economies of southern Germany and northern Italy and, with a tradition of exporting to these and other areas of Austria, opportunities to access these markets are good. Compared to other regions, dairies operate on a small scale, making them potentially vulnerable to a relaxation of EU milk quotas and increasing competition from the larger scale producers in Germany. There is strong, local demand and high recognition both within and outside the region for BBS's core product, mountain cheese, which affords producers higher prices and profits, although there is competition from the equivalent conventional product conveying an equally 'wholesome' image.

Similarly in Marche, there is strong, local demand for high quality, 'typical' products, combined with good market opportunities. Although the organic pasta produced by AN and TeC is generally not considered to be of the best quality for the Italian market, it is highly regarded in its target export markets. Although both OMIs benefit from a robust export market, competition is a threat both from cheaper eastern European imports and from new 'industrial' entrants enjoying greater economies of scale. All cereal growers are required to conform to the general rules of the sector, which are not favourable to organic producers; neither are the levels of investment required for organic pasta production.

Increased intensification in Bourgogne has led to a decline in small farms and consequently in livestock farming. This was compounded by the BSE crisis which resulted in the establishment of a quality assurance system for meat. Although the crisis in conventional agriculture has created opportunities for organic farmers, the structural difficulties facing the industry affect both conventional and organic sectors. As with pasta production, the meat sector requires large technical investments. Organic meat now faces competition from the quality guarantee *Label Rouge*, which ensures a high quality product with full traceability. In addition, BBV must take on board competition from newly converted producers operating within larger, conventional structures.

As mentioned above, there is no long-standing tradition of horticulture production in Lancashire. The UK organic vegetable market is extremely competitive. Most demand is fulfilled through imports and increasingly large-scale, domestic growers linked to the supermarkets are being encouraged to convert. In an ever competitive market, GwN needs to differentiate its product/service, maintain high quality standards and effectively communicate the intrinsic value of the product (despite the price premium) to ensure consumer loyalty.

7.1.3 Institutional conditions

The nature of the regional institutional environment within which the OMIs operate is a key element, not only in determining and facilitating levels of public support that are available, but also in legitimising and increasing the visibility of OMIs, thereby contributing to confidence building and other intangible elements of the rural development process. The institutional background for all four OMIs is briefly explained here but is discussed in greater detail in the section on Actor Network Theory below.

As mentioned above, all the OMIs except GwN are located in LFAs. As such, they have had access to the EU Structural Funds, in the form of Objective 5b and the LEADER programme, whereas such funds are only available to upland areas of Lancashire and not the lowlands where GwN is located. One impact in the non-LFA rural areas of Lancashire is that producers are unfamiliar with accessing grants and, consequently, they have tended not to take advantage of the funding schemes for economic and rural development that may benefit smaller to medium scale organic producers. This is also reflected within agricultural institutions, development agencies and local government. Compounded by Lancashire's urban problems, which have absorbed the attention and resources of institutional actors, lowland rural areas and, in particular, horticulture have operated outside of the agricultural agenda for the county.

The strong regional identity in the Bregenzerwald area of Austria is partly reflected at institutional level, for example, through the REGIO, the main rural development agency in the area. The *Käsestrasse* project, initiated by the REGIO, established a common platform for marketing one of the region's core products. Despite its success, this and other initiatives that seek to capitalise on the region's image have proved less of an opportunity for organic farming, as there is a tendency for existing extensive farming practices in the area to be seen as being more or less organic, both by consumers and by some in agricultural institutions. Local agricultural institutions in Bourgogne, in particular SEDARB, have played an important role in the development of organic farming in the region. Good relationships between BBV and SEDARB, amongst others, have been decisive in securing support for the OMI. However, tensions exist between mainstream and organic agricultural institutions in the region as to the way in which organic agriculture is promoted: should it seek to be a mainstream opportunity or simply occupy a market niche? Unlike the other case study initiatives, GwN is operating in somewhat of a vacuum as far as regional institutional support goes. If not openly hostile, the political and agricultural institutions in Lancashire are, at best, reticent or unaware as far as organic farming goes. Only at the very local level (Wyre borough, the lower tier of local government) is any interest being shown in organic potential and, arguably, this is due more to the personalities involved than as a result of a coordinated strategy. After the trauma of FMD, however, agro-rural issues are rising up the agenda and there is acknowledgement that a more integrated approach is required. Whether organics will feature strongly within this changing environment is questionable. A similar process is underway in the Marche region. Unlike GwN, however, the Italian case studies have benefited from long-standing strong political involvement in the promotion of organic food and farming in the region.

7.1.4 Managerial capacity and skills base

A key individual or group of individuals has been the main driving force behind the set up of each OMI, largely motivated by ideologically based concerns. As the OMIs have implemented their vision and subsequently grown, the issue of day to day management has become increasingly relevant. In other words, at some critical point the OMI needs to make the shift from vision management to operational management.

Adapting to the day to day challenges of running a business has enabled the producers to develop a range of skills outside of their production expertise. They have become multi-talented entrepreneurs, extending their expertise to areas such as business management, marketing and processing, as well as improving their technical know-how in organic farming. However, generally, this has involved a steep learning curve and, as pioneers in their field, there have been few training opportunities available: they have accomplished their successes strictly by 'learning by doing'. Their experiences could now be a valuable resource for others embarking on similar ventures.

7.2 Analysis of the impact of OMIs on rural development using Actor Network Theory

This section aims to provide an insight into the complexity of rural development processes using Actor Network Theory (ANT) to explain the interdependency of OMIs and regional actors in rural development processes.

One of the key issues will be the improved knowledge of processes and dynamics for a consolidated European regional development policy in the future. Furthermore, the term sustainability has become a crucial focus in the public discussion on regional development. Within the agricultural agenda, organic farming is promoted as one of the major paths for sustainable development and, therefore, the network relations between organic marketing initiatives and rural development need to be explored. Although there are indications that there is significant potential for OMIs to contribute to sustainable regional development, little is known of the mechanisms encouraging or hampering the convergence of the two concepts. The analysis aims to explain the contribution to the long-term competitiveness of regions by reducing the disadvantages of rural areas and strengthening their potentials in a sustainable way. This depends, to a large extent, on the functioning or the non-functioning of rural networks, and their ability (with regard to both concept and power of implementation) to engage the various stakeholders of organic and rural initiatives around a common set of interests.

7.2.1 The theoretical framework for Actor Network Theory

Actor Network Theory was developed by a group of sociologists around Michel Callon and Bruno Latour, at the *Centre de Sociologie de l'Innovation* in Paris in the 1980s. The main process analysed is the growth and extension of spheres of influence and power and, in the terms of ANT, this happens through 'processes of translation'. Consequently, ANT is also called a 'sociology of translation' or of 'enrolment'. According to Clegg (1989), ANT develops the Machiavellian idea of strategic power further. Recently, it has been also used frequently for the analysis of rural change processes (see the discussion in Chapter 2, above).

Actors are defined as all entities that are able to connect text, people and resources, in order to build, more or less effectively, a world that is filled with other entities having their own history, identity and relations (Callon 1991).

According to Callon (1986), the translation process follows four stages:

- Problematisation: an actor analyses a situation, defines the problem and proposes a solution.
- Interessement: other actors become interested in the solution proposed; they change their affiliation to a certain group in favour of the new actor.
- Enrolment: the solution is accepted as a new concept and a new network of interests is generated.
- Mobilisation: the new network starts to operate target orientation to implement the solution proposed.

In order to achieve a stable relation and a target orientation, the actor has to set an 'obligatory passage point' to channel all interests in one direction. This will create a 'black box', where translation processes run automatically and are not renegotiated anymore case by case. The network itself may become a new (macro)actor.

Applied to the context of organic marketing initiatives and rural development, we can use the grid mentioned above to analyse who is acting as a powerful (macro) actor; how s/he is 'problematising' the situation; how far s/he manages to interest others in enrolling in the suggested solution; and their final mobilisation. As the ANT follows a dynamic perspective, we need to identify a starting point for our analysis. This can be the situation or 'critical event' that has led to the foundation of the OMI. In other cases, it could be also a major incident resulting in a shift of problematisation.

7.2.2 Problematisation

In the case of BBS in Austria, the initial problematisation emerged from the restructuring and liberalisation process of the dairy sector, connected to the preparation for accession to the EU from 1992 onwards. Although the region has a long-standing tradition of breeding and dairy farming, as well as a system of very small structured cooperative dairies (at least one per municipality), at this time only a few 'lateral thinkers' in the board of the, at this point, still conventional cooperative realised the need for change. They saw that the opening up of formerly strongly protected, agricultural markets would inevitably result in falling producer prices. As economies of scale, growth of farms and processing units were not seen as a viable solution, the only alternative would have been additional off-farm employment. Full-time farming, however, is more or less seen as a cornerstone for sustainable maintenance of the cultural landscape, the quality of life and tourism.

The managing director, therefore, proposed a different set of actions as the solution: firstly, converting to organic agriculture; secondly, shifting from Emmental production to mountain cheese, a traditional but long neglected product; and thirdly, directly supplying market partners outside the conventional cheese marketing board. This was identified as a possible way to maintain profits and to stay in full-time farming. Thus, conversion to organic farming was motivated more by economic rather than ecological or ideological aspects. At the same time, the problematisation did encompass the idea of developing a counter-concept to the prevailing paradigm of growth.

The problematisation for BBV also emerges as more pragmatic and economically motivated, although the original founders are deeply committed to the principles of organic farming. In the early 1980s, a group of organic lamb producers and later organic beef producers came together to market their produce under the BioBourgogne label; however, the meat was badly marketed, access to premiums was poor, and much of the meat ended up being sold into conventional markets.

The establishment of BBV was seen as a way to take control of the marketing in order to compete successfully, and to become viable players in the region's meat sector in the long run. The founders proposed that, as a wholly organic operation, they would be in a position to develop the whole food chain for organic meat in a way that would bypass the constraints imposed on them as a minor player on the conventional playing field. This involved the development of shorter supply channels suited to their needs and maintaining close contact between the producers, consumers and end retailers.

In contrast, the establishment of the two Italian case study OMIs was driven initially by an ideologically based rationale. Both OMI founders, Girolomoni and Sebastianelli, had been heavily influenced by their rural background and saw a need to revitalise marginal rural areas by providing opportunities for producers to remain in farming, and uphold and revive the area's rural traditions, skills and culture. For Girolomoni, organic agriculture represents a way to contribute to environmental conservation and preservation of rural values and tradition, whilst Sebastianelli sees it as, not only an alternative agricultural practice, but also an alternative way of life. Through the establishment of the OMIs, the founders saw an opportunity to translate their vision into action.

Alan Schofield was already a committed organic grower and prominent figure in the UK organic movement prior to the establishment of GwN. From an early stage, the Schofields found that marketing their organic horticultural produce through the very limited existing channels for organic produce (wholesalers, wholefood shops, pre-packers and town markets) was problematic. Turnover of produce generated by selling to small, local retailers or at markets was limited and, although volume was increased by selling to pre-packers, this came with more restrictive conditions concerning production and sorting of produce. Alongside this, they had strong, ideologically based concerns about the effects of increasing standardisation and globalisation of the food system, be it organic or conventional. The growing presence of supermarkets operating within a globalised organic market became a point of contention, and direct marketing through the box scheme model offered them an opportunity to return more power to producers by reallocating product marketing away from supermarket influence to a local level, in an approach similar to that of BBV, if on a much smaller scale. This implies improving links between consumers and producers, and raising awareness about the politics of food in general.

The Schofields' initial problematisation, therefore, was how to market produce successfully and efficiently in a way that was compatible with their value system. This problematisation is a mixture of both pragmatism and principle with a clear ideological base, drawing on the 'organic principles' of sustainability. Their proposal for solving the current problems of agriculture leads to regionally closed circuits of organically grown food, with a focus on technical support of growers and improvement of consumer relations. Therefore, the Schofields turned to the box scheme and set up GwN in order to take control of their own marketing and put their principles into practice. Primarily, the focus is on the consumer, offering them a solution which combines an entirely novel service with the communication a unique set of values. This required bringing on board other producers, in order to broaden the range and better satisfy demand.

7.2.3 Interessement

According to Callon (1986), 'interessement' means that *"other actors become interested in the solution proposed. They change their affiliation to a certain group in favour of the new actor"*.

In the Austrian case, the proposed solution was discussed mainly within the board of the dairy cooperative, which consisted of highly educated and experienced farmers. Due to poor communication, other members of the cooperative did not agree and they opposed it, which polarised interests between conventional and organic farmers. Additionally, there was rivalry with the other dairy in the village, in which the controversy over organic versus conventional farming had a high profile. When the two dairies were forced to merge because of financial difficulties, the new board represented a strongly conventional view: there was the feeling that, since the dairy was now twice the size, it could also compete on the conventional market. However, the existing organic farmers in the community embraced BBS fully, and strong commitment to the OMI emerged.

Other dairies in the region did not become interested in organic processing for two specific reasons: firstly, because of technical reasons, these small dairies could not efficiently run two production lines, one organic and the other conventional; and secondly, traditional conventional farmers have the general perception that they already operate almost organically, as they never use silage (for technical reasons in the production of mountain cheese) and, on permanent grassland, the use of chemical inputs has always been low. The farmers also have a number of concerns about being fully organic, an image associated with being untidy, alternative and green. This prevented further conversion, creating a vicious circle.

The proposed solution in the French case study also generated a high level of interest in, and commitment to, the BBV project among the initial thirty producers involved. It provided them with the opportunity to successfully market outside conventional marketing structures by offering good prices, which have been maintained through the establishment of its own processing facility at Avallon. The early stages of the OMI are characterised by the enthusiasm and energy of a number of its members who are well connected to the institutional framework in the region and have been able to make full use of available support networks. A key player has been André Lefebvre, the first organic farming advisor in the region and manager of SEDARB, who has successfully been able to engage institutional support. BBV received support from SEDARB to get established, some of which continues up to the present, and also from the regional council which looks favourably on organic farming in the region. André

Lefebvre also played a central role in coordinating organic cattle supplies for *Selvi*, the wholesaler, to meet the requirements of a major supermarket chain, *Auchan*.

Engaging the interest of local producers was relatively easy for the founders of AN and TeC. Girolomoni and Sebastianelli were both heavily involved and influential in the emerging regional organic network, and they developed their ideas with a close group of people with similar ideals and aspirations. Unlike TeC, where the idea crystallised among a group of friends, Girolomoni drew considerable support for the initiative from his extended family, which later caused tensions and led to the departure of some of the founder members. As external demand for organic pasta was growing and there were hardly any certified organic pasta producers at that time, the establishment of these two OMIs opened up new opportunities for existing organic producers and those interested in conversion. Both OMIs gave local producers the opportunity to remain in farming in the immediate area, although TeC producers tend to be more geographically dispersed. There have also been knock-on effects in terms of job opportunities for those already involved in, or wanting to get involved in, processing and marketing activities, and also agritourism.

In the case of GwN, the establishment of a vegetable delivery scheme opened up new perspectives to the small number of neighbouring organic growers. Although the few small-scale organic horticulture operators in the area were relatively well established, market access was weak. GwN raised the interest of local organic growers by providing a new market channel. In addition, the focus was on creating a new, committed and loyal customer base to which the founders could communicate their ideas of sustainability, thus establishing close consumer relations through leaflets, open days and personal contact. Therefore, the main sphere of influence is very locally based on both the grower and the consumer side. Alan Schofield has long been involved in the UK organic movement, particularly in the development of the SA's organic horticulture standards, from their inception to the present day. In organic circles he is acknowledged as one of the pioneers of, and leading advocates for, the box scheme model in the UK.

7.2.4 Enrolment and mobilisation

After demonstrating the different approaches concerning problematisation and interessement, in the following section we look at the 'power' of extension, and the adoption of proposed solutions within the emerging network as depicted above.

For BBS, internal crisis led to the establishment of their own organic business by renting an abandoned dairy close by. In 1996, the organic farmers split off and formed a new cooperative, which formed an obligatory passage point for the enrolment of the farmers. They became a closed group of like-minded farmers with strong internal cohesion. For refurbishing the dairy (adapting the production facilities from Emmental to mountain cheese production), the farmers had to pay a capital contribution according to their yearly milk delivery, which even increased their affiliation to the common property resource. They also shared various duties and part-time employment possibilities which cropped up in the dairy and in the delivery service, but the initial group remained a closed community, with only two new members joining since 1996. This can be mainly attributed to the focus of the OMI on its own businesses. The delivery service also started to market the products of other organic farmers in the region but the percentage of converting farmers remained well below average. Although the OMI was quite successful, and members were able to remain in full-time farming, the example was not followed by other dairies in the region and they have failed to grow and integrate new members. The delivery service made viable and useful connections to retailers, especially public canteens, which is a growing sector in organic trade and, in this context, a new INTERREG project of the macro-region around Lake Constance has recently been established with the involvement of the OMI. BBS also has very close personal and administrative ties with the regional organic farmers association and its marketing board.

Since it started in 1994, BBV has recruited up to seventy new producers. Strong internal cohesion among the producer members has enabled it to withstand several crises, although some producers did investigate alternative outlets when the OMI encountered marketing problems. Investment in its own processing facilities has helped BBV to focus attention on short as well as long supply chains, enabling it to develop successful relations with a more local customer base by expanding into emerging areas, such as catering and mail order. Collaboration with the region's organic producer group has been mutually beneficial for producers across sectors, enabling them to expand the range of products on offer for direct marketing. Up to now, links with conventional producer groups remain weak. As competition increases, particularly from conventional operations establishing organic lines, and more organic producers are becoming involved with conventional groups in the region, BBV has to pay attention to extending its network of producers in order to increase volume and remain profitable, possibly by cooperating with organic producer groups outside the region. The success of BBV has provided a model for other similar producer initiatives that have been set up in other regions of France.

At the time of the emergence of AN and TeC, the main drivers of the initiatives, Girolomoni and Sebastianelli, were already known for their pioneering role in Marche's organic sector, providing producers with the opportunity to remain in farming and/or convert to organics. The styles of management (hierarchical management structure with strong family ties in AN's case, and a democratic, participatory style in TeC) generated strong commitment and internal cohesion, although in AN's case this has not always been a constant feature and there has been tension between management and employees external to the family. Another potentially disruptive factor is that new members and employees may not always share the established ideals and goals of the OMI, in contrast to TeC which seeks out and attracts potential new members that share the cooperative's vision.

Outside of this internal sphere, enrolment and mobilisation of interested actors within the Marche region has not been straightforward. Although AN started as a local community development project, its relations with the immediate community of Isola del Piano were seriously damaged by the Coofin affair and have since remained weak. Thus, it is not strongly networked with the local community, the mainstream institutional framework or local development activities beyond those of its own sphere. Partly, this can be explained by the fact that it has become a very family centred business. Moreover, at the time of its foundation, AN's rural development ideas were far in advance of the prevailing political climate of the 1970s and, as such, it has remained slightly out of step with mainstream agricultural institutions and networks. The result is that a functional network has been difficult to establish. Nevertheless, AN has a high profile in the region due to its multiple activities and, as such, it has been an influential actor in commercial, technical and cultural terms. In contrast, TeC's move to a rural context in 1999 meant that it developed in a more favourable political climate, and it has successfully cooperated with local institutions and authorities to set up various initiatives. Despite this, its influence on conversion in the immediate area (that is, in Arcevia) has been very limited. Although its involvement in the local community is low at present, it is likely that this will increase. As regards the organic network of Marche, both OMI leaders were instrumental in the setting up of regional organic institutions, such as AMAB, IMC (the certification body) and the marketing consortium, *Marche Bio*. In the current competitive climate, both OMI leaders also recognise the need to form new strategic alliances and strengthen existing networks.

In the example of GwN, Alan Schofield has involved organic growers and consumers in his network. As for institutional stakeholders, his influence extends mostly to organic organisations at national level with little spread at the regional level. Recently he started marketing the box scheme as an organic vegetable club for his consumers, the intention being, primarily, to strengthen consumer loyalty in the face of increased competition from the supermarkets, and to act as an instrument for further contact. Although interest in the solution proposed is quite strong, neither 'influencing power' nor the visibility of this 'club' within the immediate locality, seems to contribute to the extension of the network. In terms of ANT, the translation process seems to remain too weak to effect further mobilisation. Consumer membership fluctuates and, despite a core of committed purchasers, turnover is otherwise quite high. Moreover, the number of organic growers supplying GwN has remained static and they are focused, primarily, on the strictly business aspect of their contact with the OMI (for example, receiving higher producer prices), rather than on its ideology. It is important for them to maintain diversity in their marketing channels and avoid dependency on one outlet. The founder's personal involvement at the institutional level appears to be due more to his technical expertise as an organic grower than to his ideas or proposed solutions although, within organic circles, he actively promotes his organic philosophy through the example of GwN. So far, his ideas have not penetrated the wider regional institutional network nor has he been greatly interested in actively pursuing this. On the other hand, while the dissemination of influence through franchising the GwN model has consumed some energy, so far take-up has been limited.

7.2.5 The institutional framework for rural development

The establishment of horizontal networks between OMIs and agricultural and rural development institutions is a two way street. Whilst the OMIs need to be active in introducing their ideas and solutions into the institutional structures (as we have seen so far, the OMIs have shown few tendencies to do this), the prevailing institutional climate also plays a key role in facilitating and directing the nature and extent of cooperation. The following section discusses rural development from an institutional point of view in each of the case study regions in order to shed light on the reason why networks might fail or succeed.

In the Austrian case, the quite well-established development agency, REGIO Bregenzerwald, dominates in the region. Founded in 1971, this voluntary association of municipalities, acts as a planning association to maintain and increase the cultural, material and intellectual wealth of its inhabitants through a bottom-up strategy. Therefore the REGIO supports not only economic development, but the sustainable development of the whole region and not of single sectors. Following Austria's accession to the EU in 1995, the opportunity to take part in various EU programmes (in particular Objective 5b and LEADER) opened up new possibilities for financial support. Therefore, the REGIO established a *Regionalentwicklungs GmbH* (Regional Development Corporation) as an instrument to implement various projects. For our analysis, their principal project, the thematic cheese route or *Käsestrasse*, with the participation of farmers, dairies, the regional supermarket chain and tourism, seems to be of most significance. Because of the long-standing tradition in cheese production, the aim of the project is to profile the region for its cheese by establishing a common region-wide label, in addition to the regional network of participants mentioned above. As the region is traditionally based on grassland agriculture, the preservation of cultural landscape and tourism was identified as one main regional development goal.

Therefore, the solution for safeguarding traditional agricultural structures is seen as establishing a common marketing platform (a thematic cheese route), for agricultural products, with the effect of profiling and strengthening regional agriculture in global markets. Due to the fact that conventional agriculture in the region was perceived to be already more or less organic (due to traditional extensive systems and silage-free feeding practices), organic agriculture was not, or at least not explicitly, taken into consideration.

Bourgogne is a region heavily dependent on agriculture, an increasing part of which is organic. The Green movement has had a major influence on the region and rural development issues have tended to have a high profile, linked to broader issues such as food quality and health. Organic farming has a strong tradition in the region. The BioBourgogne association was set up with the aim of strengthening organic farming in the region and contributing to regional 'eco-development'. Relations between organic farming and the public authorities have always been good, partly as a result of strong personal relations. The first organic farming advisor employed in the region, was responsible for setting up the regional development organisation for organic agriculture, SEDARB, whose objective was to build up and structure the development of Bourgogne. SEDARB is supported by public funds, although it depends, to a small extent, on self-financing, and has been an important actor in the rural development process. Although the Chambers of Agriculture have a generally positive attitude towards organic farming, they see it as a form of diversification, and there is competition between SEDARB and the traditional public institutional structures.

During the 1980s, as a new policy direction slowly emerged at EU level, the Marche region began to reject the industrial, agricultural model for its marginal rural areas. Increased global competition and the changing role of regional economies created a positive climate for rural development strategies, reinforced by the region's considerable assets and rural resources, to which the historical process of diffuse industrialisation had contributed. More recently, the importance of establishing horizontal and vertical networks features highly in the RDP for Marche, in order for such strategies to succeed. Furthermore, similar to the UK case study region, the regional government appears to be moving successfully away from sector-based ways of thinking, to a more integrated, regional agro-rural system approach. Recently, the regional government has brought together relevant stakeholders to identify needs and potential linkages across groups; this favourable political climate, along with the multifunctional nature of the region, also opens up opportunities for development in the organic sector which the regional government sees as an integral part of its agro-rural development plans. The positive climate is also visible on a more local level in the areas where the OMIs are located. Organic farming plays an important role in the current mayor's strategy for local development in Isola del Piano and, in Piticchio d'Arcevia, the former mayor was instrumental in TeC's move to the area. Her strong determination in inviting, and persuading, TeC to settle in the area was based on a profound esteem of the OMI's experience, and on the awareness of the significant, positive effect that its move would bring in terms of image and its ability to revitalise the area.

In the case of GwN, it has proved difficult to identify a single important agency for rural development activities in Lancashire. This can be attributed to the fact that the urban has been prioritised over the rural: Lancashire contains some severely disadvantaged urban areas and only a few parts of the county are designated as LFAs; and local government tends to be dominated by elected officials and professionals from urban areas. The rural development agenda changed dramatically after the FMD crisis in 2001 and, although there is now increasing recognition that a more integrated, cooperative approach is necessary to encourage and promote a strong sense of regional identity, the structures are not yet properly established and power constellations are still quite unstable. Whereas in formers days the focus was on sectoral support policies, the FMD crisis showed the necessity of inter-sectoral, 'territorial' thinking. In 2000, local councils became responsible, under the Local Government Act 2000 (see DETR 2001), for producing and implementing a community strategy to contribute to sustainable development by promoting *"the economic, social and environmental well-being of their areas"*. The Act requires that these strategies are prepared and implemented by a Local Strategic Partnership, through which local authorities can work with other local bodies and, to this end, Wyre Borough Council (the sub-region where GwN is situated) has set up the Wyre Strategic Partnership. As part of this, Wyre Rural Forum was established to address the issues facing the rural and farming sector in the borough, and it includes representatives from the NFU, the local agricultural college and members of the farming community.

The solution was seen as establishing a structure of institutions *"operating at a level which enables strategic decisions to be taken and is close enough to individual neighbourhoods to allow actions to be determined at community* *level"* (LSP 2003). Surprisingly, the organic agenda did not, at least not explicitly, become part of the reconstruction process. Also, the new structures do not offer any concrete proposals, which seem to be applicable to meeting organic interests in any way. According to an interviewee from local government, the organic agenda remains *"a kind of a blank area"*.

7.2.6 The rural development impact of organic marketing initiatives in the framework of ANT

With regard to the examples mentioned above, the impact of OMIs on rural development processes can be split into two parts: an active (intentional) and a passive (unintentional) contribution to sustainable regional development. The active contribution of the OMIs analysed remains, until now, restricted to a rather local level. This can be traced back to their problematisation and, consequently, their proposed solution, and also to the extent to which external and internal stakeholders have confidence in this.

Whilst GwN 'problematised' along more ideological lines, the BBS and BBV were required to look at the situation from a strongly economic perspective. GwN was very attractive to consumers, whilst the solutions proposed in the Austrian and French OMIs were more relevant to the producers. In the case of the two Italian OMIs, whose set up was driven by strong ideological vision, although the solutions were producer focused, they also aimed at drawing in a wide range of interests revolving around the local community, by extending their sphere of influence beyond the production level, for example, through cultural activities. The direct marketing agenda of GwN limited its activities to a small-scale, local level which precluded a broader regional perspective. This can also be said of AN, which started strictly as a local community initiative. The BBS wanted to secure a high product price and felt primarily responsible for the interests of their members, and BBV wanted to provide members with the opportunity to become independent of conventional marketing structures and to increase their market power. However, as a member of the BioBourgogne association, BBV is required to commit to taking into consideration regional development by maintaining or creating rural employment, and by participating in an active rural human resource network.

As with any new business, the initial focus is always on running the enterprise rather than actively engaging in rural development issues and, for all the OMIs, their sphere of influence was a priori restricted to a well-defined level. In the French and Italian cases, the thinking went beyond this, although the extent to which this was translated into practice is open to question. All case studies have established themselves as successful, financially viable businesses. However, their impact on rural development in terms of increasing regional added value, securing employment and raising consumer awareness for sensitive environmental issues has been limited.

Until now, an expansion of the ideas of GwN and BBS into the regional environment failed for various reasons. First of all, neither of the OMIs' approaches concerning problematisation had a direct focus on participation in rural development goals in the wider regional context. They remained merely responsive to the potential (where available) of the regional institutional environment. Furthermore, these possibilities have not really been applicable, since they encountered a regional institutional environment ranging from 'organic neutral' to 'organic rival'. In the Bourgogne case, although organic farming is considered to have a meaningful contribution to make, simultaneously there is a tendency to see it more as a form of diversification. Despite this, BBV has successfully established a regional *filière*, or supply chain, for organic meat, albeit on a small scale. Even when institutional conditions were more favourable, as in the French and Italian cases (although AN initially developed in a political and institutional environment that was not compatible with its goals), the commercial pressures of getting a business going have absorbed much of their energies and resources and inhibited integration with the wider region. As regards rural development, organic agriculture is not always seen as a solution for regional problems by the main external actors responsible, and this is especially evident in the cases of GwN and BBS. In the Marche region, however, as we have seen above, the regional government has been supportive of organic agriculture and is now embracing it as an integral part of its development plans for its rural areas. Such an attitude is also visible at the more local level, especially in the case of TeC where the local authorities are keen to promote greater cooperation.

Integrating organic issues into rural development is, not implicitly, the same view of problematisation, but the solutions proposed have to coincide in some way, and must be fully accepted by both sides. In the Austrian case study, the recognition of problems by both the OMI and the regional development agency was exactly the same. Both aimed to find a sustainable way to maintain agricultural structures through full-time farming but, because the REGIO did not see organic agriculture as an adequate solution, there was no integration. Traditional agriculture was able to create a 'near organic' image, which was perceived as sustainable by most stakeholders. In the UK situation, the mainstream productivist paradigm was (at least until the recent crisis of FMD) too entrenched to be questioned. In the French case, as mentioned earlier, organic farming is seen as diversification rather than a blanket solution for a range of rural problems, although there is, at least, recognition that operations such as BBV represent a useful tool in the toolbox. In contrast, the link between organic farming and rural development was at the forefront of AN's and TeC's philosophy. However, whilst AN and the local authority both seek to address the same socio-economic problems of the area, progress towards this has proceeded along parallel trajectories with only limited integration between the two up to now. At least the local authority now recognises that AN and organic farming are an important resource with a vital role to play, in contrast to the prevailing political trends at the time it was established. Convergence in the case of TeC seems most promising since it moved to its rural situation, where the local authorities hold it in high esteem and willingness to cooperate is at the forefront of relations. This will be crucial for undertaking common development initiatives in the not too distant future. Though only a relative newcomer, with no great discernible impact on local development processes (for example, in terms of job and opportunities), TeC appears to have a strong interest in, and potential for, the revitalisation of the local community.

According to ANT, the core of each network relationship is common agreement amongst the partners involved (according to their view of the problems) about the effectiveness and acceptance of the solution. In the absence of an acceptable solution for both sides, the establishment of a network relationship is prevented from the outset, because a ‘net works’ only by sharing common interests.

The effectiveness of the translation also depends on the ability of the OMIs to influence their target groups in a powerful way by setting an obligatory passage point, so that the translation process ends in a so-called black box. Through ANT, the powerful actor (in this case the OMIs) is able to completely transfer his ideas and solutions to its target groups, so that they act as one ‘macro-actor’. While this happened in the case of BBS, BBV, AN and TeC for the core group, GwN failed to form a strong, unified group of producers, although they (the producers as individuals) are committed to continue supplying the OMI. In the case of its consumers, a significant core group has remained loyal to the project although interest beyond this core fluctuates. So far, both GwN and BBS have had limited success in greatly increasing their sphere of interest over time. Furthermore, until recently the rural agenda was dominated by sectoral interests, therefore the integration into the farming sector mattered primarily. GwN, in this respect, is marginalised twofold: firstly, because organic farming is almost non-existent in the region, and secondly because they are ‘growers’ as opposed to the dominant ‘farmer’ (that is, red meat producers) culture in the county. In the Austrian case, the dominant ‘breeder’ culture has strong reservations about organic production. Therefore, in both cases, the OMIs are not well integrated in the traditional sectoral structures.

BioBourgogne’s relations among the core group have remained strong and the OMI has actively extended its network by cultivating relations with organic producers involved in other sectors in the region, enabling it to shorten its supply chains and market more within the region. It is also aware that, to remain independent and competitive, it needs to expand its membership in order to increase the volume whilst remaining profitable. At the same time, as a larger enterprise with greater profitability and financial stability, there could be more scope to network (horizontally and vertically) with a wider range of partners who prefer to work on a more ethical basis without concentrating on purely commercial issues.

The family is at the core of AN's internal cohesion. Although the producer members are committed to the project, the strict hierarchical nature of the OMI and dominance of family members appears, to some extent, to have constrained the spirit of cooperation towards a common goal. It does not have strong linkages beyond this group and, as such, its sphere of influence is limited. Like BBV, it is aware of the need to expand its membership in order to fully utilise capacity at its pasta processing plant, however, the majority of larger suppliers are located outside the region which could compromise its original aspiration to keep supply chains short. In the case of TeC, relations among original founding members and more recent members are strong but membership is dispersed, and hardly any member relationships exist in its immediate location. However, although TeC has had only a limited impact on conversion of local producers to organic production, and it has not undertaken many initiatives to increase its membership locally, new relationships with a range of local actors have developed, including growing contacts with local consumers. All such contacts enhance the visibility of the OMI, its products and its mission.

Currently a shift from sectoral to territorial development is evident across Europe. Although the reasons and responses are different, the OMIs have the potential to become models for sustainable regional and rural development. A government interviewee in Austria envisaged a full conversion to organic production in the medium to long-term future for farming in the region, as environmental regulations become ever more restrictive and oblige conventional farmers to move closer and closer to the organic standards. The increasing importance of environmental payments for farmer incomes in mountainous areas contributes to this.

7.2.7 The use of ANT for a qualitative evaluation of rural development

The purpose of this section has been to illustrate the use of ANT for the evaluation of rural development processes. In general, the evaluation of processes or projects is conducted on three levels: effectiveness, efficiency and impact (Patton 1993).

Effectiveness is closely connected with the achievement of objectives which, in terms of ANT, can be judged by the way problematisation, the proposed solution and its realisation has been approached. The objectives shown by the OMIs investigated can be divided into internal and external purposes. Internal objectives are characterised by economic success, which in all cases was achieved. External objectives are based on the planned contribution to rural and regional development prospects. In the Austrian case, the main goal was to contribute to the preservation of the cultural landscape with organic farming as an avenue for farmers to remain in full-time farming. On a very local level (at least among the members), the initiative succeeded but on a wider, regional level it failed.

The analysis of GwN yields similar insights. Although it succeeded in its immediate socio-economic goals, its external objectives, to effect changes in the regional food chain management and contribute to local food security, remain restricted to a very local level. The difference in the two cases is that, by its very nature, the solution proposed in the case of GwN never expected to extend much beyond the very local level and, as such, its implementation can be said to have been relatively effective.

BBV is a financially secure operation that has successfully developed a regional organic supply chain, and allowed organic farmers in the region to retain their independence from conventional marketing structures. However, operations remain small scale and, beyond the organic sphere, it does not seem to have built up any notable, horizontal networks in the region, that might have enabled it to contribute to the broader rural development goals of the BioBourgogne association of which it is a member.

AN’s economic objective to provide a viable living for its producers has succeeded. Its external rural development objectives, focusing on the enhancement of farming’s status and the prevention of abandonment of the countryside, have also to a certain extent been achieved but, again, only on a limited scale, although its cultural and educational activities have certainly enhanced the image of the area. Its contribution to the development of the regional organic movement has been significant.

TeC established a more far-reaching set of goals, whereby the economic objectives are strictly interlinked with its ethical and cultural ideals. It has become a satisfactorily functioning business, and its wider mission and ideas have been taken on board by local institutional actors, although, so far, not on a wider regional level. Now that it has established itself in business terms, the challenge is to find the balance between the cultural and commercial activities, so that its development is part of a coherent strategy, preferably in conjunction with wider rural development forces. To improve its impact, there are opportunities for AN, and possibly other actors, to take up. They need to work out an accommodation in which joint initiatives could be developed that could be supported by the regional authority.

In the Marche government's view, though, the extent to which its regional organic sector develops is influenced considerably by its capacity for project development and management and, at the moment, this appears weak and disorganised. Thus, any associative kind of initiative, developing the structure of the sector as well as the range of organic produce, would be looked on favourably by institutions which acknowledge the need to support any form of regional collaboration in the agricultural sector. Thus, it may be argued that the creation of regional organic districts, or the setting up of a cereal product organisation involving AN and TeC, would be valued positively and encouraged.

Efficiency, in general, means the effective application of available resources. In the context of the ANT analysis, this concerns the use of social capital for the extension of ideas. In relation to our case studies, the analysis of the black box created, and its internal cohesion, gives clear insight into the translation process. Whereas, in the Austrian case, this sphere of translation, or black box, was restricted more or less to the members albeit with some strength, GwN provided evidence of a quite diverse range of involvement, although attachment on the growers' side seems to remain more or less on the level of business relations. BBV has gone beyond its immediate producers and broadened its network to include a range of vertical stakeholders, although no horizontal networks have been established. AN and TeC have fostered strong internal cohesion among their producers and employees and, in addition, they have successfully shared their vision with a wide range of outside interests through culturally and educationally based activities.

As an instrument to identify the direction of translation, ANT also indicates that the efficiency of the translation in the case of GwN is more directed to the consumer side; whereas the other OMIs are more producer-oriented.

Last but not least, an important part of the evaluation process is the assessment of the **impact**. One major impact of the initiatives is that they provide a functioning model for extension, particularly as they have yet to contribute to rural development in a more quantifiable way. If OMIs do provide a model for sustainable business with positive spin-off effects, their impact on rural development depends on a combination of the acceptance and interest of the surrounding institutional environment, and also on the active role played by the OMIs themselves in engaging external interest and support. Our case studies show that, although they offer quite successful models to their environment, the signal sent out has, so far, not been adequately received. This is especially noticeable in the cases of GwN and BBS. In terms of ANT, the solution proposed by these two OMIs is not yet fully accepted on a regional scale, and the problematisation of potential partners does not yet coincide. In the French and Italian cases, although they more effectively communicated their solution to a wide range of interests, levels of convergence and integration with rural development processes in the region remain fairly low. However, the changing political environment in the EU, with a move away from a sectoral to a more integrated, territorial based approach to agro-rural issues, is opening up further possibilities for convergence of interests and future collaboration.

The analysis shows that the ANT can be used to assess the influence of initiatives on rural development in a qualitative way. On all three levels of evaluation, ANT as a qualitative tool gives insight into processes, purposes and motivations. The dynamic aspect allows regional stakeholders to see the driving forces and barriers more clearly. It can therefore give ideas as to how to devise more precisely targeted strategies, if the ‘model effect’ of OMIs is deemed useful for further extension. Additionally, it can be inferred that all OMIs investigated attempt, with their problematisation, to provide an answer to a highly local or region-specific question. Table 9-1 gives an overview, comparing the different contributions of the case study OMIs against a set of relevant indicators for sustainable development.

7.3 Conclusions

To some extent, the successful management of an OMI will determine its ability to impact on processes of rural development; however, the scope and significance of that impact will vary according to context, which the case studies under investigation have shown to be highly diverse. Analysis has been carried out largely in qualitative terms, reflecting the methodology chosen for the overall investigation and therefore, in quantitative terms, direct contributions to rural development are less tangible and apparently relatively modest. Nevertheless the qualitative approach has identified considerable indirect and softer contributions. These effects are considerable, especially when considering that substantial ripple effects, a kind of cultural multiplier, may spread out beyond the direct impact we have identified. This is what provides the foundation for improved impacts in the future, particularly if policy support can be achieved and OMI marketing management is improved.

Table 7-1 The comparative impact of the OMIs on rural development

SOCIO-ECONOMIC DIMENSION Contribution to local and regional economic growth and to community revitalisation and welfare					
Relevant issues and indicators	**BBS**	**BBV**	**AN**	**TeC**	**GwN**
Employment generation	X	X	XX	X	XX
Improved income levels	XXX	XX	XX		X
Working environment and job satisfaction	XX	X	X	XX	XX
Diversification of activities	XX		XXX	XXX	
Improvement in local identity and marketability	X	X	XXX	XX	
Local community involvement				X	
Improvements in local knowledge and skills.				X	
Improved access to services			X		
Improvements in local availability (and consumption) of healthy/quality food	XXX	XXX	X	XX	XXXX
Development of strategic business alliances at local level	XX	XX	X	X	XX
Institutional networking at local and regional level	XX	X	XXX	XXX	X
Catalyst effect	X	X	XX	XX	X
ENVIRONMENTAL DIMENSION Contribution to local resource conservation and environmental health					
Agricultural land conservation and sustainable management		X	XX	X	
Visual impact of premises				XXX	
Adoption of energy and materials conservation	X			XX	XX
Waste management strategies			X		XX
Enhancement of environmental awareness	X		X	X	XXX

All of the five case study OMIs have reached a stage where they are facing a strategic turning point which may affect their ability to contribute to rural development goals. Although the political and institutional environment has become more favourable, they are now operating in an increasingly competitive market in which there is growing ‘industrialisation’ of the organic supply chain, with more conventional operators adopting organic lines in order to take advantage of the buoyant demand. The five OMIs are now faced with a challenge of where to go next. Should they adopt a limited growth, niche strategy or ought they to adopt a growth strategy which allows them to compete with the larger players?

The OMIs are rooted in organic principles and wider ethical issues. It seems that adhering strongly to this initial idealism might reinforce their ethical basis, yet, at the same time, it may limit the OMIs' ability to transmit their values to a wider audience, for example by reducing membership to the loyal core. The greater market power of a larger enterprise, with more producers, increased volume and higher profits, may allow OMIs to look beyond the purely commercial side of the business, and to strengthen or establish partnerships with other stakeholders who work on a more ethical basis. As the market becomes more saturated, however, the industrialisation or conventionalisation of the organic supply chain, associated with mass production, technology and convenience, risks running into ideological contradictions. Arguably, these aspects are diametrically opposed to organic principles, and, therefore, if organic food is to be marketed successfully in the long term, the product philosophy cannot afford to be lost in its entirety.

The organic movement originally set out to develop a critical alternative to the prevailing modernist paradigm applied to agriculture, including reservations about the pursuit of physical and financial growth. At least two of the OMIs studied (GwN and BBS) challenge the need for growth, and both have decided on optimisation strategies within the limits of present capacity. A potential solution to this inconsistency may be to change attitudes to growth from an 'additive' to a 'multiplicative' approach. Active promotion of spin-off enterprises, partly affiliated on a franchise base as projected in the UK case, and encouragement of the creation of horizontal network of OMIs could exploit economies of scale and, at the same time, retain and extend the core values attached to small-scale organic initiatives.

The OMIs under investigation here are all well-established, successful businesses. In the early stages of an OMI's development, there is a need to become financially viable and competitive before it can begin to expand and significantly extend networks. Although this in no way precludes 'new' OMIs from operating on a strong ethical basis, with greater profitability and financial stability it becomes easier to direct energy and resources into collaborative efforts, and to become involved in wider rural development processes. The changing political environment, along with lessons learnt from existing initiatives, may encourage and hasten this process for those OMIs currently in early start up phase. Above all, even where rural development agencies embrace organic farming, and vice versa, ANT shows the need for convergence on both sides (that is, a common understanding of the problem and acceptance of an appropriate solution) for OMIs to contribute to a region-wide, integrated approach to rural development.

8 CONCLUSION AND RECOMMENDATIONS

Peter Midmore

Both Yin (1994) and Stake (1995) argue that, contrary to popular preconceptions, case studies are useful in drawing generalised conclusions, particularly where comparisons are involved, and where the phenomena studied are complex and ill defined. Whilst each of our case studies presents a very different example for interpretation and analysis, there are some strong commonalities that bind them together; also, the broader survey of OMIs (Sylvander and Kristensen 2004, referred to in Chapter 2 above), although rather more concise and rapid in its investigative approach, provides additional confirmation of these common features. It is worth summarising these findings, in order to support the recommendations of this chapter for policy and practice involving organic marketing initiatives and rural development.

The OMIs we have studied, like all businesses, experience a life cycle and need to adapt to changing external circumstances as well as to the internal consequences of growth and development in complexity. They have significant potential to contribute to the continuation and development of the 'European Model of Agriculture': high levels of environmental performance are built in, through organic standards and certification, to the primary production that OMIs process and market, and this ethical basis spills over into business conducted further down the supply chain. Not only are the initiatives we studied committed to high environmental standards, their concern also extends to the social and economic sphere, and may also, in some ways, add to and strengthen the construction of regional identities.

However, the number of initiatives and their size relative to the overall market for organic food, nationally and in European terms, is smaller than we had anticipated. Although OMIs have considerable potential as an instrument to meet policy goals for sustainable rural development, it is far from being realised. Also, further development of such businesses faces future challenges from two sources: non-organic enterprises with significantly greater levels of resources have been increasingly involved in marketing and processing organic lines to complement their activities in the conventional food sector; and more of the consumer demand for organic foods is being met through sales by multiple retailers. This heightened competitive pressure is partly responsible for the 'turning point' that all of our case study OMIs are described as facing but, in addition, there are other, internal pressures. In their early years, the high level of motivation and involvement of charismatic individuals contributes to the chances of survival and subsequent dynamic performance. Whilst the OMIs are relatively small, these individuals can achieve consensus through inspiration; as growth inevitably brings involvement of a greater number of producers, with more diverse attitudes and aspirations, decision-making becomes more difficult, at the time when appropriate action is most urgently needed.

It is interesting to note that the OMIs of our case studies have achieved their progress so far without any preferential support. OMIs are almost entirely small, not even medium-sized businesses, and our in-depth case studies included micro-businesses. Yet because of their unique situation in terms of the involvement of producers, decision-making and management, they contribute to wider objectives than straightforward job creation and income generation.

There is a range of different approaches that can assist OMIs to prosper, and thereby increase their contribution to achieving the aims of rural development policy. Our particular concern here is that the policy framework can facilitate development and expansion of the producer-led marketing of organic products, in order to achieve integration and additional benefit. For example, policymakers cannot manufacture the key individuals who inspire and support the founding of OMIs; but policies can improve the incentives and remove the barriers to allow them to work more effectively.

Reform of the CAP agreed in 2003 will provide new resources for the Rural Development Plans of member states, and allow them to finance additional measures under the Second Pillar to support quality enhancement by groups of farmers (Council Regulation 1783/2003 specifically identifies organic farming as eligible). This, from the point of view of the emphasis of this report, is a wholly welcome development. However, there are two immediate concerns that arise. First, the nature of the compromise reached in June 2003 limits the amount of support for the ambitious extension envisaged for the Second Pillar, and so member states may choose to squeeze this aspect of their rural development programmes to maintain other, earlier commitments. Second, and more importantly, financial support for joint action by farmers to improve quality in marketing and processing their products is a necessary, but certainly not sufficient, condition for OMIs to perform successfully. Indeed, without an adequate complementary framework of support, provided at the appropriate level, such initiatives may be unsuccessful and damage consumer confidence, producer motivation, and prospects for sustainable development as a whole. Therefore, the remainder of this final chapter discusses possible improvements in the policy framework, at all levels, which our in-depth case study analysis suggests could enhance the development impact of OMIs.

8.1 Recommended policies to promote OMIs

The principle of subsidiarity requires that action should be taken at the lowest level of administration consistent to achieve efficient outcomes. While there is scope for action at EU level, there are issues to be considered across the spectrum, from the international to the level of the enterprises themselves. The order in which these is considered is important; appropriate action from the bottom up, enterprise, regional authorities, member state governments and the EU as a whole are discussed in turn, before drawing some final conclusions about coordination and integration.

8.1.1 Recommendations for OMIs

Currently, the fashionable approach to rural development involves integration across tourism, environmental protection and farming. The specific nature of OMIs (particularly the market situation that they face) suggests that they should avoid taking such diversification too far, except where they recognise that as being in their own interest. Instead, they should be encouraged to focus on production, processing, marketing and distribution in order to maximise member returns, and other benefits for rural development will follow.

In recent years, the case study marketing initiatives have survived and, to a greater or lesser extent, prospered in an adverse environment, in some respects paralleling the evolution of the overall production sector in organic agriculture. This achievement is partly due to reliance on conviction and adherence to a set of principles, underpinning the enterprises' resilience and determination to succeed. In rapidly changing circumstances, this prevalent mood could grow into a tendency to be inward looking; for the OMIs to continue to progress and realise their full contribution to sustainable rural development, it is of considerable importance that this character changes. The experience of the case study OMIs will not be repeated for those that have been established more recently because market conditions have changed. Currently successful OMIs started when competition was relatively weak, but with sustained growth, other enterprises in food processing, marketing and retailing have entered the organic market. There is a need for the uniqueness of OMI products to be communicated as effectively as possible. Equally, OMIs need to research consumer demand effectively and develop a clear marketing strategy.

- First, output growth will require more producers rather than intensifying the existing production base, and the probable implication is that they will have more recently converted to the organic system. This will almost inevitably introduce more diversity into the attitudes and aspirations of the collaborators, and require more flexibility in the decision-making process. The OMI of the future needs to be consciously aware of the restrictive nature of collaborative action, whether through a formal cooperative structure or other means of organising joint action, and to design positive actions to promote inclusiveness, equity and appropriate managerial functioning, while retaining core values. Our case studies also suggest that management capacity could be significantly improved. The nature of continuing management training, however, needs to be highly specialised by taking into account the OMIs' ethical base in collaborative action.

- Second, it is clear that although the relatively small size of OMIs is important in order to safeguard their social benefit, in marketing terms this imposes a clear competitive disadvantage. The pressures this imposes are likely to increase over time, and partnership between OMIs will become ever more important as a means of survival. The most important area for cooperation, as suggested by investigation of the customers of the OMIs, as well as in the wider study reported in Zanoli *et al*. (2004), is in consumer education, promoting the wider social, cultural and environmental benefits of organic food. More specific marketing and promotion requires consideration of expanded links with other OMIs, and also greater collaboration with conventional producer groups, provided that this can be achieved without abandoning the principles that define and motivate OMIs at present. Conscious effort is needed, especially in some parts of Europe, to improve the standing of the organic approach among conventional farmers, not just with a view to winning more converts, but in order to foster mutual respect and understanding as the basis for long-term collaboration.

In a number of ways, this process can be seen, from the comparative case study evidence, to have already started. There is new confidence among OMIs and they are starting to promote their ideas in mainstream debates and institutions; many also target the young intentionally, through educational projects such as farm visits for local primary schools. This process requires a response, specifically from the regional authorities that have the main responsibility for rural development.

8.1.2 Recommendations for policy at regional level

The enterprises we have studied can contribute to sustainable rural development, as our analysis has shown; once the organic sector achieves critical mass, particularly in peripheral parts of Europe that rely heavily on primary production, they can also play a part in the more general process of regional development. However, at present, as the framework of Actor Network analysis set out in the previous chapter shows clearly, there is conflict and misunderstanding between regional policymakers and the leading personalities involved in marketing initiatives in the organic movement.

Even where regional development agencies actively embrace organic farming as a policy goal, officials do not appreciate the latent contribution of OMIs relative to current status, as producer commitment and its ethical underpinning makes the businesses relatively more resilient and successful than others of similar size. To some extent, this is reflected in over-optimistic expectations of the effectiveness of public sector intervention at regional level. The theoretical approach shows a need for convergence on both sides, to generate a common understanding of the problematisation and acceptance of an appropriate solution.

- First, the scope for convergence is limited by the current institutional environment. A process of dialogue could help to strengthen the potential of OMIs to contribute to the aims of regional policymakers, and also to enhance the performance of the enterprises in pursuit of their own objectives. Incorporating local organic actors should be a priority: a reciprocal process of shadowing (officials spending a short period working alongside managers in an organic enterprise, followed by OMI managers spending a similar time in development agencies) could be valuable in this respect.

- Second, regional development agencies are well placed to provide specific public sector support for the process of new OMI formation, by identifying and facilitating appropriate networks of organic producers, and assisting conventional farmers to explore the advantages of conversion; to assist the formation of collaborative initiatives between producer groups; and also to take advantage of the Rural Development Programme and other structural funds to support consumer research, in identifying areas of specific market demand (such as demand for regionally branded organic production within and outside the region).

It is at this level of intervention that most can be done to promote OMIs but responsibility for promotion should not be left entirely with regional development agencies. Typically throughout Europe, the level of funding is determined by government at national level, and central authorities also provide a significant amount of guidance concerning their activities.

8.1.3 Recommendations for policy at national level

National governments have a clearly defined role in supporting the organic sector: they are responsible for regulating organic standards; providing aids for conversion and maintenance of primary organic production as part of agri-environment support; and carrying out research and providing extension services. In all these areas, a broader perspective, concentrating on the position of primary organic production in the entire supply chain, would help to clarify the status of producer initiatives. Standards could be strengthened and extended, particularly to cover the provision of information on distribution systems as well as on production methods. To an extent, these issues are being followed up by national organic producer organisations, which are also increasingly involved in the supervision of research activities, and the delivery of advice and guidance to organic farmers. More difficult issues relate to monitoring and supervision of the organic supply chain, and the provision of support beyond the farm gate to OMIs that can deliver enhanced rural development impact.

- First, as both case study and broader survey evidence show, the structure of OMIs' marketing activities often requires them to sell significant quantities outside their home region, and this provides a valid opportunity for national governments to provide coordinating support. There is scope for investigating the market potential of supply chains extending beyond home regions, and for the provision of supportive infrastructure. However, a difficult issue which must be confronted is the position of multiple retailers, whose influence (as demonstrated in the history of GwN) extends even where initiatives purposely avoid relationships. It is clearly in the supermarkets' long-term interest to sponsor a vibrant and profitable organic sector, though competitive pressures may cause them to temporarily lose sight of that detail; in realistic and practical terms, it is also in the consumer interest to be able to purchase organic food easily. Regulation at such a detailed level is clearly inappropriate; rather, it would be preferable for national governments to use their moral influence to ensure that multiple retailers take into account and also promote the range of contributions that OMIs make to sustainable rural development.

- Second, the introduction to this final chapter discussed the process of CAP reform within the EU, reflected in the transformation of agricultural support throughout the rest of Europe in response to the Doha round of the WTO. Resources released by reductions in direct support to agriculture can be used to good effect, through supporting collaborative initiatives to improve the quality of food production and to draw this to the attention of consumers. Unfortunately the compromise agreement on the reform of the CAP in June 2003 leaves too few resources from the EU contribution to the Rural Development Programme to adequately fund the new measures (there is even some doubt about the ability to continue funding existing measures). In the short term, national governments need to consider how far they can contribute their own resources to supplement the Plans' scope. In the longer term, greater shifts from Pillar One to Pillar Two are possible; this widely debated issue is beyond the scope of this report, but it is sufficient to draw attention to some more radical proposals which have been suggested (IFOAM 2002; Friends of the Earth Europe 2003).

8.1.4 Recommendations for policy at European level

One of the most striking features of our case study inquiry emerged in the initial advisory committee meetings in each area. These were introduced by presentations from the two external researchers, which provided brief introductions to the organic sector and the state of marketing in their home countries. The response to these presentations was striking, demonstrating a keen interest in, and a desire to learn from, the experience of others. Whilst on several fronts, European coordination has contributed a great extent to advances made by the organic sector, it is at this level that the most efficient and productive capacity to exchange experiences, and further the potential contribution of OMIs, exists. The OMIaRD project has developed an initial network of contacts through its activities, and there is enthusiasm to maintain and develop it among all the businesses we studied, and also the experts who were involved.

- The European Commission, acting in consultation with national governments in the European Economic Area, should act as a catalyst to establish a continent-wide network of producer initiatives which market sustainably-produced primary products (since timber products, in some parts of Europe, make a significant contribution to rural economies). The objective should be to build on the experience of this project to disseminate best practice in sustainable economic development, in alliance with a wide range of partner organisations.

8.2 Final conclusions: coordination and integration of policy

The extent of policy support for the development of OMIs must, of necessity, be limited to actions that remove barriers to development, or improve the conditions in which they operate. For consistent and sustained development, the ideas and effort must come from organic producers themselves and the communities in which they are embedded. However, the organisations which represent and coordinate producers can also play a vital role in providing an independent check on the progress of policy reform; in terms of overall market development, they are best placed to act on behalf of producers and their marketing initiatives. For longer-term economic and social viability based on the growth of organic agriculture, more consumers must be made aware of the intrinsic value of organic food and how it differs from that produced by conventional agriculture. This communication offensive requires the organic movement as a whole to promote organic food, even at premium prices, as a 'value for money' option, satisfying a range of consumer needs and aspirations.

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APPENDIX: MODEL QUESTIONS PROVIDED FOR USE IN IN-DEPTH INTERVIEWS

Stakeholder group	Model questions
Owners and managers of OMIs	How and why was the OMI set up? Who was involved? Were there individuals/events/institutions which played an essential role? What were important milestones in the establishment and early development of the OMI? How does the OMI work internally? How do marketing, supply and processing operations work, who controls them and how are the major areas of activity coordinated? What are the immediate challenges the OMI faces? And what are the longer term challenges? Describe the upstream and downstream supply chain linkages. How are prices and volumes determined? How does the OMI see its wider role? Are there aspirations to create employment locally? Contribute to local quality of life? Achieve environmental quality improvements? Contribute to the development of organic agriculture or agriculture more generally? What is their assessment of the prospects for organic agriculture in the region, and more generally how do they perceive sustainability in rural development?
Employees of the OMI	How long have you been supplying your produce to the OMI? How involved are you in the management of the enterprise? Were you concerned in the establishment and early development of the OMI? What benefits or drawbacks do you notice from involvement in the OMI? Do you use other market channels, and if so, what are the reasons for doing so? Are you a member of any other agriculturally-related organisations, and if so are there any benefits or drawbacks as far as they are concerned? What are the ambitions that you have for the OMI? To what extent should it go beyond the objectives of providing a secure and well-remunerated outlet for your produce? What is your involvement in the organic movement and agriculture more generally? What role do you think this OMI has played in the development of the organic sector in this region, and more widely?

Stakeholder group	Model questions
The local community	How long have you been aware of the existence of the OMI? Does it provide any benefits to the local community? What other concerns for the community as a whole do you have, and how could the OMI contribute to resolving them? Do you know what the OMI's policy is towards local purchasing and employment? To what extent are these contributing to local community and economic development? Does the OMI have any other positive or negative impacts, for example towards the local environment, or contributing to a sense of local identity or tradition? What are your views on the contribution that organic farming, in general, can make to improve the quality of life, both locally and in your region? What role do you think this OMI has played in the development of the organic sector in this region, and more widely?
The OMI's customers	Have you been a customer of the OMI? Do you consider yourself a loyal customer of the OMI? What are your reasons for purchasing organic products from the OMI? Which of these do you rate as the most significant? Why? What proportion of your dietary intake is organic? Is this confined to a specific food group(s)? Are there factors that limit your purchase of organic food? Where else do you purchase organic products? What do you see to be the strengths, weaknesses of the OMI? In what ways could they improve? What do you see as their opportunities and threats? Do you think the OMI (logo, product, manager/owner) is well known locally, regionally, nationally, internationally? How has this OMI impacted on economic, social or environmental aspects of the community? What role do you think this OMI has played in the development of the organic sector? What is your assessment of the current and future role of organic agriculture?

Stakeholder group	Model questions
The environmental interest	How long have you been aware of the existence of the OMI? Is the OMI contributing to the goal of sustainable local community development? What do you see as the most significant environmental, social and cultural problems of the local area and region? Are there any ways in which the OMI could improve its contribution? How does the OMI fit into other actions to improve the quality of the local environment? Is it effective, and if not, how could it improve its effectiveness? What role do you think the development of the organic sector can play in improving environmental performance? What part, if any, has this OMI has played in the environmentalist movement? What role do you think this OMI has played in the development of the organic sector? What is your assessment of the current and future role of organic agriculture?