

# **State of the art review - On healthy growth initiatives in the mid-scale values-based chain of organic food**

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**Abstract:** The aim of the paper is to present results from a review of successful mid-scale organic values-based chains, where characteristics of such chains and their strategies for growth are in focus. The work is part of an EU-project, Healthy Growth, where ten European countries participate<sup>104</sup>. Results are based on reviewed research in each participating country and a general review of research on successful chains. Results show that successful mid-scale values-based chains are characterized by an emphasis on diverse values and product qualities, they emphasize personal relationships between chain actors, are based on a diversity of consciously chosen sale channels—both direct and indirect and utilize a variety of communication channels/means to communicate values and product qualities to consumers. They also employ a diversity of organizational forms/structures, where different forms of producer organizations are common in the majority of chains.

**Keywords:** organic, mid-scale values-based chain, product qualities, healthy growth

## **Introduction**

The dominating players in the organic markets are mainstream large-scale market chains on the one hand, and small-scale local marketing initiatives on the other. Some challenges underlie these two main channels of sale. The large-scale players can effectively handle large volumes, but their capacity or ability to transmit information about organic values tends to be limited to basic standards and regulations, such as EU regulations (Noe and Alrøe, 2011). Additionally, the mechanism of mainstream marketing leads to smaller economic returns to farmers and loss of their control over the supply chain (Schermer et al, 2011). Conventionalization of organic food chains is taking place when organic foods do not differ in any great degree from other foods in large-scale chains (Guthman, 2004). Local food marketing initiatives, which are based on short food supply chains, tend to function through a close and trust based relationship between producer and consumer, which ensure a high level of integrity (Milestad et al, 2010; Lamine, 2005). What characterizes such initiatives is however an inherent problem in moving from niche to volume (Mount, 2012). While these two types of organic chains are well described in the literature, meso-forms are lagging (Knudsen et al, 2006). In this paper the aim is to carry out a state-of-the-art review of literature on healthy growth initiatives in organic value chains, initiatives that manage to combine an increased volume while at the same time securing and advancing organic values. The main focus is on what characterize such successful chains and their strategies for growth.

## **Definitions of concepts**

To conduct a state-of-the-art review of “*mid-scale values-based chains*”, we had to define what we meant by the concept. Based on literature reviews and discussions within the Healthy Growth team, we ended up with the following definition of mid-scale values-based chains as chains that:

- handle high-quality, differentiated food products of a certain volume

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<sup>104</sup> Healthy Growth: From niche to volume with integrity and trust, is a project under CORE Organic II.

- involve a number of producers (more than one farmer/producer)
- communication is mainly indirect between producer/farmer and consumer
- involve at least one separate actor as an intermediary between producer and consumer
- involve a minimum of one stage of product transformation (packaging, processing etc.) and therefore two steps of transmission (farmer - intermediary actor/initiative - consumer)
- place usually emphasis on *both* the values associated with the food *and* the values associated with the business relationship within the food supply chain, and perceive at least some supply chain actors as strategic partners
- consist of actors and initiatives such as food businesses, retailers, associations, networks or other initiatives

Differentiation means to create and market unique products for varied customer groups where the aim is to create a superior fulfillment of customer needs in one or several product attributes. Thus to develop customer satisfaction and loyalty, which can be used to charge a premium price for products. Such a strategy aims at reducing the price sensitivity of consumers by offering uniqueness (Porter, 1980). With differentiated food products we first and foremost mean products that are differentiated from conventional products and mainstream organic products.

We divide communication into *direct*- and *indirect* communication between producers of food products and consumers. Direct communication means face-to-face communication between producer and consumer, or communication through phone, Internet or e-mail. Indirect communication means that there is no contact between producers and consumers, and communication has to be arranged in other ways, for example with the use of brands or labels (Renting et al, 2003).

“*Mid-scale*” and “*values-based*” are not concepts commonly used in European research on organic food chains. In the U.S., these are concepts developed and used as a basis for developing middle sized farms, which were gradually disappearing because they were too big for direct marketing and too small for commodity markets (Stevenson et al, 2011). The Healthy Growth project members still found the concepts “*mid-scale*” and “*values-based*” appropriate also for European quality food chains, but as a concept for food chains which handle larger volume than volume passing from direct sale (small scale), but less volume passing than a conventional chain (large scale) and hence are able to handle both volume and value.

## **Methodology**

Each research partner of the Healthy Growth project developed a national state-of-the-art report based on guidelines developed for this. The guidelines included a disposal for national reports and questions to be answered under each point. The first points were about contextual conditions of importance to understand the situation surrounding the organic food sector in the different countries. The main section of questions were about research on successful mid-scale values-based chains including many points describing such chains, and challenges and success factors connected to growth processes. The disposal ended with questions about theoretical and methodical approaches of existing research and main lessons learned from the revision.

According to the reviews, national teams have conducted searches based on appropriate keywords suggested in the guidelines<sup>105</sup> and in some cases supplemented with other words. Some countries have additionally visited relevant websites for research projects and literature. Most countries report a lack of case study research on organic mid-scale values-based chains. Only Austria has selected cases based on 1: a broad variety that reflects the research conducted in the area of mid-scale values-based food chains and 2: studies that take into account Austrian charac-

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<sup>105</sup> Local food/Regional food/speciality food/quality food production – regional/rural development; Alternative food supply chain/short food supply chains/alternative food networks/new food supply chains/local or regional food systems; Sustainable food systems/sustainable food chains/organic food chains, etc; Midscale food value chain

teristics. The search for literature outside the participating countries were conducted by using the same key words as defined in the guidelines. In addition, two case studies from Europe (Marsden et al, 2000; Marsden and Smith, 2004) and one from the U.S. (Stevenson, 2009; Stevenson et al, 2011) have been included in this study. Table 1 shows case studies included in the literature review and type of initiatives.

Table 1: Overview of the case studies reviewed

Case studies:	Name of the study:	Type of initiative:
<i>Austria :</i>		
C1=	Adamah-Hof	Box-scheme/producer initiative
C2=	Bioalpin/Bio vom Berg	Producer initiative
C3	Walserstolz	Producer initiative
C4	Biobauern Sulzberg	Producer initiative
C5	BERSTA & EVI	Consumer – producer initiative
<i>Denmark:</i>		
C1	Danish organic bread chains	Processors and retailer
C2	The Organic Freshware Terminal	Producer initiative
C3	Box schemes – Aarstiderne.com	Box-scheme/producer initiative
C4	Danish CSAs – Spidsroden & Landbrugslauget	Consumer initiatives
C5	Thise – Irma (Coop-Denmark)	Producer initiative
C6	The Danish Organic Vegetable Chain	Association
C7	Fejø Fruit – Dansk Kernfrugt – Irma	Retailer association
C8	Bornholmsgrisen	Processor and retailer
<i>France:</i>		
C1	AMAPs in Provence	Box-scheme/consumer initiative
C2	Norabio	Box-scheme/producers initiative
C3	The Valbio case	Box-scheme/producers initiative
C4	The Small Producer brand	Producer initiative
C5	The Biobougogne Viande case (OMIARD project)	Producer initiative
C6	Collective producers' initiative (Liproco project)	Producers initiative
C7	FNAB, Organic marketing channels	Producer initiative
C8	Biocoop	Consumer initiative
<i>Sweden:</i>		
C1	Farmers in the Ekolådan Distribution Network	Box-scheme/wholesaler initiative
C2	Upplandsbonden	Producer initiative
C3	Goat cheese production in Sweden	Producer initiative
<i>Norway:</i>		
C1	Growth in four local food firms	Processors initiative
<i>U.S.:</i>		
C1	Four values-based food supply chains: Executive summary	Producers and non-profit business initiative
<i>U.K.:</i>		
C1	The Llyn Beef Producer Co-operative	Producer initiative
<i>UK and Holland:</i>		
C1	The Graig farm and the Waddengroup Foundationn	Producers and a foundation

## Scope of Literature

The national reports show that research on mid-scale organic values-based chains vary among countries. While researchers in a few countries have conducted a range of studies, in others it was not possible to find any or very few studies. There might be different reasons for the lack of research. Some countries have not yet developed many mid-scale values-based organic chains and in many countries there has not been much focus on the whole chain but rather on other aspects of the organic sector (for example Finland, Germany, France, Sweden and Norway). The 25 case studies from the national reports were distributed between the following countries: four from Sweden, one from Norway, eight from Denmark, five from Austria and eight from France<sup>106</sup>. Background for the studies, goals, research approaches and methodologies differ. The studies contribute with important knowledge according to growth, development and change of mid-scale values-based chains.

In the range of case studies presented, some focus on the value chain for one product and others on chains including many products. Examples of products included are bread, vegetables and fruits, meat products, dairy products and flour. Type of initiatives vary (Table 1) from consumer initiative such as shops and consumer owned farms (4<sup>107</sup>), producer – consumer co-operatives (1<sup>108</sup>), producers' initiatives such as a farmers' initiative or cooperation between farmers organized as cooperatives, foundations, associations etc. (18<sup>109</sup>), processors initiative (1<sup>110</sup>), processor and retailer initiative (1<sup>111</sup>), wholesaler (1<sup>112</sup>) and different association/non-profit organization initiative (3<sup>113</sup>). There are six box-schemes among the cases reviewed<sup>114</sup>. In the U.S. literature several authors use the notion "driver organization" which is the firm, organization or initiative in a particular supply chain that facilitates chain management and brings other supply chain participants together (Lerman, 2012). What here is described as type of initiative, usually represent the driver organization.

The guidelines asked for successful case studies that were defined as chains, which were able to combine growth and added value. Some of the case studies presented are successful according to this definition, while a few are not. Studies that describe development over a period of time show that a successful period may be followed by a period of struggling for survival or vice versa, where some chains are able to adapt to new circumstances and others not (NR Austria, Furtschegger and Schermer, 2013, NR Denmark, Kjeldsen et al, 2013, NR Norway, Kvam and Bjørkhaug, 2013).

Research in the reviewed literature relied heavily on qualitative research methods. Both single case studies and multiple case studies are conducted. The case studies are mainly based on qualitative interviews; open ended, semi-structured and structured interviews. Focus group discussions with consumers are used in one case. Quantitative surveys are used only in very few cases, and statistical analysis, data-based analysis and GIS-based spatial analysis have been conducted in one study. Mainly micro and meso level has been in focus in reviewed studies. There is in general a lack of generalization and synthesis of insight in European research in the field. In contrast, U.S. researchers have conducted many studies of mid-scale values-based chains, reviews are

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<sup>106</sup> Both "grey" literature and research literature on mid-scale values-based chains are presented in the French report (National report France).

<sup>107</sup> Case 1 and Case 8 France, Case 4 Denmark.

<sup>108</sup> C5 Austria,

<sup>109</sup> C1, C2, C3 and C4 Austria, C3 and C4 Sweden, C2, C3, C4, C5, C6 and C7 France, C2, C3 and C5 Denmark, Marsden et al 2000, Marsden and Smith 2005, Stevenson 2009.

<sup>110</sup> C1 Norway,

<sup>111</sup> C8 Denmark

<sup>112</sup> C1 Sweden

<sup>113</sup> C6 Denmark, C7 Denmark, Stevenson 2009.

<sup>114</sup> C1 Austria, C2 Sweden, C1 France, C2 France, C3 France, C3 Denmark

conducted and both generalizations and synthesized insight from studies are conducted (Lerman, 2012).

Authors have used a range of theoretical concepts and orientations from social science as a framework for their papers, particularly stemming from disciplines such as sociology, economy and geography. Both grand and middle - range theories are used, multidisciplinary - and in some cases actor-oriented approaches.

## **Main characteristics of successful chains**

### **A diversity of values and product qualities**

In this paper we use the terms “values” of products and “product qualities” interchangeably, because we define a value of a product or a chain as a product quality. The review shows that successful chains emphasize a range of values:

*Geographical proximity:* In nearly all cases studied, geographical proximity/regional origin was a value chain actors used to differentiate products. Proximity was usually connected to local and regional products, and sometimes linked to culture and history (for example in Furtschegger and Schermer, 2013, Sirieux et al, 2009 in Lamine et al, 2013, Marsden and Smith, 2004, Marsden et al, 2000, Stevenson, 2009).

*Social and ethical concerns:* Nearly all case-studies reviewed also emphasized social and ethical concerns as a value and thus a quality of products. The most frequent value mentioned was fair price for producers, but also fair relationships along the chain, affordable prices for consumers, fair working conditions for employees and fair trade for imported products and social sustainability. Animal welfare beyond organic standard is mentioned, and in one case social and educational projects were also supported (Furtschegger and Schermer, 2013).

*Environmental concerns* are mainly described as organic quality according to EU standard. In some chains actors go beyond established organic qualities, for example where climate action plans were conducted for farmers (Stevenson, 2009; Schulz et al, 2013). No packaging is an example of other values based on environmental concerns (Lamine et al, 2013). Support of small farms/small scale farming, biodiversity and land stewardship are also values emphasized in some cases reviewed (C1 and C4 Austria, Furtschegger and Schermer, 2013, Stevenson, 2009, C1 France, Lamine et al, 2013).

*Special product feature:* Such qualities are more in focus when studies on local food are reviewed, but are sometimes also a quality in organic chains. To describe special product features, terms used are: quality products, specialties, traditional practice and breeds, traditional recipes and/or processing, mountain pastures, premium processed products, product story, high nutrient content, etc. (C8 and C1 Denmark, Kjeldsen et al, 2013; C2 and C3 Austria, Furtschegger and Schermer, 2013; C3 Sweden, Fauré et al, 2013; C1 Norway, Kvam and Bjørkhaug, 2013).

*Regional development:* Not all reviews mention *regional development* as a value in itself, but it seems to be an implicit value in many of the cases. In quite a lot of cases the aim of establishing the initiative is to develop a regionally embedded food network, or to build a regional supply chain to retain control over marketing of products. Community values are also mentioned in some cases. Where a regional brand is developed, which is the situation in many cases, it is a typical effort for regional development.

*Food safety* is mentioned as a value and product quality where transparency and traceability along the chain are emphasized. There are also examples of safety related to qualities such as silage and GMO renunciation and no additives.

The reviews show that differentiation from large scale conventional chains and mainstream organic chains is based on a range of values. Values-based product differentiation depends on multidimensional quality differentiation strategies where in most cases these go far beyond organic standards. This means that successful mid-scale values-based chains have invested in- and developed a range of different strategies to build values and product differentiation. Product qualities emphasized are connected to different actors in the chain, in many cases to farmers, but also to other actors and sometimes to the whole chain. Qualities may be more or less challenging to establish according to, among others things, complexity and actors involved. In a Danish and Norwegian case (C5 Denmark, Kjeldsen et al, 2013; C1 Norway, Kvam and Bjørkhaug, 2013) the activity of establishing product qualities is expressed as being based on a continuous focus on product development and multidimensional quality differentiation, where in the Norwegian case a lot of support is attained from external support institutions to develop new product qualities. The U.S. case shows that a deepening of ecologic stewardship and social justice has been part of their growth strategy (Stevenson, 2009).

### **A diversity of sale channels**

Retail is the most important channel for sale in chains reviewed, but a diversity of sale channels are used by many of the successful chains. Most producer organizations have established a diversity of distribution channels, usually retailers, but also for example different forms of public procurement such as school canteens, and sale to HoReCa. In many cases those channels are combined with different forms of direct sale, such as own shop and Farmers Market. In some of these cases producers themselves may have other individual strategies and sell their own produced product through, for example, Farmers Market or own shop or restaurant (For example in C1 NR Austria, Furtschegger and Schermer, 2013; C7 NR France, Lamine et al 2013; C1 and C2 Sweden, Fauré, 2013; Marsden and Smith, 2005). In box schemes reviewed, we see the same strategy in developing a range of other channels for sale, such as internet sale and sometimes own shops and restaurants in addition to the box schemes (C1 NR Austria Furtschegger and Schermer, 2013; Cx NR Denmark, Kjeldsen et al, 2013; C2 Sweden, Fauré et al, 2013).

When looking for mid-scale values-based organic chains in the Healthy Growth project, a main point was that communication should be mainly indirect between producers and consumer (Chapter 2). Results show however that many of the successful chains have developed a diversity of sale channels, including both indirect and direct channels for communication. When growing, it seems to be important to maintain a close interaction with consumers for communication of qualities and feedback through direct communication. The development of a diversity of regional sale channels might also be seen as a growth strategy. In this way, successful chains develop different channels to reach different regional customers in order to increase sales. Another important aim focusing on a diversity of sale channels is described in the Waddengroup Foundations' growth strategy. Both at home and abroad, the principal sales channels are specialty shops and general grocers. "With this level of heterogeneity within the supply chain, the network can retain greater control over production levels, prices and the spatial distribution of gains" (Marsden and Smith, 2005; 446-447). Other cases show different growth strategies, for example in C1 U.K. where markets are developed locally, regionally, nationwide and for export, different strategies are adopted for the different markets (Marsden et al, 2000).

It is not only values of the chain and qualities of products that differentiates mid-scale chains from conventional and mainstream organic chains. In addition, choice of sale channels differentiates mid-scale chains from the other sale channels that facilitate forms of direct communication with consumers beside indirect channels for sale. Developing of both direct- and indirect channels for sale may mutually support each other in securing growth and communicating of qualities, and thus strengthen the chains ability to grow.

### **Emphasizing relationships between chain actors**

When searching for case studies to review, one criterion was that the chain put emphasis on *both* the values associated with the food *and* the values associated with the business relationship within the food supply chain (Chapter 2). In a case study from Austria where all actors in the chain were included, the relationship between the different actors in the chain is described as very amicable and on an equal basis (C1NR Austria). The results from the study show a high consensus between the expectations of the consumers and the ability of the case study initiative to comply with them, when providing high quality organic products in the supermarket without compromising fairness and social sustainability. According to this case, regional embeddedness appears to provide the key to achieve the goals of the mid-scale values based chain. It allows frequent communication and interaction, which lead to trust and collectively shared perceptions of values decisive for a high product quality. It also would appear that mutual respect and appreciation is a precondition for an equal distribution of added value and profit (ibid.).

In the case study from the U.S., relationships are emphasized (Stevenson, 2009). Inter-organizational trust among strategic business partners is seen as pivotal, as is the mutual confidence that business partners will fulfill their agreements and commitment. It is built upon the fairness, stability and predictability of agreements among strategic partners. Value chains emphasize shared values and visions regarding product quality, partner relationships and customer treatment, shared information (transparency) and shared decision-making among strategic partners (ibid.). According to the U.S. case reviewed, farmers in mid-scale values-based chains are “price negotiators”, as distinct from “price setters” in direct marketing and “price takers” in commodity marketing systems (Stevenson et al 2011).

From some of the successful cases we recognize that chain partners are consciously chosen to fit values of the chain. There are examples on how retailers are chosen because they fit with the chain values and quality strategy (NR Denmark, NR Austria, NR Norway, Stevenson, 2009). When retail is the option the processors and/or producers organizations seem to choose private-, regional origin quality stores, small quality chains, independent retailers or supermarkets - which specifically sell organic products (ibid.).

In addition, many other benefits were derived from close relationships between the chain actors. There are examples of cooperation in product development and testing of products, cooperation in marketing, knowledge sharing and learning, and other benefits that make the chain function more efficiently and coherently which altogether strengthen the chains ability to grow in a sustainable way.

Reviewed studies confirm that successful mid-scale chains seem to be characterized by a close relationship between value-chain actors, in U.S. studies described as partners (Stevenson et al 2011). Such close relationships differentiate mid-scale chains from conventional and mainstream organic chains, where traditional business relationships, which mainly focus on price, are common. It would appear that close relationships are decisive for establishing values along the chain, such as fair prices for chain actors, fair relationships along the chain and social sustainability. Additionally, close relationships and common values seem to make product differentiation possible in the way such relationships facilitate communication of qualities along the chain. Overall, close relationships among chain actors seem to be decisive for successful growth of mid-scale values-based chains.

### **Communication of values to consumers**

Various strategies were developed to communicate values to consumers. These are divided into different types:

*Own brand:* In many of the studies examined, branding strategies are used for differentiating products and thus to communicate qualities of products.

*Different means in grocery:* Below are some examples of means used in grocery trade to communicate qualities of products:

- Representative from producers or processor present products inside the store, offer tasting and leaflets for information, storytelling by staff or producer, etc. (Germany, Schulz et al, 2013; C3 Sweden, Fauré, 2013; Norway, Kvam and Bjørkhaug, 2013; Stevenson, 2009)
- Traceability cards at sale point with farmers name, name of butcher or other outlets, length of maturation of the beef, the tag number of the animal and the carcass number (Marsden et al, 2000)
- Photo of producer and place, environmental quality are explained with a color-code label (C4 France, Lamine et al 2013)
- Shop-in-shop systems for organic food (Germany, Schulz et al, 2013)
- “Organic producer basket” (C6 Denmark, Kjeldsen et al, 2013)
- Information and communication with employees in the fresh food department. Develop «ambassadors» in stores among sales personnel (invite sale personnel to the processors factory to meet the employees and show them the production process, tell the story of the product, etc.) (Norway, Kvam and Bjørkhaug, 2013).

In box-schemes the following ways are used for communication:

- Subscribers are provided with additional information about the purchased product (including recipes) and the producer behind the products in every box (Austria, Furtschegger and Schermer, 2013; Sweden, Fauré et al, 2013; Denmark, Kjeldsen et al, 2013; France, Lamine, et al 2013). In one case a quarterly journal was distributed via the boxes. Feedback from consumers is received via direct contact and/or via phone or e-mail or web-site dialogue

*Media coverage:* Some chains are very conscious about profiling farmers and products in media as a means for differentiation and communicating values

*Communication through direct sale channels:* As already mentioned, many chains sell products directly through, for example, Farmers Market, fairs, festivals, own shops and the internet, as a means to maintain direct communication of qualities and to receive feedback.

Successful chains seem to use a variety of communication channels to inform customers about values of products and to gain feedback on products and ideas for development. This way of communicating qualities differentiates mid-scale chains from conventional and mainstream chains’ both by using different and diverse of channels for communicating product quality and by differentiating in the way means are framed to reach customers.

### **A diversity of organizational forms/structures**

Producers (commonly a group of producers) initiated eighteen of the 28 studies reviewed. These groups have established different organizational forms, such as non-profit-foundations, producer cooperatives or network of producers’ cooperatives, economic associations, non-profit organizations and farmers’ owned limited liability corporations, but where the majority are cooperatives. There may be differing reasons for cooperation. As already mentioned, regional chains were established to build regional supply chains to retain control over marketing of products, and retain control over own production and income. Another reason is to overcome problems of fragmenta-

tion and discontinuity (Knickel et al 2008, NR Germany). Producers are able to ensure sufficient and reliable supply, offer a greater variety and strengthen their negotiation position at the same time (Latacz-Lohman et al, 1997, NR Germany). This is particularly important when delivering to supermarkets or specialized organic purchasers (Deane, 1993; Strauch et al, 2006, NR Germany). Despite the importance of producers in producing qualities in mid-scale values-based chains, there are also examples of successful chain without producers' cooperation. In such chains producers are mainly satisfied with benefits from belonging to the chain (Marsden and Smith, 2004; C1 Sweden, Fauré, 2013).

The six box schemes reviewed also vary in the way they are organized, despite carrying out similar functions and being based on many of the same values. In two of the cases, one farmer is the initiator and driver. Other box-schemes are initiated and run by consumers or group of farmers. Examples of organizational forms are foundations, cooperatives, and associations. They also vary in the way they are governed and in agreements between actors. Also other initiatives vary in the way they are organized and function.

Three studies reviewed have concluded according to organizational forms. They conclude that there is not a clear generalizable model for development, - no *one* model for development/growth (C3 Denmark, Kjeldsen et al, 2013), and that a range of organizational structures can work well for value chain enterprises (Marsden et al 2000). This is also the conclusion from the U.S. cases, where four different forms of organizing have led to success. Studies where development over time has been in focus show that organizational forms change to adapt to growth and changes in circumstances (for example C5 Austria, Furtschegger and Schermer, 2013).

In most successful chains described, some form of producers' cooperation is established, with a predominance of farmers' cooperatives. The main impression is, nevertheless, that a diversity of organizational forms and structures are described in the successful cases reviewed. The conclusions above are also the impression from reviewed reports, i.e. that there is no *one* model for successful development and growth. Results rather show that a range or a diversity of organization models and structures can work well for growth.

## Conclusion

The focus in this review has been on what characterize successful mid-scale organic values-based chains and their strategies for growth. Results show some common traits within such chains, which differentiate them from both conventional food chains and mainstream organic chains. These traits/characteristic are:

- Emphasizing a diversity of values and product qualities far beyond organic standard
- Based on a diversity of consciously chosen sale channels, in many cases both direct and indirect channels
- Emphasizing personal relationships between chain actors for building trust and common values, for developing chain values and communicating values along the chain
- Utilize a diversity of communication channels and means to communicate values to consumers, both via direct and indirect means
- Utilize organizational forms/structures that have been adapted to growth

These characteristics of successful chains seem to be closely connected to one another and to healthy growth. In figure 1 the relationships between these differentiation characteristics are outlined.

Figure 1: Differentiation strategies for healthy growth



Values/ product qualities are placed in the middle of the figure because they constitute the basic differentiation factor from conventional and mainstream organic chains. The other characteristics, which also differentiate the chain, are in a way supporting both the development of values and communication of values along the chain, and are decisive for making growth possible.

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