



Value(s) based supply chains to meet organic consumers' expectations - a case study from Austria

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- The case study
- Results on value adding
- Results on values in relations
- Comparison and Conclusions



Approach

- Definition of Value Based Supply Chains:

Value Based Supply Chains are long term strategic alliances between business enterprises, which place emphasis on both:

-> values associated with the food product and

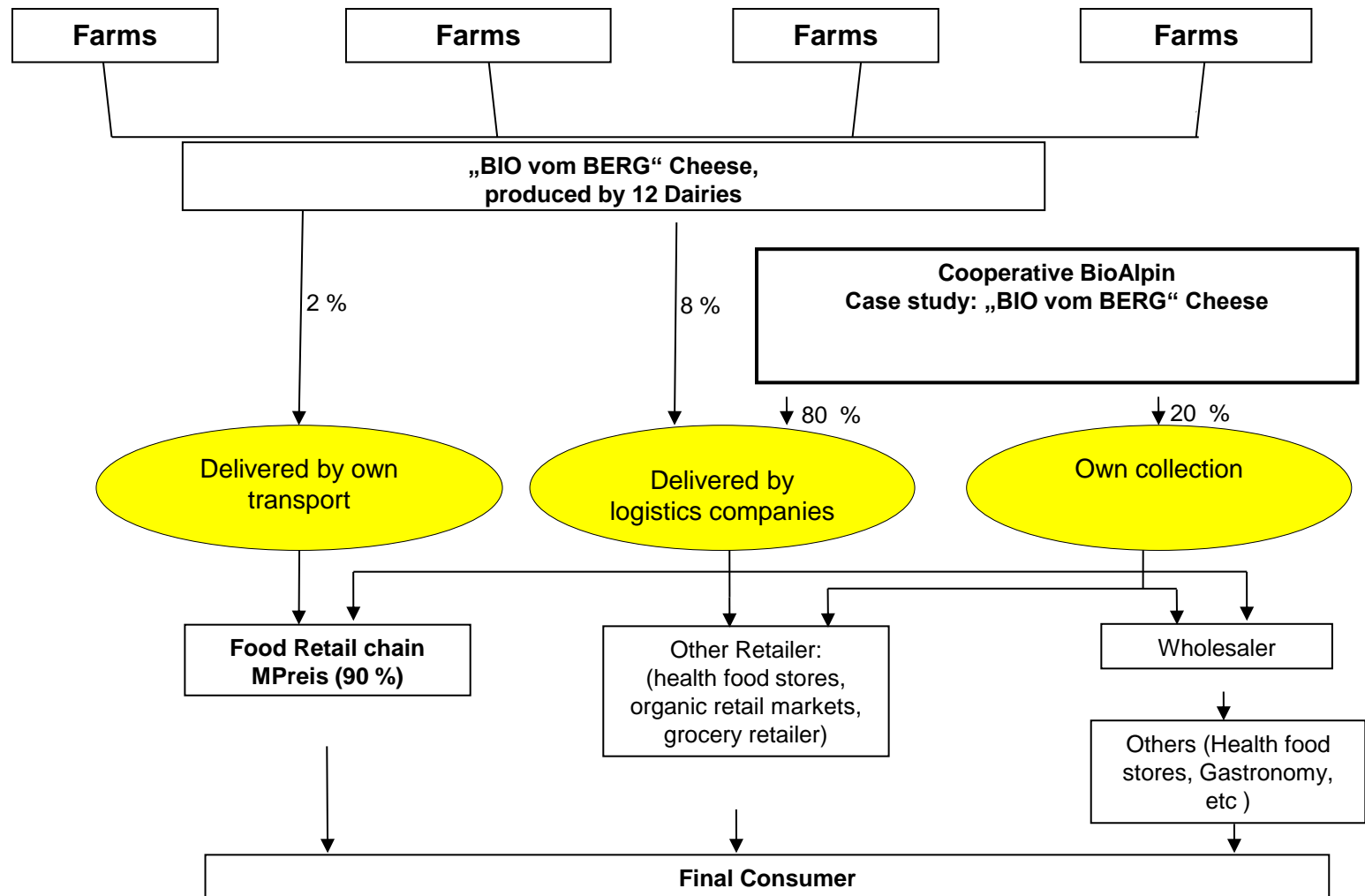
-> values associated with relationships and the fair distribution of profits along the chain

(after Stevenson and Pirog 2008).

- Research questions:

- Which qualities are used to add value to the product?
- Are these qualities communicated consistently within the supply chain?
- What are the perceptions and expectations of fairness and social sustainability by different stakeholders along the supply chain?

Supply chain of the cheese production line in „Bioalpin“ (2009)



Theory & Methodology

- Qualitative methodology:
 - ➔ 16 qualitative interviews with stakeholders along the SC. The interview partners were farmers (5x), dairy processors (5x) representatives of the marketing cooperation Bioalpin (4x) and representatives of the retailer (2x).
 - ➔ focus group discussion with organic consumers. nine consumers (five women and four men).
 - ➔ All investigations were conducted in 2009.
- Convention Theory → theoretical and analytical concept

Conventions for dairy products

Market	nice presentation in the shop, only in specialised shops, more expensive
Industrial	expiry date, fat content, hygienic mode of production
Civic	support of small direct marketing farms and small dairies
Domestic	small farms, natural feeding, traditional processing methods, traditional taste
Personal emotion	treat, good form health, with love produced, appetising look, gourmet taste
Opinion	reputation of the brand, reputation of the cheese producing country
Green	animal friendly husbandry, free range

Own compilation based on Austrian focus group results of WP1, after Thevenot, Moody & Lafaye (2000)

Quality perception by actor level (added value)

Actor World	Market	Industrial	Civic	Domestic	Emotion	Opinion	Green
Farmer		ingredients		silage-free local breed ("Grauvieh")			
Processor/ Cheesemaker				regionality silage-free, small scale			
Processor/ President Bioalpin		skills of the cheese maker		animal husbandry local feeding			closed nutrient cycle (organic)
Processor/ Manager Bioalpin				artisanal, traditional			
Retailer local Supermarket				handmade	with love and care taste		



Perceptions & Expectations of fairness (values):

- **Farmers:**

- ➔ Fair prices to cover higher costs and assure economic survival
- ➔ Independence and healthy food for the family
- ➔ Relationship to „their“ dairy
 - Involvement in strategic decisions of the dairy cooperative
 - Small scale dairies allow identification and participation
- ➔ Society's appreciation for high-quality organic products as motivational factor
- ➔ Communication of organic values via engagement within local committees, direct marketing and organic organisations



Perceptions & Expectations of fairness (values):

- Processors

- ➔ Fair producer prices for their suppliers and owners, corresponding with high product quality
- ➔ Regionality as prerequisite for contacts and solidarity with local farmers
- ➔ Personal contact to the farmers due to informal information structures
- ➔ Regular communication with the cooperative Bioalpin due to small structure



Perceptions & Expectations of fairness (values):

- Bioalpin

- Higher prices based on high quality and innovative products
- Support for farmers and small scale dairies to produce high quality and innovative products
- Personal relationship and transparency with upstream (processors) and downstream (retailer) partners on topics of quality, costs and prices (meeting, newsletter)
- Communication of organic values via the brand BIO vom BERG and a large organic festival each year

Perceptions & Expectations of fairness (values):

■ Retailer

- ➔ Regionality of dairy product to reduce food miles and generate value added within the region of Tyrol
- ➔ Less pricing pressure to the upstream partner (cooperative Bioalpin)
- ➔ Fair price demands on part of the cooperative
- ➔ Communicative and open relationships to the cooperative differing significantly from other business relationships:
 - Specific projects to expand product range and promote “BIO vom BERG” products
 - Weekly contact with the manager of Bioalpin

Perceptions & Expectations of fairness (values):

■ Consumers

- ➔ Affordability and availability of organic dairy products
- ➔ Fair/higher milk prices for organic farmers on condition of
 - Regional provenance
 - Transparency
 - High quality (e.g. organic, GMO free, silage free)
- ➔ Personal contact and communication supports trust, honesty and transparency
- ➔ Educational efforts of organic actors concerning natural production cycles and traditional processing

Conclusions 1

- Consistent argumentation of qualities within the domestic convention,
- In correspondance to consumer expectations
- Domestic product qualities are related to regional embeddedness
- Regional embeddedness & proximity seems a prerequisite for fair relationships along the chain
- Direct and regular contact and joint efforts to solve problems promote trust and perceived fairness within the supply chain

Conclusions 2

- Fair prices seem to dominate the discussion across all actor levels
- Importance of the linking role of the cooperative Bioalpin
 - ➔ Linking processors and retailers
 - ➔ Linking farmers and consumers
- Contacts should not be limited to the immediate upstream and downstream partner
 - ➔ Increase farmers' sense of ownership over final product (even if they are not directly members of Bioalpin)



Thank you for your attention!

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