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**“Marketing Sustainable Agriculture:
An analysis of the potential role of
new food supply chains in sustainable
rural development”**

SUS-CHAIN
QLK5-CT-2002-01349

+Naturabeef+

Case study report

By
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+NaturaBeef+

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Preface

This report has been prepared in the framework of the European project SUS-CHAIN : “Marketing sustainable agriculture, an analysis of the potential role of new food supply chains in sustainable rural development”, funded by the European Union (QLRT 2001-01349) and the OFES (02-0356) for Switzerland. This project is dedicated to the analysis of the scaling-up process of initiatives for marketing sustainable agriculture products, to the assessment of their commercial and organisational performance, and their effects on Rural Development.

Each partner was invited to prepare two different case-studies, according to a common methodology that was built-up during the first part of the project. We present hereafter the “PDO Rye bread of Valais” Swiss case-study, which was elaborated according to these common guidelines.

The first part presents the main characteristics of the initiative, with a set of profile indicators related to marketing positioning and organisational choices. Rye bread of Valais is an artisan typical product that was sold until now only in the Valais regional market. The organisation is a classic PDO strategic alliance to co-ordinate collective action of the members (producers, mills and bakers).

In the second part, we analyse the story of the initiative from its birth to the present time, using a methodology that was developed for the project by Brunori (2004) from the actor-network theory. We show that the initiative has now achieved a complete “translation cycle” and made recently a very important strategic decision to scale –up, in order to enter the national market.

The third part is dedicated to the assessment of the initiative’s performance, using a set of performance indicators, concerning:

- commercial performance and creation of added value
- marketing and communication
- scaling-up and nature of the organisation
- public support
- social embeddedness
- Effects on rural development. Concerning this point, the Swiss team went further in the analysis than the common guidelines, to measure the acknowledgment of the positive economic, social and environmental effects of the initiative on rural development by opinion leaders and funding institutions. A comparison is made with a set of competing products on the bread consumer market. We highlight the positive effects of the initiative regarding a large set of criteria.

Finally, we discuss the hypotheses that were made by the partners at the beginning of the project, concerning the effects of the scaling-up process.

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1. Introduction

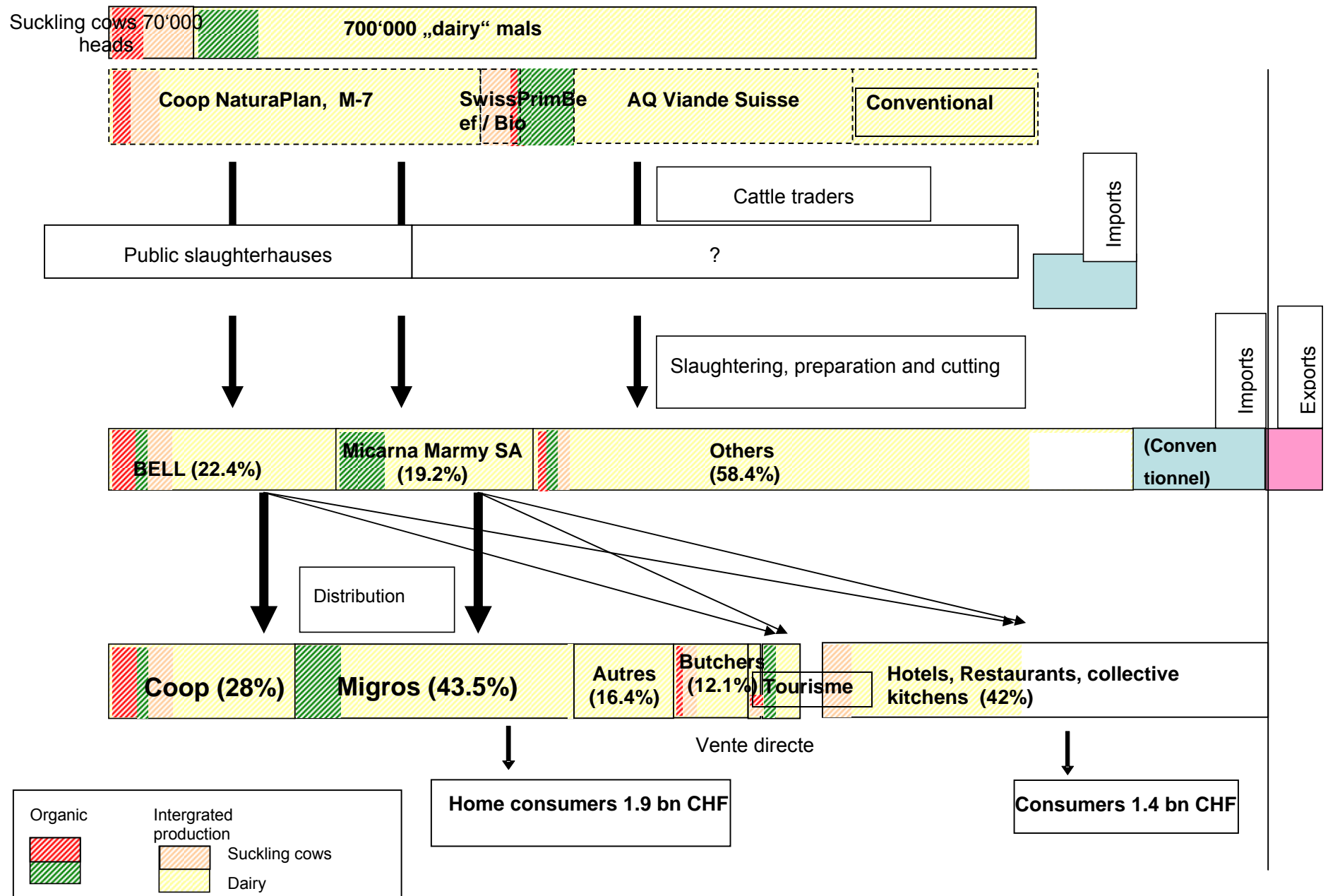
80% of Swiss agricultural land is dedicated to grass production. The main production is dairy, with meat production often “only” a by-product of the dairy industry.

However in the 1970s, there were regular problems with an oversupply of milk.

In this context, a research project was initiated to introduce the suckling cow system, as a way of taking grass land out of the milk production. A group of 30 farmers started producing cattle with meat as the primary production “objective” through the suckling cow system and was followed by a research team. This led to the development of the ASVNM (or Suisse Association of sucker cow breeders) in 1977 whose primary objective was to develop exchange between its members, maintain a common herd-book and find marketing channels for this type of production.

Swiss agriculture has been through many policy changes since the early 90s. Today, as mentioned in the national report WP2, 95% of Swiss farming complies with strict environmental protection rules (cross-compliance). Direct payments are high in Switzerland and are linked to general or specific services for multifunctionality.

+NaturaBeef+ found its first clients in the chemical industrial part of Switzerland, where some consumers were looking for “healthier” meat. Consumption of organic and other environmental label production (IPM) has been on the increase since the main retailers started marketing these products in the early 1990s.



2. Main characteristics of the initiative

2.1. *The context*

Switzerland's agricultural policy went through major changes in the early 1990s going from a classic market intervention policy to a system where farm income is decoupled from prices, where the market plays a more important role, and in which direct payments with strong eco-conditionality take on an increasing importance. Today, thanks to this eco-conditionality, the great majority of Swiss farming (95%) is done in according to strict environmental standards.

The beef sector has seen major changes in its structure after the BSE crisis's. Traceability has taken on a much more important aspect, as has vertical integration, with retail companies acquiring elements of the supply chain and imposing standards on the producers.

At the consumer end of the market, increasing demand for labelled meats, in particular for environmental or health concerns, (quality seems to be of secondary importance for consumers) has also steered the market towards those labels with sustainability promises.

80% of Swiss agricultural land is dedicated to grass production. The main production is dairy, with meat production often "only" a by-product of the dairy industry. +NaturaBeef+ production is in direct competition to the meat from the dairy sector. This interdependence diminishes the price elasticity.

The supply chain has many actors at the production level and at the first traders level (cattle traders). Many of these cattle traders are independent, others are linked to retailers or to producer organisations (the coop FENACO). The slaughterhouses usually slaughter as a service (i.e. they never buy and sell the animals) to the owners of the animals and therefore play a minor role in the price setting. In recent years, many of the small local abattoirs have been closed, meaning that the majority (85%) of animals are slaughtered in few large scale abattoirs. These large abattoirs usually have a privileged relation to one of the four large butchery companies, but do not work exclusively for these.

Two of these butcheries are majority owned by the retailing companies that dominate the Swiss market (Bell is linked to Coop, MiCarna is linked to Migros). These other two butcheries (DelMaitre et Carnavi) are linked to producer organisations.

Relatively small volumes escape these main supply chains and are slaughtered in a few hundred small abattoirs and distributed in independent butcheries or through direct sales.

The standard "AQ viande Suisse" guarantees product traceability has become the basic traceability standard. As mentioned above, thanks to the eco-conditionality of direct payments, almost all production meats the basic criteria of integrated production and approximately 10% is produced according to organic standards.

2.2. Marketing position of the initiative

The initiative now markets beef from suckling cow production promoted as both environmentally sound – limits to the amount of concentrates, use of extensive pastures – and animal husbandry that respects the animals needs (daily out on the pastures, calf stays with mother for many months). It has reached a national scale as it is sold through out Switzerland in the second most important supermarket chain (Coop).

It is also sold through a few small butcheries (those that were working with the initiative early on) and some of the producers do direct sales. Some of +NaturaBeef+ is also produced and sold with the organic label through the Coop outlets and this is of increasing importance.

The sustainability promise is mainly linked to the eco-quality and animal friendly husbandry. Elements of food safety (traceability) as well as meat quality (specific meat breeds) play a minor role in the promise.

Figure XY : marketing positioning of the label program +NaturaBeef+
Transport volumes

| channel product market segment | ← Transport volumes → | | | | | | | |
|--|--------------------------------------|--------------------------------|--------------------------------------|---|-----------------------------|---|---|--|
| | Long International Import, Export | Long national Big retailers | Long national Collective housings | Long national Gastro with wholesaler | Medium specialised shops | Short restaurants local shops farmers' markets | Short collective farmers' markets, food packages | Extra-short Individual family, relatives, friends |
| conventiona l Generic | | | | | | | | |
| Normalised | | | | | | | | |
| Eco-labels Ethic labels | | | | | | | | |
| organic | | | | | | | | |
| Artisan – specific qualities (a.o PDO/PGI) | | | | | | | | |
| New products | | | | | | | | |

2.3. Profile of the initiative

The following table presents the main characteristics of the initiative. It is relatively large scale for Switzerland and has had good growth rates throughout its now quite long existence.

| | | |
|-------------------------------------|--|---|
| Size | Large | 3775 members of the association, 3000 producers of NaturaBeef, app. 1800 producers of SwissPrimBeef, 6% of beef production, 26500 number of animals slaughtered in 2003. Representing 5500 Tonnes of meat |
| Evolution | Regular strong growth | Between 12 and 15% growth in number of producers since 2000 |
| Geographic limits | National | |
| Type of the collective organisation | Producers association with strong partnerships | |
| Date of birth | Association created in 1977, trademark created in 1980 | |

This initiative is an interesting case, as it started out as a small initiative, proposing a new product with both technical innovations (for Switzerland) and improved environmental and health “promises”, and has since grown considerably. Events have probably played in its favour (Health scares, BSE...), and strong alliances (and dependency) with a large retailing group has both been a “blessing” and is now considered a risk.

| | |
|---|--|
| Type of food chain | Ethical label/ long national / collective |
| Sustainability promise to the consumers | Ethical (animal friendly), Quality (specific meat breeds, natural feeding), The meat production is based on suckling cows with the objective of using the grass base of Swiss farming in a labour and economic efficient way. Production is considered extensive, and a number of producers of NaturaBeef produce according to Organic standards. |

This specific supply chain has also benefited strongly from direct payments from the state, as this extensive use of grasslands and animal friendly way of rearing animals corresponds to criteria considered as important for the multiple functions of agriculture.

Currently 47% of brutto income of suckling cow breeders comes from direct payments, (as compared to 29% for milk producers) and 78% of breeders are in mountainous zones (compared to 54% of milk producers).

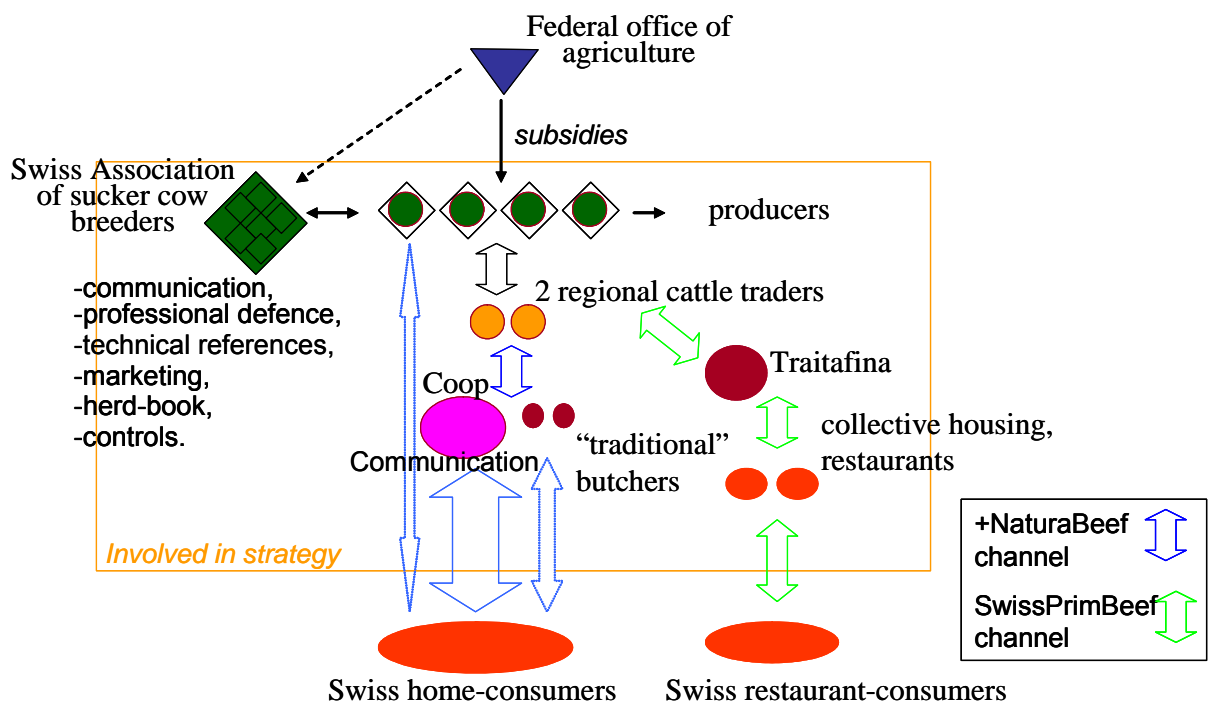
50.2% of suckling cow producers are part-time farmers, compared to 29% for the Swiss average and only 10% of dairy producers.

2.4. The organisational pattern

The ASVNM (Swiss Association of suckling cow breeders) is a well structured association of producers with strong historic and contractual ties with selected partners (traders, butchers and a retailer) – a network. These partners are not formal members of an interprofessional body, but in the case of the cattle traders Viegut and Vianco, their link to the Association are so strong that we can almost talk of vertical alliance. This is also the case of the retailer (Coop). The transactions are of high frequency and regularity.

The association has four main objectives; technical services to its members, technical counselling and information exchange; political defence (lobbying); the herd-book and last but not least development of market outlets. Members can choose to avail of one, two or all four services.

It may be this four tear approach which has contributed to its success, assuring that members feel serviced by the association and feel a high level of ownership, responsibility and loyalty.



The Arrangement with the Coop

Coop is one of the two dominating retail chains of Switzerland (35-40% of the market), the other being Migros. In 1993 Coop, who had been steadily losing ground to Migros, introduced a new line and own trademark called CoopNaturaPlan, in which +NaturaBeef+ played a leading role. Today, all plant products of this line are Organic (with the Bio-Suisse label), and the animal products are either Organic or with sustainable attributes (free range, IP, ...).

+Naturabeef+ is the only beef category of this line and Coop is “encouraging” conversions of NaturaBeef producers to Organic production (the product then carries all three labels: CoopNaturaPlan, +NaturaBeef+ and Bio-Suisse).

In the past 15 years, during an annual meeting between the ASVNM and Coop, the price premium, (the price of a comparable conventional Beef “taureau SST” + on average CHF 2.10 variable according to the season – the difference being between 15 and 20 % with comparable conventional production) is negotiated and agreed upon. This difference with the conventional production has been maintained over the last years, except for a dip in early 2000. The price for organic +NaturaBeef+ is the same per Kg, but with a premium of CHF 80.- per animal.

The ASVNM announces the number of animals per month that it intends to deliver and this is usually accepted as is by Coop. This last year, however Coop has had to put a cap on the number of animals it can accept.

The ASVNM inspects Coop outlets to assure conformity and Coop should, in principal, supply the ASVNM with information on product flow-through.

Interestingly, COOP promotes +NaturaBeef+ in its communications (including its free magazine) without charging the ASVNM.

This arrangement has been a major satisfaction for both parties, assuring for the ASVNM the main source of strong and regular growth, and for Coop a regular source of quality product that is recognised and appreciated by the consumers.

The history of controls and certification

Since the beginning, in 1980, it was understood that if they were to sell a product with a name, they had to assure the meat was really produced according to the promise made. So the first “controls” that the members were respecting the production standards were done through visits by members of the committee. These controls basically assured the conditions were met, and that the number of animals sold as +NaturaBeef+ didn’t exceed the quantities the producer could produce. Social pressure from the different members to conform was sufficient to assure that production standards were respected.

In 1987, after the ASVNM was recognised as a “herdbook” organisation, the organisation introduced the +Naturabeef+ certificate, which permitted a much closer monitoring of the production (assuring the animal sold as +NaturaBeef+ is really the animal raised according to the standards). By this time, official inspectors from amongst the members were inspecting farms of their colleagues in other regions.

In 1990, the sales license introduced acted also as a better means of controlling the traceability of the product from the farm to the shop shelf. In the post production stages, flow controls could be introduced.

During the 90s, a full time position for the controls was created within the ASVNM structures.

It is only in 2002 that an “independent” inspection and certification organisation –BeefControl– was created by the ASVNM, and this year it was accredited under Swiss and EU norms.

From farmer to shop

The farmer /member who produce according to the standards, is inspected by the now accredited organisation “beefControl”. If he passes the inspection, he is recognised as +NaturaBeef+ producer.

He then announces four weeks in advance his intention to sell the beef both to the association, who issues a certificate for the animal announced, and to the trading company to who he intends to sell.

The two trading companies (VIANCO or Viegut AG) who are the exclusive traders of +NaturaBeef+, then come to pick up the animal, controls that it corresponds to the quality criteria and buys it (payment in 30 days – legal norm). Until today, all animals announced and who met the quality criteria were bought as +NaturaPlan+, (but in principal the trading company has no obligation to buy the animal, and this may lead to difficulties once the market is saturated.)

Those animals that do not meet the quality criteria are either bought at the going conventional price, or can be kept longer and then be sold as SwissprimBeef (again if they meet the quality criteria). Those producers who master the production best, can reach levels of 90% acceptance of their animals as +NaturaBeef+, whilst others, struggle to reach 50% acceptance).

The trading company then has the animals slaughtered and sells the meat either to BELL or to the traditional butchers.

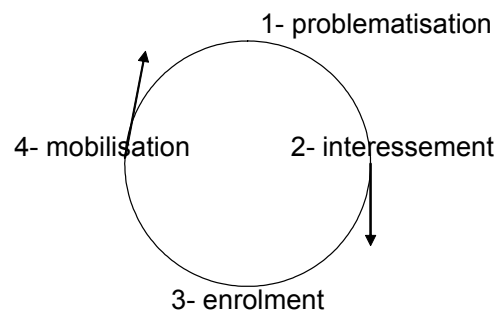
3. The story of the initiative

Methodology:

The actor-network theory offers us a very promising approach to understand and analyse the story of Sus-chain initiatives (Foster & Kirwan, 2004)¹. According to the theory (Callon, 1986 & 1991², Latour, 1999³), a “network” is composed of heterogeneous material (such as machines, nature, money, policies...). An “actor” is an entity able to combine this material to act and form a “macro-actor”. The theory focuses on the strength of “intermediaries” (the link that bind the actors and entities together) rather than the power of the macro-actor.

The main process analysed by the actor-network theory is the growth and extension of spheres of influence and power, through processes of “translation”. According to Callon (1986), translation follows four stages : 1)**Problematization** : an actor analyses a situation, identifies and defines the problem and proposes a solution; 2)**Interessement** : other actors become interested in the solution proposed and change their affiliation to a group in favour of the new actor; 3)**Enrolment**: the solution becomes accepted as a new concept and a new network of interest is constituted; 4)**Mobilisation** : the new network becomes established and operates to implement the proposed solution; This leads to the formation of a macro-actor that acts as one entity.

To present the story of our initiative, we have followed Brunori (SUS-CHAIN Case-study methodology, 2004⁴), who proposes the concept of “translation cycle”. We agree that for our case-studies, which concern marketing food products, the four stages follow a step by step process and that the translation process is then diachronic.



¹ Foster C. & J. Kirwan (2004), Applying Actor-network theory to SUS-CHAIN, working paper, may.

² Callon M. (1986) Some elements of a sociology of translation : domestication of the scallops and the fishermen of St. Brieuc bay, pp. 196-233, in J. Law (ed) : power, action and belief : a new sociology of knowledge ? London, Routledge and Kegan Paul.

Callon M. (1991), Techno-economic networks and irreversibility, pp. 132-161, in J. Law (ed) : Sociology of monsters : essays on power, technology and domination, London, Routledge.

³ Latour B. (1999), On recalling ANT, pp 15-25, in J. Law & J. Hassard (eds), Actor-network theory and after, Oxford, Blackwell.

⁴ Brunori G. & H. Wiskerke (2004), SUS-CHAIN case-study methodology, April.

The steps of the organisation construction have been identified by interviews of key professionals that have played an important role during the scaling-up process (the initiators and the present manager). As the initiative is rather recent, it was easy to get reliable written and non-written information.

The networks maps have been constructed according to the representation that was recently proposed by Brunori (Trondheim, 2004).

3.1. *The translation cycles of the initiative*

We have identified important moments and developments in the organisation of the initiative through interviews of key actors and the study of documents.

The story of initiative being long, we have identified a number of translation cycles :

- 1- 1973-1980 Introduction through a research project of the suckling cow production method and in 1977 Creation of the Association of suckling cow producers (ASVNM).
- 2- 1980 to 1990: Naming the product and finding market outlet and growing from regional to national markets. Partnership with BELL, an independent butcher chain with their own outlets, and regional branches of Coop.
- 3- 1990-2004 Reinforcing the negotiating position, as a reaction to the increasing consolidation of the buyers. 1996 Diversification of market position for its member's products, through the development of new "higher" quality labels SwissprimBeef.

We are now going towards a new cycle, with the end of the continuous growth of +NaturaBeef+ sales in its traditional outlets. The main partner Coop puts a "cap" on the amount they are willing to buy.

3.2. *1st cycle of translation : Introduction of suckling cow production method and creation of the Association of suckling cow producers (1973 – 1977 – 1980)*

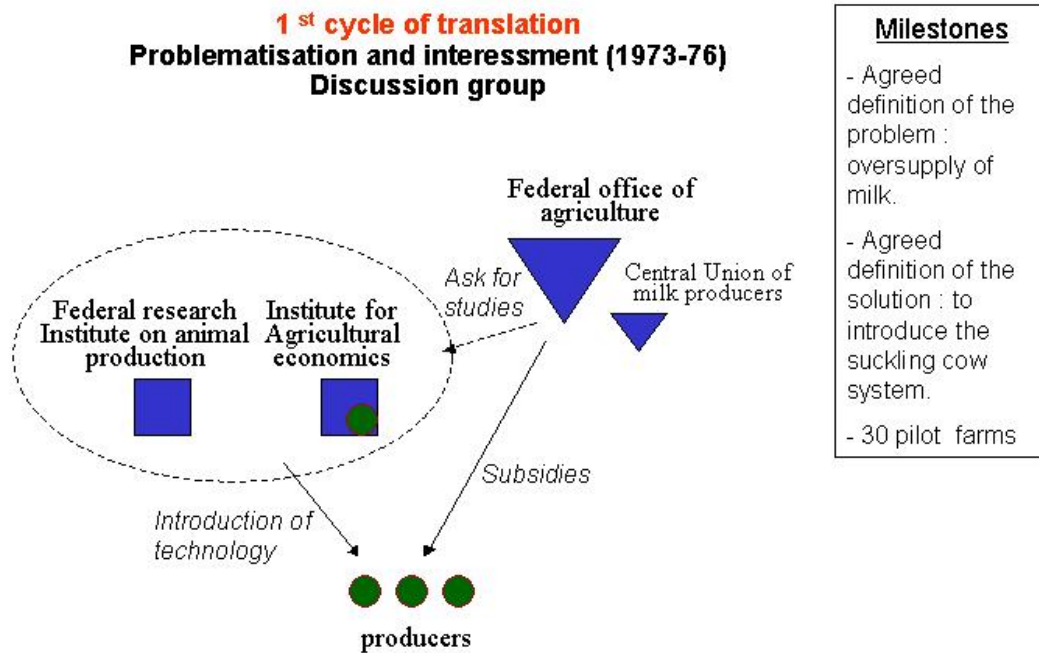
3.2.1 Problematisation

At the end of the 60s and early 70s there were regular problems with over supply of milk, whilst much beef meat was being imported. Numerous state measures were applied but had little impact on the milk supply. In a state run agricultural system, as was the case in Switzerland then, the problem was more strongly felt by the state (state budget) than by farmers themselves (guaranteed prices and sales).

The state had to find a sufficiently interesting alternative to the use of grassland to encourage farmers to abandon dairy production.

The "non-sale" of milk was encouraged by the state since 1970, with contributions to professional beef fatteners, but this rarely had the desired effect of reducing the quantities of milk, as the grass base was used by other farmers to produce more milk. In 1972, the

state extended these contributions to all cattle producers who did not sell milk, opening the possibility of receiving direct payments for suckling cow production.



3.2.2 Interessement

The first studies were undertaken by Professor Vallat and Hans Burger in the 1960s. Hans Burger then started his own production of suckling cows and was asked, by the Federal office of agriculture and the central union of milk producers to prepare a technical leaflet on this kind of production (1974).

With this objective in mind, the federal office for agriculture financed a 3 year research project on suckling cow methodology, in which this new (for Switzerland) method of using grassland was tested with 30 pilot farms.

These pilot farms received compensation from the federal office for agriculture for participating in the trials. The research, undertaken by the federal research Institute on animal production of Posieux and research institute for agricultural economics of the federal institute of Technology (ETH-IAW) lasted from 1973 to 76.

Once the research project was over, the producers who had been persuaded of the many advantages of this type of production wanted to continue this production and needed an organisation.

3.2.3 Enrolment

In 1976, the group, and a few new producers, asked the institute to help them get organised. The two researchers of the institute MM Burger and Unternährer, who also had their own farm, took leading roles in the creation of the association.

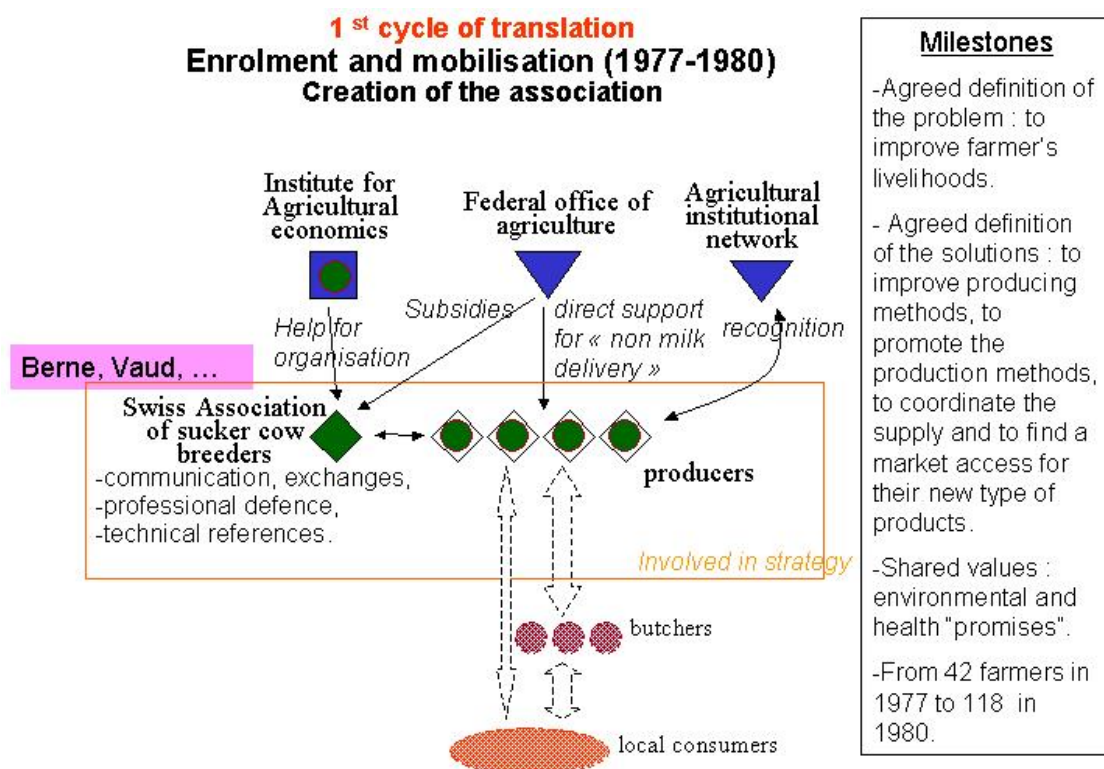
The Swiss association of breeders of sucking cows or ASVNM was created in February 1977 with the following objectives:

- Exchanges between the members to improve the method,
- The creation of a Herdbook for breeds with a meat finality,
- Professional defence (lobbying)
- Find solutions for the marketing of the product.

Mr Burger was elected as the first president.

At the time, Swiss agricultural marketing was usually done by the state or organisations linked to it, so for a group of farmers to get together to make steps for the marketing of their product was rare and pioneering. It has to be said here that this type of beef was quite unknown at the time on the Swiss market.

A good number of these initial members, had taken the strategic option of being part-time farmers, and this form of production fitted these small farms perfectly.



3.2.4 Mobilisation

Between 1977 and 1980 the number of members went from 42 to 118. The main services rendered by the association to its members were “political”, i.e to assure recognition of this new form of production by the agricultural circles and gain state support (equivalent support for this type of production as for milk) – as well as to a certain extent “technical” by the creation of the herd books and exchange between its members.

Figure XX : Table of actors during the first phase of the initiative

| Mapping of the network 1970s | | | | | |
|------------------------------|--------------------------|--|---|--|---|
| Actor | classification | Geographical scope | role in the network | Stage | Goals |
| Farmers | Producers | | Main actors | from the beginning (1977) | Product diversification |
| ASVNM | Association of producers | National | Coordinators, Strategy development, Marketing, | from the beginning (1977) | Support to members, including: Communication and exchanges, Lobbying Herdbook Marketing |
| Viegut and Vianco | Cattle traders | Northern-eastern And Western parts of Switzerland | Central service providers for the trade of cattle (between members and to the butchers), Meat quality assessors Not formal members but involved in strategy | Since 1980 | Provide services to members of the association: Develop their business |
| “Traditional butchers” | Processing and retailing | Local | Originally import for the development of market access, today, mainly for the image | From 1980 – role diminishing with the years (no new butchers allowed since 1993) | Offer a quality product to their customers. |

| | | | | | |
|-----------------------------------|---|----------|--|--|--|
| Butchers (Bell) | Processors (and originally also retailers) | National | Main processing partners | at a later stage | Differentiating, satisfaction of main client (Coop) |
| Coop | Retailers | National | Main commercial (retailing) partners | At a later stage | Market differentiating, Image building, completion of “own” label “NaturaPlan” |
| Ministry of agriculture | Originally “market planners”, now regulators and direction givers through financial support | National | Initiators (before 1977) Financial support Regulator | At first For specific | Find solution to the over production of milk, |
| IAW | | | Motivator, Introduction of the new technology | Before 1977 | |
| Posieux | | | Introduction of the new technology, Further research on quality | Before 1977, Sporadically during the whole period | |
| Extension services | | | | | |
| The Swiss union of milk producers | | | Support / facilitators | | |

3.3. 2nd cycles of translation – Naming the product, finding market outlet and going from regional to national

3.3.1 Problematisation

Clearly, even though good lobby work had been undertaken, the product quality was not yet recognised and had not found its place on the market, meaning that most of the animals were sold as veal from the dairy systems with obviously no price differentiation. This had been recognised early on, but it was difficult to persuade butchers that this kind of meat had a particular place on the market. It was therefore important to find market outlets for this special quality meat.

3.3.2 Interessement

The first action was to give the product a name (“a product without a name does not exist”). In 1980, the general assembly selected the name +Natura-Beef+ for weaned calves ready for the butcher. (The name and logo were protected in 1987). This logo paved the way for communicating to the consumer the special interest of this kind of meat. To begging with most of the meat was sold through direct sales (on the farm), some through local butchers. But quite early, in the year 1980, BELL, an independent butcher chain its own high street trademark and shops in several Swiss towns, as well as some local branches of the retailer chain Coop (back then each regional Coop had a certain level of autonomy), started selling this meat, with the name.

3.3.3 Enrolment

Unternährer, who had been one of the researchers, also started his own production and set up his own cattle trading company (Viegut AG), whilst in parallel a company owned by the different cattle breeder organisations (Les federations d'élevage”), VIANCO also started trading in animals from ASVNM members (these two companies were, and still are, the only companies authorised to trade these animals).

All ready in 1980, ASVNM entered a non-written contract with BELL (regular meetings were held, with signed protocols, but no formal contract). It first started selling +NaturBeef+ in Basel, the chemical industry town, where it found a clientele that was receptive to the sales argument of more “natural” meat.

Even if BELL did not enter the formal structure of the association, the partnership was established and would grow in importance for both parties. Even if negotiations were often very harsh, a satisfactory deal for both partners was always found.

3.3.4 Mobilisation

The agreement with BELL, and then with the regional Coop branches gave the ASVNM a relatively secure and regular outlet, a “communications” channel to the consumer (BELL communicated with the +NaturaBeef+ label), and satisfactory prices for the meat.

This market success, the support from state actors, as well as the regular improvement of the knowledge and genetic base, meant that ASVNM had regular growth, in members and number of animals right from the start. (1980 : 118 Members, 1986: approximately 450 members, 1990 : 750).

In 1983, with the number of members increasing regularly and meetings getting more difficult to organise, the association decided to create 9 regional groups (by-passing the usual cantonal structure of Switzerland of 24 cantons).

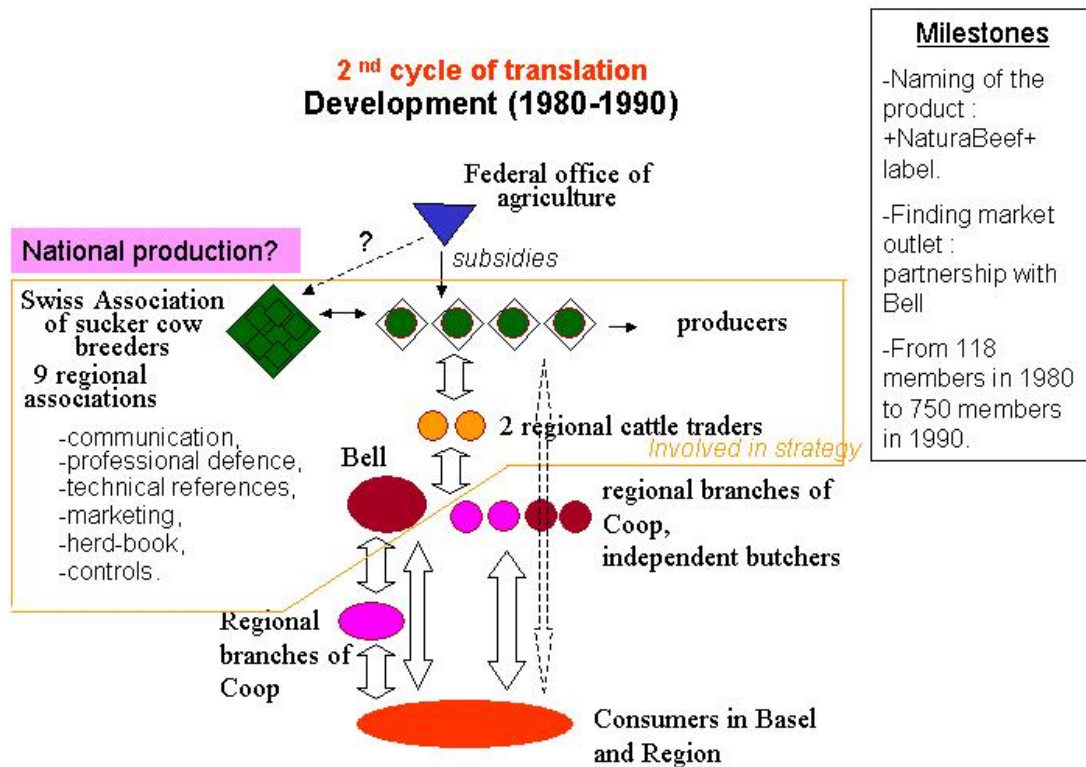
A political victory was won in 1986, with the official recognition of the ASVNM as the fifth official herd-book association, opening up possibilities to receive state support for herd-book activities.

Resistance from dairy groups

The state, the extension services and the Swiss federation of cattle producers and the central union of milk producers all saw the development of this new kind of production as a positive development, but that was not the case for the actors. Many dairy producers believed the experiment would be short lived and disapproved of the support this new form of production was getting, but the biggest difficulties were with the Dairy cooperatives, in particular in mountainous

regions. Indeed each farmer that stopped delivering milk created difficulties for these dairies, in particular as the investments were often high and calculated with the milk available. This meant that many of those wanting to abandon milk production and delivery had to pay high “exit” tolls to leave the cooperative.

The effect this had on the development of the ASVNM is difficult to judge in terms of numbers, but had a unifying effect for the members of the Association.



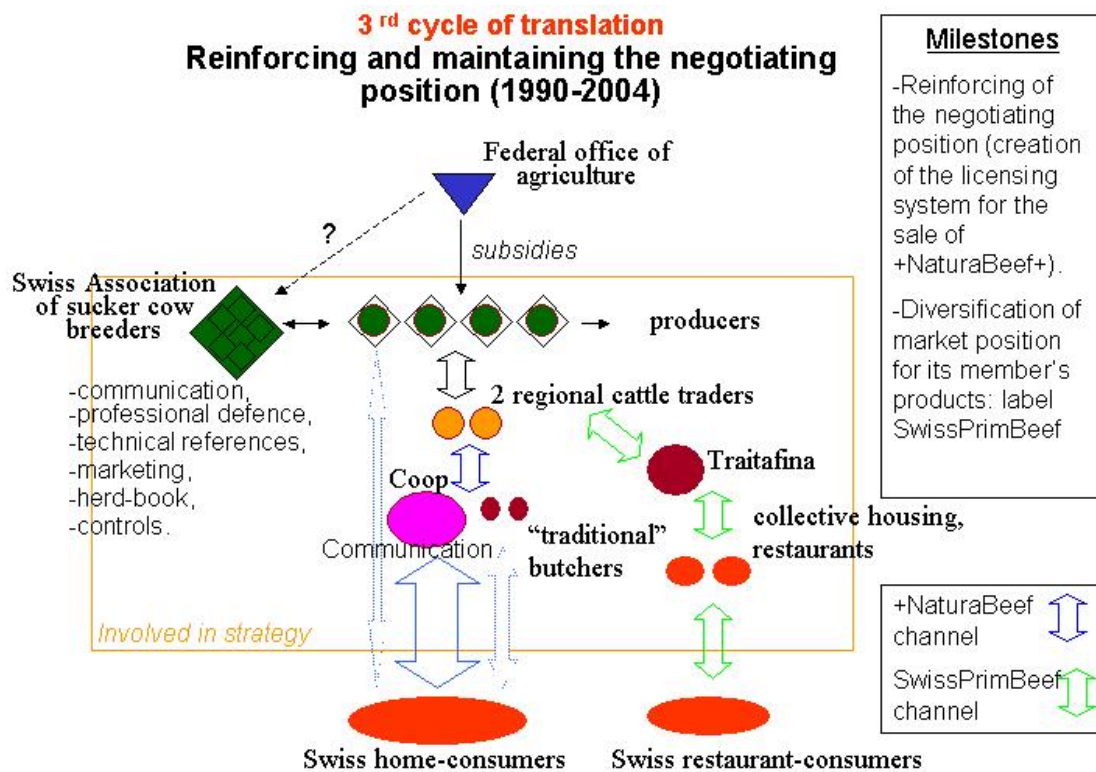
3.4. 3rd cycle of translation– Reinforcing and maintaining the negotiating position (1990-2004)

3.4.1 Problematisation

The most important outlets for +NaturaBeef+, BELL and the regional branches of Coop, were in a “consolidation” process, with regional branches of Coop unifying many of its internal services, and BELL and Coop creating alliances.

Also the number of producers were increasing with the parallel risk of lack of discipline and opportunist sales.

A secondary problem was that with the increase of quality demanded for +NaturaBeef+ an increasing percentage of the members animals did not reach the quality requirements at the age of ten months. It was therefore imperative to find new outlets for “older” animals.



Since the beginning of the 1990s, in particular once Coop had integrated BELL (1993), the dependence on Coop as the main market channel has taken on increasing importance (over 80% of the sales, the rest being direct sales, or the “traditional” butchers, in 2003, the percentage of sales of NaturaBeef through Coop was of 96%, 5% through direct sales and 1% through the traditional butchers).

Coop has imposed a level of exclusivity on the label (mainly to assure that its main rival Migros should not have access to the label). This agreement permits farmers to continue to sell +Naturabeef+ through direct sales, and the continued sales through the “local” butcher shops that had already been selling +Naturabeef+ before the agreement was signed (called by the ASVNM the “traditional butchers”). However, it imposes the exclusivity of Coop in the large retailing sector and no the further development of +Naturabeef+ outlets through new local butchers.

This arrangement has been very satisfactory to the ASVNM, as this has also meant that Coop had a direct interest in seeing the sales of +Naturabeef+ increase and has invested regularly in sales communication for the label.

But this increasingly “unique” sales outlet for the members products was identified as a long term risk by the ASVNM (see box).

To quote Mr.Vogt, general manager of the ASVNM “Only a product with a name that belongs to the producers and that goes to and is recognised by the consumers can assure that producers get added value for their products”

3.4.2 Enrolment and mobilisation

Response n.1: introduction of a sales license

In 1990 the general assembly decided to introduce a “sales license” for all those trading or selling “NaturaBeef”. As only two companies, with strong historic links to the ASVNM (VIANCO for the western part of Switzerland and Viehgut AG for the Northern and eastern parts), had the right to trade +NaturaBeef+ animals, this licensing gave the ASVNM much more control on the product flow and quantities.

This in effect extended the controls from only the farmers to the traders, abattoirs, butchers and shops.

All who sold NaturaBeef, be they those doing direct sales, the traders or butcher shops, or the large retailers, had to “buy” a yearly license and report on quantities “bought and sold”. This license was then the basis to establish a traceability system based on product flows.

In 1993 Coop also created its new environmental line CoopNaturaPlan in which +NaturaBeef+ played a leading role. This reinforced the mutual dependency between the two organisations.

With this licensing system, the ASVNM assured that they remained united in their negotiating position.

Response n2: negotiating a minimum price during the ESB crisis

During the 90s, the two BSE crisis were a proof of this reinforced negotiating position. The two mad cow disease crisis that hit Switzerland almost as badly as the UK had a profound impact on the beef sector in Switzerland. The price for conventional beef, to which the +NaturaBeef+ price is annexed, dropped dramatically. However, demand for +NaturaBeef+ grew slightly.

A solution was negotiated with Coop. A minimum price of CHfr10.- /kg was fixed and respected during both crisis.

The association decided not to base any of their promotion on the fact that the risk of BSE was less with their breeding system, as if one of their herds was infected, through imports into the herds or by traces in the concentrates, the consequences on sales could be catastrophic.

It would seem that even though no claims or adverts were done about the fact that there was no BSE in the herds of +NaturaBeef+, consumers still identified +NaturaBeef+ as a safe option.

The solution negotiated was of course in the interest of both parties, as Coop needed to assure a constant source of safe beef, and the price for the members of ASVNM remained at a satisfactory level.

Response n3: A new label for a new market outlet

As the label +NaturaBeef+ could not be further developed, it was decided to develop a new label with a stronger accent on quality aspects (less on the natural).

In 1996 the ASVNM decided to invest a new market, for higher quality meats. For this they created a partnership with 5 local “artisan” butchers to develop production (and

processing) standards that could respond to higher quality needs of the consumers (specific meat races, special feeding rules, older age at slaughter and specific quality requirements of the carcass). This help them develop the label “SwissPrimBeef” that was originally planned as a product for small butcher shops.

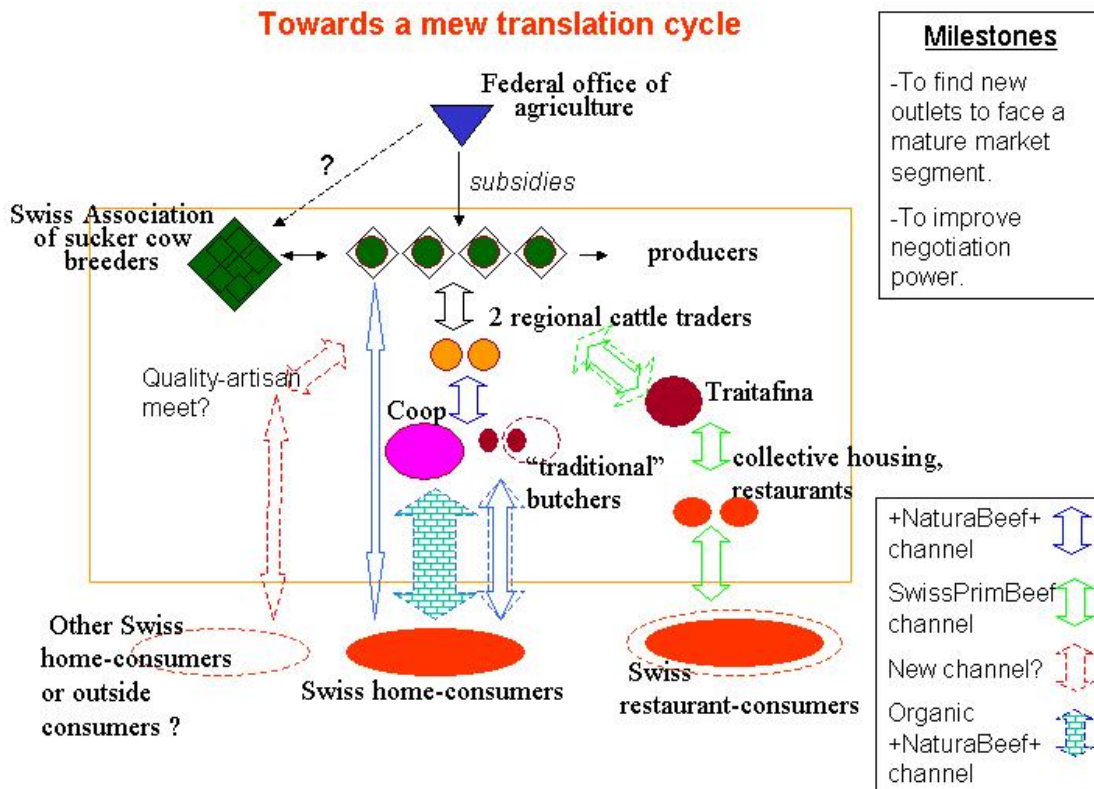
However, of the 5 butchers that started out with the ASVNM on this project, three have left the project for differing reasons (bankruptcy, or new orientation). Luckily in 2000 the ASVNM managed to get the interest of the group Traitafina, active on the distribution to the catering sector.

Figure XY : marketing positioning of the label program SwissPrimBeef

| channel product market segment | long International <i>Import, Export</i> | long national <i>Big retailers</i> | Long national <i>Collective housings</i> | Long national <i>Gastro with wholesaler</i> | Medium <i>specialised shops</i> | <i>Short</i> <i>restaurants</i> <i>local shops</i> <i>open air</i> | Short collective <i>farmers' markets, food packages</i> | Extra-short Individual <i>family, relatives, friends</i> |
|---|---|---------------------------------------|---|--|------------------------------------|---|--|--|
| conventional Generic | | | | | | | | |
| Normalised | | | | | | | | |
| Eco-labels Ethic labels | | | | | | | | |
| organic | | | | | | | | |
| Artisan (among them PDO/PGI) | | | | | | | | |
| New products | | | | | | | | |

3.5. Towards a new translation cycle : Saturation in the main outlet Coop

The initiative has a long history and many success's over the years. It has reached a national dimensions and has had a strong growth right until 2003 (19% growth for +NaturaBeef+) with a good added value for its members. Its structures and "mechanisms" function well. The management looks to the future with confidence.



As a principal of the organisation, they can not refuse new entrants. They have taken this decision so as to maintain the position of unique organisation for the trade of suckling beef in Switzerland, and it is probable that the number of those who convert from milk to suckling cow production will increase in the coming years, with the structural adjustments imposed on the milk sector. (This will be accompanied by a diminishing of the amount of beef produced in Switzerland with a probable positive effect on prices).

However their major market outlet (Coop) is showing signs of saturation. In 2003 Coop has declared that it sees a slow down in the growth of the product and that it will have to put caps on the amount of +NaturaBeef+ it buys. In parallel, Coop has been developing strongly its line CoopNaturaPlan in the direction of Organic products (and has been using it has a strong image builder).

An instrument that has been used sparingly up to now, but that may be used more strongly in the future, is the meat quality requirements (these could be made more severe if the quantities offered are higher than the demand).

The other instrument, which has been «imposed» by Coop in 2003, is that all new producers of +NaturaBeef+ must produce according to the organic standards and produce Natura-Beef-Bio (today the organic sector represent 18% of +NaturaBeef+).

The association is also looking at developing other markets, (after successfully investing the collective market with SwissPrimBeef), for its members products. These new markets can be the market for quality selected cattle for production (they have successfully exported a number of animals to eastern Europe) or, what seems more promising, a new label program for a new sector (potentially quality –artisan- meat for the domestic consumption market).

4. Satellite Case studies

We took two case studies whose objective was similar to that of NaturaBeef, i.e. the successful marketing of beef as a way of valorising the grass production of the region.

Viande de nos Monts (“meat from our mountains”)

Viande de nos monts is a local initiative set up around the region of Vevey, with the objective of putting high quality regional meat onto the regional markets. It was created in 1999 within the framework of the renovation of the local state owned abattoir of Clarens, and in a process of reorienting agriculture in the region. It was initiated by the manager of the abattoir.

The region is hilly (les pré-alpes) and is mainly dominated by grass lands, however there has never been a tradition of milk (or cheese) production in the area. The town of Vevey (the main market) is a wealthy town, and the seat of some large international companies (including Nestlé). The grassland in the area is considered important for the beauty of the area and for attracting tourists.

The idea of creating a supply chain for meat that had pastured on the meadows, could be “traced” to the producer and sold on the local markets was first proposed in the mid 1990s. It took however the BSE crisis to push it into reality, when it appeared essential to reassure the consumers on the safety of the meat.

The promise is based on two aspects. The first is organoleptic qualities of the meat, that is guaranteed through the feeding methods, as well as the extended period of maturing of the meat (“rassissage”), and the second being traceability and proximity (live animals not being transported more than 30km to the abattoir).

In 2004, there were 3 butchers and 115 beef producers.

In terms of volumes, the initiative has not succeeded in the way the manager of the abattoir had hoped, but from a point of view of the producers, the initiative has its distinct advantages in that it guarantees the sales of a number of animals at a good price. A positive side effect as seen from the producers is the increased contact with the consumers, that contributes to job satisfaction.

The volumes are mainly limited by the bottle neck at the butchers level. Indeed without increased number of outlets, volumes can not increase. This is a difficult obstacle to overcome, as there are only few independent butchers in the region, the market being dominated by the large retailers.

For the butchers currently participating, offering Viande de nos monts is an interesting a differentiating strategy, and has permitted increased sales volumes (prices however have not changed).

The initiative, that was supported in small ways by the local authorities, is mainly a private initiative and has positive, if very localised impact, on jobs in the region and on maintaining alpine meadows.

Lo Bao (our beaf in local patois)

This initiative, initiated in 1999 by a local butcher and a producer based in a small town above Lausanne, has as objective to market a speciality beef produced from a typical Swiss mountain race (the Herren race) through the butchers shop for private clients and through a number of up-market restaurants in the area.

An interprofessional body was created around this concept, and the label is a private trademark registered by this organisation.

The motivations behind the initiative were to bypass large distribution channels (for the producer) and to assure a sure supply of quality meat (for the butcher). BSE again was a factor in accelerating the process of establishing the trademark, but not the initial motivation.

There are now 10 producers, who produce only Herrens cows according to the suckling cow method for the initiative and of course the butcher. They have an alliance with the mill in the village (le Moulin de Severy) that produces the feed stuff for the cows. re

For the butcher and the 10 producers, the initiative is a real success, as the market position of the butcher has been consolidated as has been the income and long term visibility for the farmers. It has not grown and, as it is entirely private, has not got that objective. The benefits for a small region in terms of maintenance of extensive pastures and local business activities are significant but very limited in terms of geographic scope.

5. Performance of the initiative and ability to scale-up

This section presents the performance of the Rye Bread of Valais regarding various issues.

Methodology :

The performance indicators that are used in this section are the result of a long research process that involved all SUS-CHAIN partners (see Reviron & al., WP1 intermediate report 2003⁵ and progress report 2004). In 2003, the WP1 report had recommended partners to follow a step by step approach and to make decisions about the following points: (1) selection of a few relevant themes and, for each theme, (2) choice of profile indicators and (3) choice of performance indicators.

In 2004 and 2005, major progresses were made to finalise this work. Six relevant themes were chosen, which focus on the main research questions: 1) **Commercial performance**; 2) **Marketing and communication**; 3) **Scaling-up and nature of the organisation**; 4) **Public support**; 5) **Effects on Rural development**; 6) **Social embeddedness**. Discussion groups (one by theme) met during the meetings of Pisa (Italy) in January 2004, Martigny (Switzerland) in November 2004 and Riga (Latvia) in May 2005, debated and made decisions about the choice of relevant performance indicators. This section follows their recommendations.

According to the case-study guidelines, we have compared the Natura-beef system performance with its main competitors. These satellite case-studies are briefly presented in the following box.

Satellite Case-studies

Four alternative food systems have been selected, to be compared with Natura-Beef, regarding performance.

- **AQ viande** - developed by the Swiss producers Union, is mainly a guarantee of traceability and minimum quality standards. It guarantees that the legislation concerning animal husbandry is respected and that GAP are followed. It is considered the standard for the market and is rarely carried through to the consumer. As a reminder, animal husbandry laws in Switzerland are stricter than in neighbouring countries. 12'000 producers use this system to find markets for their animals.
- **Bio Weide-Beef** – organic meat label owned and sold through Migros outlets in the north of Switzerland. This label, originally developed and owned by farmers has been bought by Migros. 200 producers produce specific meat races, raised on organic grass lands and without concentrates.
- **Lo Bao** - a small initiative in Canton Vaud (see above)

⁵ Reviron S., J-M Chappuis, D. Barjolle (2003), methodology : development and fine-tuning of performance indicators, SUS-CHAIN WP1 intermediate report, January.

- **M7** - label with animal welfare extra standard steered by Migros. This label guarantees high traceability standards and quality controls. It also guarantees respect of minimum standards of animal husbandry.

5.1. Commercial performance

- **Potential for creating added value** (price premium at consumer level, Δ value added at producer level)

It is difficult to compare meat prices at consumer level, as the animal is cut up into many different parts with different values. However prices of comparable parts are approximately 20% higher than other “comparable” Swiss beef, (there is not much “foreign” beef on the market). The price differential to the farmers varies from between 15 and 20% compared to the price of conventional beef.

It must also be said that due to the production method (extensive use of grassland), direct payments play a more important role in the agricultural income of producers of +NaturaBeef+ when compared to other production branches (in particular milk). The production method is also less intensive in labour (an expensive production factor in Switzerland), contributing thereby to its attractiveness, in particular for part-time farmers (also over represented, with close to 50%, compared to less than 30% for other production sectors).

- **Market share** (size and growth in number of producers, relative market share)

The initiative has grown steadily but impressively over the years, with still 14% growth between 2000 and 2003. Its market share is a good 6% and growing of the Swiss beef market. Limitations being the amount of beef from the dairy sector, that depend primarily on how well that sector is doing, as well as the fact that once one of the main retailers has exclusive rights on your product it is not possible to sell through the other main retailer (40% of retail market share). So we can say that given the circumstances, they have reached a maximum share of the market.

- **Degree of market differentiation**

The product promise to the consumer is clear and well carried through to the consumer. A definite strength of the organisation, is that it has managed to negotiate a strong position with Coop that assures that the label, owned by the farmers association, is carried by the product right through to the consumer, assuring thereby that dependency between Coop and the ASVNM is mutual.

It is a label carried by almost the totality of meat from mothering cow systems, and therefore has no real competitor on the national market.

Through the other services offered by the association (herd-book, technical advice, ...), as well as through the licensing system, it has managed to keep its members disciplined and assures that it can continue to negotiate for all (or the great majority) of producers of mothering cows.

- **Communication of these values, codes and rules to consumers, and their sharing with / by consumers**

Coop plays an active role in communicating the values of the initiative to the consumers. This is obviously a very powerful tool. Coop has based its image on its program CoopNaturaPlan inspired and fully integrating +NaturaBeef+. Features on NaturaBeef are regular in the Coop news paper.

However the ASVNM continues to promote +NaturaBeef+ through other channels, such as its web-site, leaflets, and the by-annual organisation of an important public event “Beef”.

5.2. Marketing and communication

As mentioned above, most communication towards the final consumer is done through Coop. The association however plays a central role in negotiating with its main partner in the alliance. Regular planning and negotiation meetings with Coop are undertaken, with volumes, delivery periods and price differentials being agreed upon once a year.

- **Unique Selling Proposition (USP)**

The selling proposition is clear and strong (animal friendly husbandry, nature produced with quality elements). This ability to meet consumer demand has been and remains attractive to the main partner. The label is carried through to the consumer.

- **Ownership of the brand and significance for the performance**

ASVNM owns the label, and this label is carried through to the consumer. This seems central to the bargaining position of the association. Coop has tried to slowly replace the recognition of the label, by putting forward its own label (CoopNaturaPlan), but it still needs +NaturaBeef+ to satisfy consumer demands.

To quote one the current director of the ASVNM “A product without a name does not exist”.

This is a central part of the strategy and also one of the main lessons from this case. This lesson may be particularly true in a situation like Switzerland in which the retail market is so completely dominated by a duo-poly that to stand a chance of keeping a certain bargaining power when playing on the national level, it is essential to have a product that is recognised and appreciated by the consumer, and therefore that the retailer can not replace easily.

- **Degree of vertical integration and consequences of it for the marketing of the supply chain**

Producers are members of the ASVNM, but obviously remain independent entities. They do however continue to play a central role in decision taking and feel a real sense of ownership of the ASVNM. As a counter part, the licensing system assures discipline amongst the members and assures that no parallel market is created.

The ASVNM has very close, almost fully integrated, partnership with the two cattle traders that although formally independent, play a central role in the management of volumes and in trading animals ready for slaughter. The butchery Bell and Coop (Bell is fully integrated in Coop) are also close partners, but we can speak of formal integration, as both partners are independent, even if strongly dependent on each other.

- **4C (Competence / Coherence / Commitment / Co-operation) related to the implementation of the mix marketing into concrete actions,**

- **Competence (grade: 7 / 7):** It works mainly with Coop for its marketing, and clearly Coop is very competent.
- **Coherence (grade: 6 / 7):** the marketing positioning is quite clear and well understood by consumers. But consumers recognize essentially the retailers' logo (Coop Naturaplan).
- **Commitment (grade : 6 / 7):** the two cattle traders and the licensing system assure discipline and the other services offered by the association to its members, as well as the decentralised organisation assures commitment and participation by its members. Coop, having built its image around CoopNaturaPlan has also been well committed, but it is a continual struggle for the association to assure that they remain so.
- **Co-operation (grade : 7 / 7):** Management by a common centre of operations is very efficient to co-ordinate and implement the initiative marketing strategy.

5.3. scaling-up process and nature of organisation

- **presence of growth or scaling-up**

Obviously with this initiative, scaling up has happened since the beginning, with major steps in the early 1990 when it went from mainly a distributed in certain regions of the north of Switzerland, to a national distribution through a national retailer. Number of members have gone from 42 in 1977, to almost 4000 today. The distribution channels have also gone from mainly direct sales and local butchers, to a large multiple outlet butcher in a large town, to one of the main national retailer, with national distribution.

- **Ability to choose the most relevant type of leading organisation**

The organisation is very interesting because it has been built-up by producers and is still under their control, despite a strong partnership with a big retailer. The association organisational form has allowed the members to keep a negotiation power when scaling-up. It has avoided autocratic management, compared to initiatives piloted by a channel captain (see Tegut or De Hoove initiatives).

- **Ability to control the organisation and the scaling-up process**

Ability to control the organisation : the ASVNM is managed by a centre of operations with a professional secretariat that has no commercial links with the actors. As mentioned, the association provides services to its members in both the marketing field (managing the label and licenses, the code of practice, volumes), in quality control and traceability (now “outsourced” to beefcontrol) and technical aspects (herd-book, technical advice, exchange of experience).

The association is democratically controlled by its members. All strategic decisions are approved by the general assembly or the committee, whilst a large scope for operational decisions is left to the management.

- **Ability to control the scaling-up process**

They have no cap on the number of members, but they feel they are reaching the higher end of the market absorption capacity for their main label (+NaturaBeef+). Admission conditions for new entrance are being made stricter (new producers of +NaturaBeef+ must be organic, quality criteria for existing producers may be made stronger). They have developed another label program with “SwissPrimBeef”, present on a different market (catering) and are looking at developing a third (probably in the premium quality sector), so as to be able to absorb more members and more products. However, their strategy is clearly to develop in quality rather than in quantity.

As the dairy sector will be changing dramatically in the next few years (state quotas will fall to be replaced by volume management in the hands of the market actors), it is likely that many farmers will want to switch from dairy production to beef production. What effect this will have on the beef sector and on the ASVNM is unclear. On the one hand, less dairy production means less beef as “by-product”, thereby increasing the price of beef. On the other hand, those abandoning the dairy sector may join the suckling cow production and the ASVNM. Currently 60% of those who give up milk turn to this form of production.

As the main market (Coop) seems saturated, the issue will be to develop other market outlets, without “offending” their main partner Coop.

Changes in rules protecting domestic market (EU bilateral agreements, WTO) do not worry the management of the ASVNM, as the changes will be slow and they will have time to react, and especially, they have firmly placed themselves in the eye of the Swiss consumer as a safe Swiss product.

Important reductions in direct payments could have serious consequences on the Association, as the agricultural income of its members is strongly dependent on these payments. It has to be said, however, that many members are part time producers and therefore do not rely solely on agriculture as a means of living.

- **Outcomes of the growth / scaling-up**

As described earlier, the structures of the association have not changed much with the scaling up. Decision structures have remained democratic, but the secretariat has been professionalized. The structures and regulations have been made clearer to adapt to the new size of the organisation. Clearly the negotiation capacity of the organisation has been increased.

At the beginning, all the members knew each other and first meetings were held in members homes. This is obviously no longer the case, yet a sense of belonging has been maintained through internal communication (an internal magazine produced 4 times a year) and by annual meetings of the local chapters.

Structurally, the main change happened early on, of regional 9 chapters (this was an original form, as in Switzerland the usual division is into the cantons). These 9 chapters were then integrated into the official organs of the organisation. Since 1990, each chapter selects its representative to the committee (the committee is then formally elected by the GA and then constitutes itself).

However, if we consider the supply chain as a whole for the products of the members of the ASVNM (both those labelled +NaturaBeef+ and those labelled SwissPrimBeef), many changes have taken place over the years. Most of these are described in the text. In general we can say that the Association has reinforced its collaboration with the two cattle traders, to such a point that these two organisations are regularly invited to strategic discussions (4 times a year) and send delegates to different commissions of the ASVNM. These two companies have played a central role in helping the ASVNM control both the quality of their products and the volumes, and have assured that members do not develop their own “supply chain”.

In these last few years, they have had to create an independent control body “Beefcontrol” that was accredited in 2004.

5.4. Effects on Rural development

Methodology: Assessment of the effects of an initiative on rural development was the most difficult problem that the SUS-CHAIN partners had to solve. It appeared very quickly that the scope and means of our project made impossible to measure sustainability with objective indicators.

It was finally decided to ask to each team to grade a set of items, with a comparison of the initiative with the conventional competitor in the country. It is obvious that comparisons between countries are not possible, because of a different context regarding agricultural strategy and rural development policy. These grids are presented in annex.

The Swiss team decided to explore further on this topic and we propose a more elaborated method, based on the acknowledgment of externalities by those who have the power to ban or to support initiatives. We consider that the opinion that some key persons have on the effects of an initiative on rural development has crucial political consequences and may lead to essential financial and non-financial support. We do not intend and do not have means to judge if this opinion is correct or not. It could be interesting later on to compare with objective tools – when possible - some items. However, we believe that opinion leaders may have a good perception and intuitive reliable knowledge, based on education, discussions with experts and experience.

Positive and negative externalities have been assessed by interview of stakeholders that have the power to support the initiative (regional, local and national authorities) or are opinion leaders (tourism resorts, environment associations and foundations, journalists...). We used Likert scales, which are confirmed tools for the measurement of

attitudes⁶. A Likert scale consists of a series of declarative statements and the subject is asked to indicate whether he agrees or disagrees with each statement. This method was already applied to assess the positive externalities of regional afri-food supply chains in the Valais region, Switzerland (Lehmann, Stucki and al., 2000)⁷.

The interviewed persons were invited to grade statements by sticking a coloured circle on a grading grid from -3 to + 3. The statements were the following:

“The initiative has positive / negative effects on :

Economic effects

- creation of added value in the supply chain
- Price premium to producers
- Producers access to market
- Marginal areas development
- Processing and retailing activities in marginal areas
- Tourism

Social effects

- Food product typicity
- Consumer trust towards food (in general)
- Healthy food product
- Landscape aesthetic
- Social and cultural identity
- Social farmers integration
- Development of new competences within the supply chain
- Creation of new incomes (from agri-tourism...).

Environmental effects

- Pest management (per ha)
- animal welfare
- Biodiversity of wild life
- Awareness of ecological issues
- Transport of products within the supply chain
- Preservation of regional species
- Farming of difficult areas.

⁶ Developed from Likert R. (1932), "A technique for the measurement of attitudes", *Achieves of Psychology*.

⁷ Lehmann B. & al. (2000), Vers une agriculture Valaisanne durable (Towards sustainable agriculture in Valais), report to the State of Valais (306 p.) and booklet (36 p.) in French and in German.

Likert scales allow us to compare various initiatives. We have decided to compare final products that are competing on the consumer market, to take in account transport issues and food miles strategy within supply chains.

The survey compares Natura Beef to its main competitors:

- AQ viande - developed by the Swiss producers Union, guarantee of traceability; considered the standard market;
- Bio Weide-Beef - organic meat label mainly brought to the market by Migros;
- Lo Bao - a small initiative in Canton Vaud;
- M7 - label with animal welfare extra standard steered by Migros.

We present hereafter provisory pilot results, which have been provided by interviewing the 13 opinion leaders who attended the 2nd Sus-chain national seminar in Lausanne (8 June 2005). These first results will be completed soon, to get a larger sample.

The ratings of NaturaBeef were at large very consensual (few negative marks, the worst mark attributed by the experts was -1.5). The initiative follows the same profile as AQ Viande and M7, with averages for all the items widely over the later. Indeed AQ viande gets negative or neutral marks despite its Swiss standard. This highlights one more time the lack of communication on the Swiss standards and the fact that there is almost no imported generic beef for the home-consumer market.

LoBao, a small regional initiative, differentiates in its profile (produced externalities seen as more specific) and obtains the best grades considering almost all items and highlights the positive effects of a well positioned regional initiative, with a good consensus among interviewed persons. The ratings of Bio Weide-Beef and NaturaBeef are very similar, nevertheless Bio Weide-Beef gets best marks considering ecological concerns, in particular pest management / ha and awareness about ecological issues.

- **Economic effects**

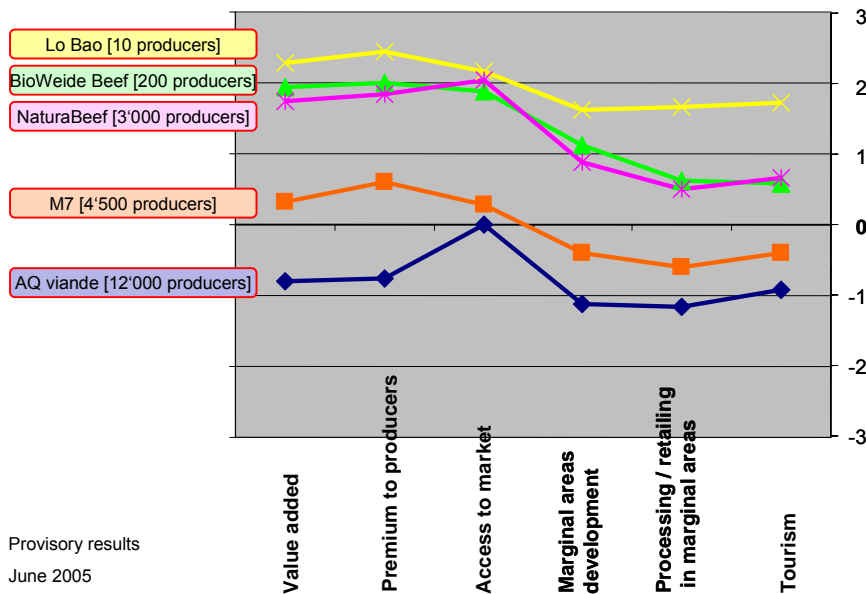
The NaturaBeef initiative gets high grade for all items (figure). It creates value added, provides a premium to producers. However, its role in marginal rural areas is less significant. The producers are spread over the Swiss territory and the impact in a defined regional area is perceived as limited in comparison with the LoBao initiative in its region. LoBao reached the best marks with the item “premium to producers”, as it is a very short supply chain, the value added can be passed on the producers.

The Bio Weide-Beef initiative has a very similar profile to NaturaBeef.

The issue of economy in marginal areas attributes the worst mark to AQ viande and M7 with negative effects.

Figure : acknowledgement of economic effects of NaturaBeef – provisory results

**Likert scale: attitude towards +Naturabeef+ and competitors,
Economic effects**



- **Social effects**

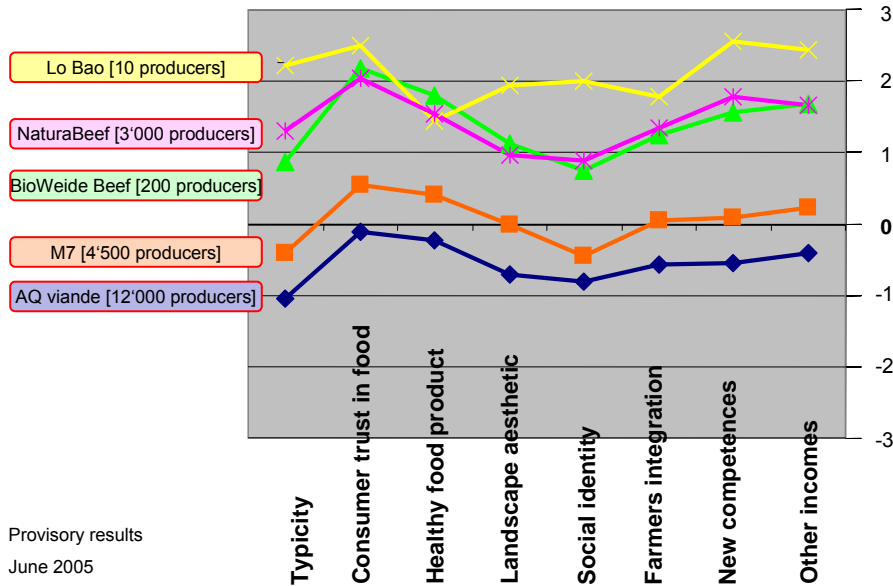
The NaturaBeef initiative gets good grades concerning social effects (figure). It contributes to the consumer trust in food and is perceived as health food. The typicity and the contribution to social identity are the less recognised externalities. The effects on landscape are also limited as the landscape of the NaturaBeef meat can't be specifically defined. Nevertheless, we observed that 78% of breeders are in mountainous zones (compared to 54% of milk producers).

The Bio Weide-Beef shows a very similar profile for the social effects. There was a high consensus on the items "healthy food product" and "consumer trust in food", which are generally the most recognised externalities of organic products. LoBao has a much more significant effect concerning social identity, typicity and landscape aesthetic. Indeed The specific Hérens race offers several components of the regional identity.

The grades for M7 are quite neutral, whereas AQ viande gets negative marks, in particular concerning typicity and social identity. The best grade of AQ viande concerns the consumer trust in food, which is the main purpose of the initiative.

Figure : acknowledgement of social effects of NaturaBeef – provisory results

Likert scale: attitude towards +NaturaBeef+ and competitors, social effects



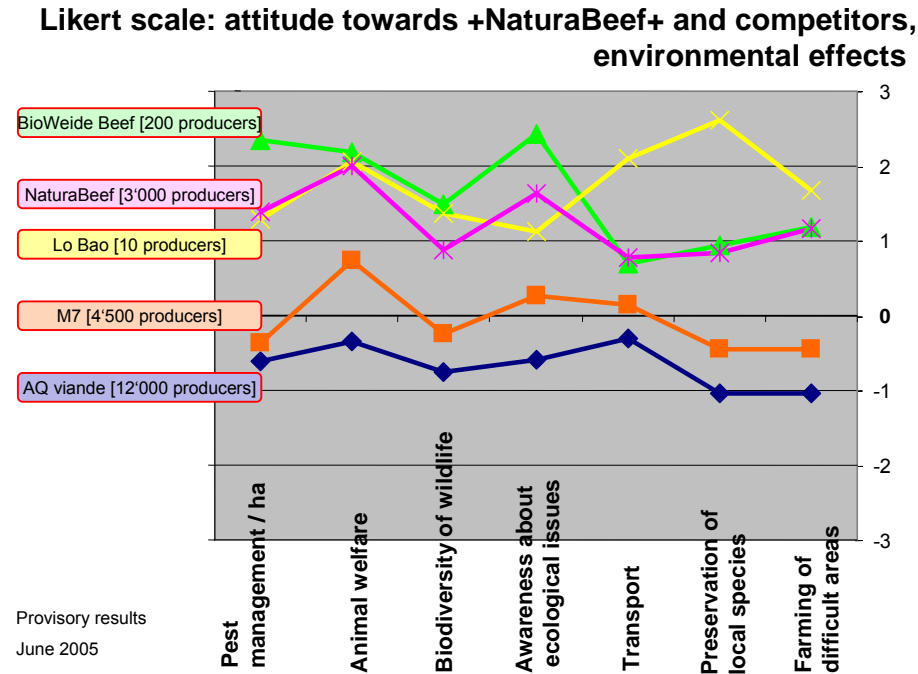
- **Environmental effects**

The meat production in Switzerland is a high animal welfare standard. The environmental argument of NaturaBeef is transmitted to consumers, in particular through animal welfare and awareness about ecological issues.

The organic production Bio Weide-Beef is acknowledge as environmental friendly, with good marks on pest management, animal welfare , biodiversity of wildlife and awareness about ecological issues. Nevertheless, the organic production did not reach the best marks on regional concerns: transport, preservation of local species and farming of difficult areas.

Unlike NaturaBeef and Bio Weide-Beef, the localised initiative LoBao reached very high marks on territorial items. As the main claim of this initiative concerns territorial effects and proximity, the ecological attributes are less recognised: the item the worst graded is “awareness about ecological issues”. Nevertheless, LoBao reached better marks on ecological issues than M7 and AQ viande.

Figure : acknowledgement of environmental effects of NaturaBeef – provisory results



M7 gets quite neutral marks. AQ viande gets negative marks (between -1 and 0) for all items, even if the Swiss standard production is much higher than those of imported beef. Due to this Swiss standard, the best mark concerns the animal welfare. The item of transport is although almost neutral, as the meat comes from Switzerland. There was no imported beef in the competitors we measured, as there is very little import for the Swiss home-consumers.

5.5. Public support

State support to the organisation is no longer essential to the organisation, as the majority of the costs are covered by the associations incomes, but it played an essential role in the formative years of the association and took many different forms.

The LoBao case can be used for comparison. In this case, no state support was sought by the initiators and if it can be considered an economic success for the actors involved, it has remained very small and has no ambition as a development tool for the region.

But state support, through direct payments to the producers, higher on average than for other productions, influences the price possibilities considerably.

- **Importance of public financial support** (as a proportion of total investment)

It has been difficult to identify the importance of the public support in the first years. Today the state pays for services relative to the technical aspects (herd-book), but no longer directly for marketing aspects.

- **Removal (reduction) of constraints / hindrances**

Recognition by the authorities in the early years played an essential role to this new production. Indeed there were resistances from other farmers and from local dairy organisations and the organisation could never have developed if they did not have the recognition and support of state organisations.

Obviously state support for research in the first years was also central.

- **Targeting / phasing of support**

Obviously support for the activities of the association was much stronger at the beginning than today. This was possible due to the economic success of the initiative.

5.6. Social embeddedness, local networks, locality

The initiative is national, so it is difficult to talk of local embeddedness.

- **Use of own / local resources** (soil, breeds, skills and knowledge, processing, retail outlets...)

However it is clear that this initiative is positive for the use of Swiss grasslands, Swiss processing and retail outlets.

- **Level of participation of all actor groups in the initiative**

Producers affiliated to the ASVNM still feel a strong ownership of the association and the label. Most carry the label on their farms.

The structures, with 9 regional chapters, as well the services and activities proposed by the Association managed to keep this participation alive.

- **Existence of shared values, codes and rules within FSC**

The values of the association have been mainly oriented towards economic success, but clearly the values of ethical animal husbandry are also present. They have not pushed the values of environmental agriculture, and when pressure came from the Coop to transform all the supply chain to organic, the members and the association resisted and agreement was reached that imposes that all new entrants must be organic.

- **Communication of these values, codes and rules to consumers, and their sharing with / by consumers**

These values are communicated to the consumers mainly through the Coop marketing channels. It seems to find an echo amongst consumers.

It was interesting to note that during the BSE crisis, the ASVNM never claimed that its animals were sure to be safe from BSE, even if it was highly likely, due to its extensive use of concentrates, that BSE would not effect their herds. However they considered that if they put forward such a claim, but then BSE is discovered, the loss of trust by the consumers would be disastrous. They have always been modest and careful about their communication.

6. Discussion of the hypotheses regarding scaling-up

The hypotheses that were formulated by the Sus-chain partners are partially verified for the Natura-Beef case-study.

6.1. Central hypothesis. Scaling-up an initiative in the field of new food supply chains changes the nature of the organisation (network structure, rules, values...) and its sustainability performance

The hypothesis is only partially verified, the initiative has a long history and has clearly scaled-up. However the structures of the Association it self have not changed dramatically. The secretariat has been professionalized and the association divided into 9 regional groupings. Rules and ways of enforcing them have adapted to the size of the initiative.

But when analysing the whole supply chain, we can indeed see changes as it has gone from a market situation, where the animals were sold to a number of different butchers in the first years, to an increasingly formalised form of alliance, first with Bell and then with Coop. In the Swiss context it seems that there are few other options, as once a certain size is reached the initiative is dependent on one or the other of the two major retailers to assure national distribution of its products.

The sustainability performance on each farm has not changed much over the years, but obviously the more producers have joined, the wider the sustainability impact has been.

6.2. sub-hypothesis 1 : Scaling-up depends on commercial performance and appropriate public support

The initiative is certainly a commercial success, and has been from early on. This success was due in good part to the fact that they proposed a pioneering product that answered a clear market demand.

Public support played a key role in the early stages, but mainly concerning the technical aspects of production.

6.3. Sub- hypothesis 2. Nature of organisation changes with scaling up as an effect of growth in market power and of the increased pressure of economic constraints and logics

No, the nature of organisation did not change with scaling-up, despite increased external pressure due to the retailers' sector concentration.

6.4. Sub- hypothesis 3 : New food supply chains have a positive effect on rural sustainable development

The interviews that we have been realized among high rank officers and opinion leaders, with a likert scale approach, show clearly the acknowledgment of the positive effects of the initiative on rural development (see point 4.4).

7. Conclusion

This case study, the only one in the sus-chain series that contains more than one translation cycle is a very interesting case study to analyze how an initiative can be successful over a long period of time.

This study over a long period has help us identify a few key factors that played a central role in the success of the initiative:

- the strong leadership of the beginning, setting clear values for the initiative,
- State support, both financially and through recognition, for the introduction of this new production method (and therefore “new” product)
- The “naming” of the product by the farmers themselves and their maintenance of the control of the name. As the current director expressed “A product with no name does not exist”, and for farmers to be able to capture some of the added-value of the name, it is essential that it be recognized by the consumers.

