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De Westhoek Hoeveproducten

Case study report

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CASE STUDY REPORT

"DE WESTHOEK HOEVEPRODUCTEN"

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1. Introduction

Direct selling of products at the farm is one of the oldest examples of alternative food supply chains. Initially, this was an activity of individual farmers as they sold their own products at the farm. Direct selling comprises a multitude of different product groups (meat, fruits and vegetables, dairy), different degrees of processing, presence of farm shops, etc.; but they all have in common that the farmer becomes the price-setter and there is high degree of interaction with the consumer of the produce. This case study will search a collective initiative for the sales of farm products in a particular region of Belgium, the Westhoek.

The "Westhoek" (or the West Corner of Belgium) is the southwest area of Flanders as shown in figure. The area is confined by the French border, the coastal area and the large town centres Oostende, Kortrijk and Roeselare. According to a tourist website[1], it is a varied landscape of beautiful coast regions, the polder landscape, the IJzerstretch, vast agriculture areas, splendid cities and picturesque villages. The region is also known as the Flanders Fields Country because of the severe battles during the First World War.

The Westhoek is a traditional and homogenous agricultural area, which was previously characterised by mixed farms that combined arable farming with cattle and pork production. The region's agricultural characteristics have however changed during the past two decennia due to new technical possibilities, changes in cost- effectiveness between the production types and more individual strategies and insights. The area however distinguishes itself by the soil conditions and agricultural areas (polder and sandy loam), existing outlet possibilities and farm characteristics, as is shown by Table 1.[2] The figures show that about 7,7% of the Belgian or 11,5% of the Flemish farms are situated in the Westhoek. The managers works furthermore more often on a fulltime basis in comparison with the Belgian and Flemish average. The figures also show that the farmers in the region are in general younger and the largest group farms on an area of 15 to 30 hectares, but there is also an important group of companies (in comparison with Belgium and Flanders) that have an area between 30 and 50 hectares.

The Westhoek is also a typical region because of its rural characteristics (it is the most open region in Flanders) and this asks for measures that are adapted to the area and are designd to optimise synergies. From 1994 until 1999, the region was recognized as an Objective 5b-area since it was considered to be a vulnerable rural area that needed new impulses. This program ended due to the reform of the European Structural Funds (period 200-2006), but nowadays there is a "5b Phasing Out"-program, which is co-financed by ERDF, the European Regional

[1] www.toerismewesthoek.be
[2] http://www.vilt.be/landbouweducatie/leerstofpakketten/inleiding/provincies/westvlaanderen/txt.html

Development Fund. Next to that, the region has also been present in other programs like Leader II and Interreg.[3]

This report will study the case of “De Westhoek hoeveproducten” and this has initiative has started as a 5b-project with the creation, stimulation and commercialisation of farm products in the region as major objectives. The report will start with a discussion of the context of farm products in general and will then focus on the story of the initiative. These elements will also be illustrated in comparison with some satellite initiatives. Then, the performance of the initiative and organisation will be discussed and at the end of the report, we will try to formulate an answer to the research question and hypotheses formulated by the SUS-CHAIN project.

Table 1. Characteristics of the average farm in Belgium, Flanders and Westhoek

	Belgium	Flanders	Westhoek
Number of farms	54.942	36.577	4.224
Fulltime (%)	70,08	70,17	82,05
Successor(%)			
- yes	10,6	9,2	9,6
- no	44,8	46,4	39,7
- uncertain	38,5	38,1	45,5
- not relevant	6,1	6,2	5,2
Distribution over age groups (%)			
- <35	8,79	8,70	11,88
- 35 - 45	25,31	24,93	29,40
- 45 - 55	24,66	23,72	24,05
- 55 - 65	21,48	21,91	21,21
- 65 +	19,76	20,73	13,45
Distribution over area groups (%)			
- 0 - 5ha	27,99	33,97	20,22
- 5 - 15 ha	22,02	25,01	21,73
- 15 - 30 ha	19,49	21,09	30,39
- 30 - 50 ha	15,62	13,61	20,15
- + 50 ha	14,87	6,33	7,50

Source: 15 mei-telling 2003 (www.statbel.fgov.be)

[3] www.west-vlaanderen.be

2. The context of farm products

2.1. Introduction

The context of this initiative and case study cannot by limited to one sector as the products involved are very diverse. The main contextual issue that will be discussed in this paragraph is the rise of short food supply chains and more specific, the growing importance of direct selling of fruits and vegetables, dairy products and meat. This evolution and the main characteristics of farm produce in an international context will be discussed in section 2.2.
Paragraph 2.3 will then discuss the context of direct selling at the farm in Flanders. Issues such as the institutional setting, definitions and the importance will hereby be discussed. We will also refer to the results of a recent research which has studied agricultural broadening activities in the province of West-Flanders

2.2. International context of farm products

Several reasons can be mentioned for the growing importance of different types of alternative supply chains. A first element are the food crises and scares, which also affected Belgian agriculture. As a consequence, actions were taken at all levels of the chain and also by the government. There is e.g. an increasing number of producers that take part in innovative food supply chains (FSCs) and alternative food networks and the government launched a new regulation on self-control and traceability (Vuylsteke *et al.*, 2003). At the consumer-side, there is a growing interest for innovative and quality food products and there is also a growing number of consumers that buy food products coming from new FSCs (Vuylsteke *et al.*, 2004). Innovative food supply chains are considered to be a valuable alternative for (or supplement to) the more traditional marketing through retail chains, they respond to an increased interest in more natural and local food products, but they have also attracted the attention of the evolving food policy (Marsden *et al.*, 2000).

Because of the nature of the initiative under study, an association of farms who sell their produce directly on the farm, we will focus in this paragraph on the international literature on short FSCs (SFSC). According to Marsden *et al.* (2000), short supply chains focus on the relation between producer and consumer and the role of this relationship in constructing value. The authors define three types of SFSCs based on the ability to connect food producers and consumers:

- <u>face-to-face</u>: the consumer purchases a product direct from the producer/processor on a face-to-face basis, which allows that authenticity and trust are mediated through personal interaction.
- <u>spatial proximity</u>: the products are produced and retailed in the specific region or production and consumers are made aware of the 'local' nature of the product at the point or retail.
- <u>spatially extended</u>: where value and meaning laden information about the place of production and those producing the food is translated to consumers who are outside the region of production itself and who may have no personal experience of that region.

The initiative under study, "De Westhoek Hoeveproducten" (WHH), can be classified in the category "face-to-face". This type of initiatives offers the possibility for producers and consumers to form a symbiotic relationship depending on their individual desires. The availability of a farm shop is however not enough to sell products and so farmers need to persuade consumers to buy their products because of their characteristics or because of the specific production methods. Research has shown that the production method is in many cases the most compelling reason for persuading consumers, but other strategies are the superior quality of the product or the use of regional labelling schemes (which is the case in WHH) (Gilg & Battershill, 2000). These regional labelling schemes allow to capture the economic rent of the region by adding value to the product, not only by claiming local uniqueness and premium quality/prices, but also by excluding competition (Moran, 1993).

2.3. Context of Flemish farm products

2.3.1. Institutional setting

Since 1993, Belgium is a federalised state with 3 communities (Dutch-, French- and German-speaking community) and 3 districts (Flanders, Wallonia and Brussels Capital-region). While the farmer is responsible for personal issues like culture, the districts are the competent authority for matters that are related to the territory (like agriculture). This federal structure is reflected in the institutional setting as the Belgian Ministry for Agriculture was regionalized in 2000. The districts (mainly the Flemish and Walloon government) are nowadays responsible for all matters and issues concerning agriculture, environment and rural development. Food safety, however, remains a national issue and is governed by the federal Ministry of Public Health. Because of WHH's location, we will especially focus on the institutional setting in Flanders.

As every other agricultural product, products sold directly at the farm-gate have to comply to all applicable legislation. A new element (since January, 1st 2005) in the legislation is that all producers of food products have to comply with the legislation on self-control and traceability. It is specified that every actor in the food supply chain (except for primary producers) should implement a HACCP-like plan for self-control. Most conventional chains extended the prescriptions linked to the existing labels and could quite easily meet these requirements through a sectoral guide. The situation is much more difficult for the sellers of farm products as they all have to develop an individual control plan and its implementation. Courses and extension are organised by the support centre for farm products (Steunpunt Hoeveproducten) and professional organisations.

There was also an initiative to develop a legislation that defines farm products and furthermore protects and guarantees the terms 'farm product' and 'recognised outlet of farm products'. This initiative was however not translated into a legislation (it's no longer a priority for the new minister of Agriculture), but VLAM (Flanders' Agricultural Marketing Board) works on a voluntary system based on the initial proposal.
Another initiative worth mentioning is "Fermweb", which is organised by Steunpunt Hoeveproducten and the Flemish authorities. The aim is to put all the particulars of interested farmers on a website addressed to youth movements; so they can easily find out which farm products they can order and buy close to their campsite. This initiative will contribute to a better image of the sector (many adolescents are not acquainted with agricultural practices and the broad spectrum of farm products and this experience could lead ton a changed purchasing behaviour as adults), better environmental practices (reduction of road miles, packaging, seasonal crops) and finally a fair price for the farmer.

2.3.2. Characterization of the sector

♦ Definition

An inventory of farmers involved in direct sales in Flanders was made in 2002. Farm products were hereby defined as "*Fresh or processed products, produced or grown by farmers in main or second profession. Any processing of the products has to be done according to traditional methods with self-produced ingredients, possibly in collaboration with colleagues*". Most farm products are sold at the farm-gate, but they can also be found on (farmers') markets, small groceries or health food shops under the condition that the products really come from the farm (Willems, 2003).

♦ Importance

The results of the inventory show that there were, at that moment of the inventory, 1.535 Flemish on-farm producers or ca. 4% of the total farm population (37.895).[4] A company card was filled out by about 70 % of the respondents (1.082 farmers) and this showed that there is a joined turnover of € 166 million, which was an increase of 14 % in comparison with the previous year. Table 2 gives an overview of the distribution of the farms over the different product groups (more then one answer possible). Dairy products are the most, followed by arable products (mainly potatoes). The smallest group of producers sells meat, but this could be expected because of the very strict regulation (hygiene and HACCP) and the qualifications needed.

Table 2. Number of farms that sell different types of farm products (more then one answer possible)

Product type	Number of farms	Percentage
Dairy products	518	33,1
Eggs	127	8,1
Meat	110	7,0
Fruit	188	12,0
Vegetables	174	11,1
Arable products	318	20,3
Others (wine, flowers, honey, bread, …)	131	8,4
Total	1.566	100,0

Source: Willems (2003)

The data also show that direct selling is a necessity for many small farmers to stabilize or even increase the farm income, but the contact with the consumers is also an important factor to start with direct marketing activities. Farm-gate is for most farmers (75%) a permanent activity and 40% of the shops is open every day (even on Sundays). Circa 10% of the farmers sell organic products.

Consumers are believed to buy farm products because of the origin of the product, the production according to traditional methods and the differences with conventional produce. Research has shown that consumers of farm produce want value for their money. They are price-conscious and search for quality products that are fresh, taste good and are available according to the seasons.[5] VLAM is responsible for the promotion of all Flemish agricultural products and will work out a marketing plan to promote regional and farm products and their producers (ALT, 2003; VILT, 2003; Willems, 2003).

[4] http://www.statbel.fgov.be/port/agr_nl.asp#B10
[5] www.vlam.be

♦ Case study: agricultural broadening in West-Flanders[6]

The region Westhoek is situated in the province of West-Flanders and the importance and impact of broadening activities in this province was recently studied by Van Huylenbroeck *et al.* (2005). The research was based on a survey with 2.400 respondents and a follow-up of 30 farms with broadening activities during one year. The study identifies four types of broadening activities: (i) product broadening (new or energy crops), (ii) diversification of the production practices (organic or integrated production), (iii) functional or horizontal broadening (farm tourism, care functions, conservation activities, etc.) and (iv) vertical broadening (direct selling, farmer's markets, on-farm processing, ...). The focus of this paragraph will be on the research results concerning vertical broadening.

There are 436 respondents (or 18,2% of the total sample) that have engaged in agricultural broadening, with conservation activities, direct selling & home-processing and the organisation of daytrips as the most important activities. The farmers cite divers reasons for their involvement in broadening, but additional income, satisfaction, image of agriculture and social contacts are the most important ones. Bottlenecks are the bureaucratic legislation, creation of markets and a lack of subsidies and financial support.
Analysis of the socio-demographic characteristics shows that farmers with broadening activities are in general younger, are more often married or live together and obtained a higher educational degree. Agricultural broadening turns out to be capital-intensive and leads to a need for additional labour (ca. 30 hours per week). The extra work explains the high involvement of partners and hired worker on farms with broadening activities. The capital-intensive character is proven by the fact that 90% of the involved farmers have contracted a loan in the last three years and 82% of the engaged farmers have invested in the past period.

Based on the follow-up of 30 companies, we can get a more clear idea of the costs, revenues and expenses of vertical broadening. The cost-effectiveness is measured through the net proceeds as this indicates whether the revenues are sufficient to award a normal compensation for all production factors. The results learn that this is only the case for direct selling of fruits and vegetables (994 euro per year), while a small loss was found for the other activities. This is mainly due to the farmer's underestimation of the cost of the own raw produce. The negative net proceeds are furthermore not unusual in agriculture because farming activities require a lot of labour that cannot be rewarded as in other sectors. The average hourly wage fluctuates between 6 and 17 euro per hour, with large differences between farmers with a common activity.

Van Huylenbroeck *et al*. (2005) were also able to study the relation between different forms of agricultural broadening. The authors hereby refer to Van Rompaey *et al*. (2003), who found that one broadened activity can lead to the start of another activity or cross-fertilization with other forms of diversified agriculture. Processing and direct marketing at the farm are hereby considered to be the motor and starting point of agricultural broadening. This link between different activities is also present in the research result of the study in West-Flanders, as shown in Table 3. These data show that a lot of companies sell different product groups directly at the farm and in many cases, they also sell products at farmers' markets and sales to specialist shops. Farm tourism and the organisation of day trips are also often combined with farm-gate sales. Conservation (often under agro environmental schemes), at the other hand, is for 77% of the respondents the only broadened activity at the farm. Another remarkable fact is

[6] Van Huylenbroeck *et al*. (2005)

that almost all farms that provide green care have engaged in other broadened activities. This is probably due to the fact that more diversified farms have an advantage in this matter.

Table 3. Combination of different broadening activities by farmers in West-Flanders

	On-farm processing & sales - dairy	On-farm processing & sales – f & v	On-farm processing & sales - meat	Farmers' markets & farm-gate shops	Green care	Farm tourism and catering	Daytrips	Conservation	**Total**
On-farm processing & sales - dairy	24	11	1	16	1	5	12	4	**65**
On-farm processing & sales – f & v	11	96	5	10	2	1	8	7	**134**
On-farm processing & sales – meat	1	5	14	3	0	3	2	5	**29**
Farmers' markets & farm-gate shops	16	10	3	14	2	3	6	3	**45**
Green care	1	2	0	2	2	1	3	2	**8**
Farm tourism and catering	5	1	3	3	1	20	9	4	**42**
Daytrips	12	8	2	6	3	9	23	8	**58**
Conservation	4	7	5	3	2	4	8	112	**146**
Total	**65**	**134**	**29**	**45**	**8**	**42**	**58**	**146**	**436**
Total companies (%)	**2,7**	**5,6**	**1,2**	**1,9**	**0,3**	**1,8**	**2,4**	**6,1**	**18,2**

Source: Anonymous (2004)

In general, it can be concluded that the broadening activities are well-dispersed over the province and farmers realize, on average, 15% of their income through diversification. The total turn-over of market-oriented diversification is estimated at 100 to 125 million euro per year, while the total income is estimated to be 20 tot 25 million euro. The share of the income realised though direct selling lies between 15 and 18 million euro.

2.4. Conclusion and identification of the cases

The previous paragraphs described the situation of farm produce in Flanders and some particular results for the province of West-Flanders. Although the number of farmers involved in direct marketing is not so high (4%), the text showed that these broadening activities can help farmers to improve their income and increase their job satisfaction, but we have also illustrated that the turn-over of market-oriented broadening is substantial and will contribute to a vital rural economy and rural development.

There were also several examples of direct selling initiatives present in the inventory of alternative FSCs (Belgian WP2 report), such as the different farmers' markets, but also two initiatives that group farmers with on-farm sales (*De Westhoek Hoeveproducten or WHH* and *Meetjesland hoeveproducten or MH*). These initiatives started as quasi-identical 5b-project in collaboration with KVLV-AGRA, but had a very different development. In this report, we will discuss the initiative WHH in depth and through comparison with the satellite MH we will try to identify the reasons for their different life-cycle. Next to that, we will also illustrate the efforts made by the non-profit making association "De Westhoek Hoeveproducten" vzw in comparison with farmers who sell their products individually.

The organisation of WHH will furthermore be compared with a satellite initiative, namely a limited- liability cooperative of organic beef producers in the Walloon part of Belgium (*Groupement Viande Bio d'Origine Belge* or GVBOB), which has an exclusivity contract with one of the big Belgian retailers.
A last element of comparative analysis concerns the differences in support granted in comparison with international farmers' markets. The text will show that the principal case, WHH, has a very strong relationship with (non) financial support, while this is not of less the case for farmers' markets).

3. Objectives and background of the case study

3.1. Introduction

Within the overall context of farm products, the selected case study concerns an initiative that groups who sell their products directly at the farm-gate. The situation of direct selling activities in comparison with conventional supply chains is shown in Figure 1. The discussion in paragraph 2.3.2 has already shown that only a small number of the Flemish farmers are involved in direct marketing at the farm, but these activities concern also different product groups. Therefore, the flowchart is very generic and does not distinct between the three main product groups (fruits and vegetables, dairy and meat) as each of these groups is characterised by a different conventional supply chain organisation. The most important lessons of this figure are that there are no other actors between producers and consumers, direct selling activities concern only a small part of the farmers and there are some examples of collective organisation concerning direct selling.

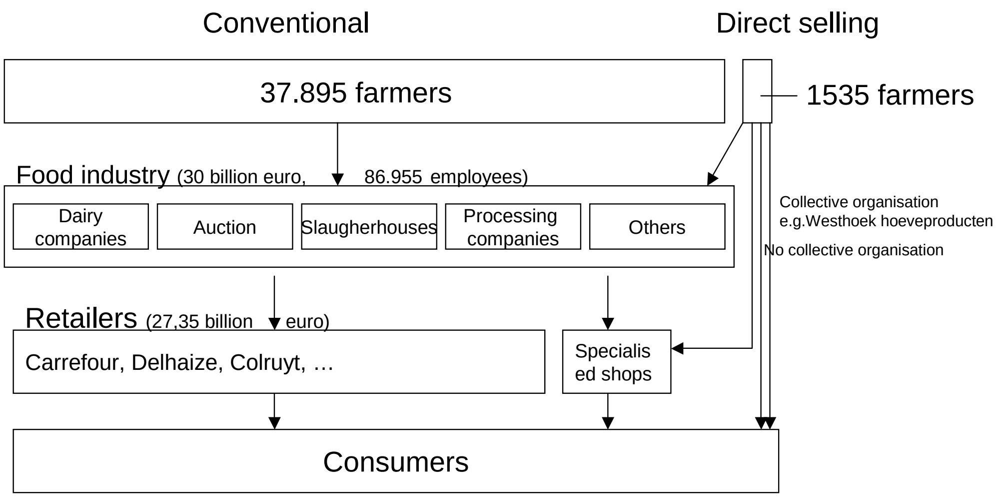
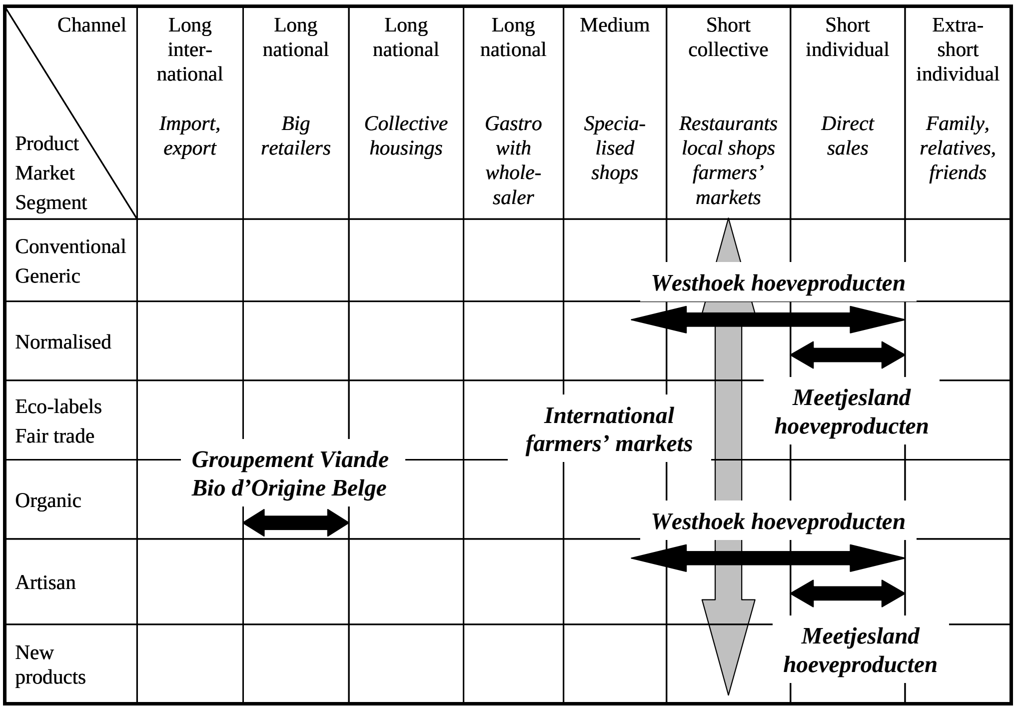


Figure 1. Situation of direct selling activities compared to conventional supply chains

3.2. Typology of the initiatives under study

In the previous paragraphs, we have described and illustrated the general context of farm products, but the case under study (WHH) has an extra dimension as there is a collaboration between a number of farmers, the provincial authorities and KVLV, an extension service for farmers' wives. WHH can therefore by classified as both a *short collective* and a *short individual FSC*, because promotion and alignment of the production practices are for example organised in a collective way, but each of the farmers is responsible for his individual sales. The products sold can, in general, be typified as *normalised products*, but individual farmers can decide to implement more stringent rules (such as environment-friendly or organic production), but this is very rare in this case. Several farmers involved in WH have also processing activities and produce artisan products, e.g. fruit and vegetable juices, jam and ice cream. Table 4 gives an overview of the classification of the core and satellite cases.

Table 4. Typology of the initiatives under study



3.3. *Objectives of the principal initiative*

The initial objectives of the project that led to the establishment of WHH were to create, stimulate and commercialise farm products in the region. These objectives slightly changed when the farmers effectively founded a non-profit making association as the organisation aimed at uniting producers of farm products in order to improve the quality and recognition of farm products in the region of the Westhoek and the organisation also wanted to make efforts to jointly promote these products.

Following problems are addressed by the initiative:

- improving farmer's livelihood,
- open/enlarging new markets of sustainable products
- a fair distribution of added value within the system and at the same time improve the farmer's power in the chain
- protection (creation) of positive externalities to (re)build rural resources
- building/improving local capital (natural, social, cultural, economic, institutional)

Within this case study, different *sustainability issues* can be identified, but the most important are economic, quality, cultural diversity and community.
The participants in WHH have already taken diverse *actions* in the field of communication, education and training, standard creation, design and implementation of organisational arrangements and the development of new FSCs.
The *outcomes* of the initiative are diverse: the farmers primarily want to capture a bigger part of the added value, but because of the nature and organisation of the initiative, there are also organisational, social, technical outputs and some farmers were able to differentiate their products, mainly through self-processing.

The products are sold at the farm-gate and in some cases on farmers' markets nearby, so the *geographical scope* of the initiative is local.
The initiative has a clear *impact* on production, distribution and marketing of farm products, but there is also a link with rural development and some participating farmers have also processing activities.

4. Story of the principal initiative

4.1. Introduction and initial situation

Many new and alternative supply chains aim at an improved contact between producer and consumer. The organisational forms and the pathways chosen, can differ significantly between the initiatives, but one of the oldest examples of (extra-) short supply chains is direct marketing at the farm-gate. Again, many differences exist between the individual farmers (product group, processed or not, specific farm shop or not, etc.), but they all have in common that there is a direct interaction between producer and consumer of the product and this at the production place.

In the Westhoek, the region under study, there were also a number of farmers that sold their products directly at the farm, but is very difficult to estimate the exact number of direct sellers in the region. The farmers that were (and still are) involved in direct marketing must take the institutional setting, as it was described in paragraph 2.3.1, into account. Farmers who wanted some guidance or advice could contact their farmer's association, the responsible of the province or other farmers, but generally, there was no or little formal involvement of institutions in the context of farm products. This initial situation of direct marketing in the Westhoek is pictured in Figure 2.

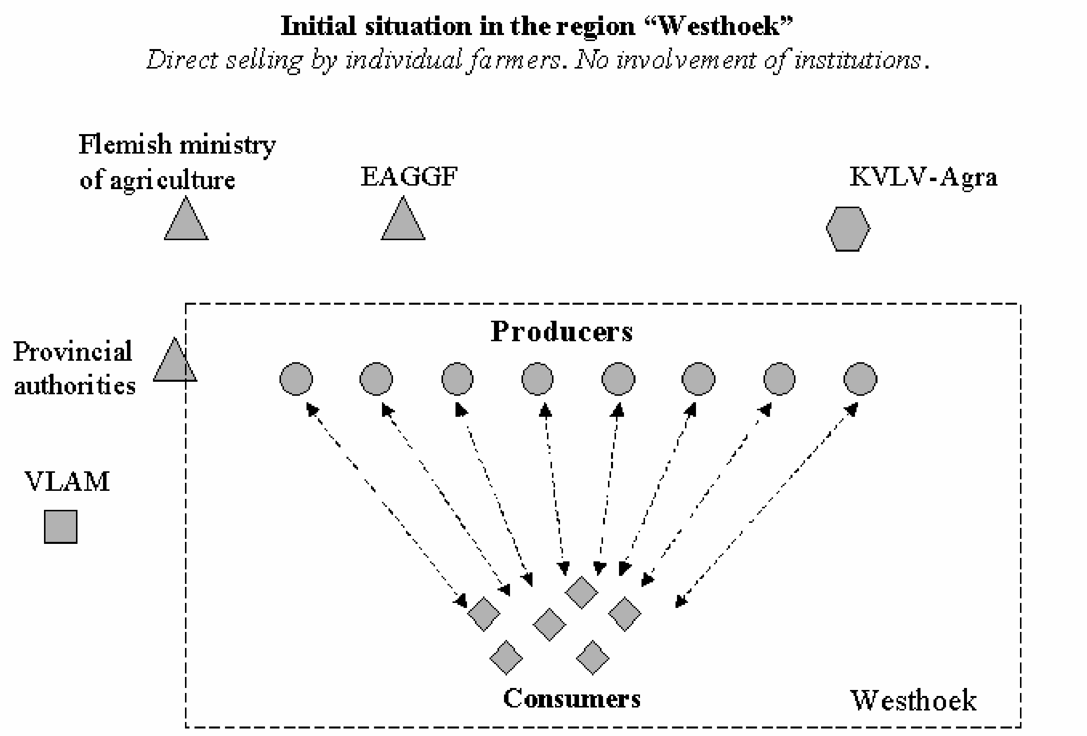


Figure 2. Initial situation of direct selling activities in the Westhoek

4.2. Project funding

In 1993, the European Regional Development Fund defined the policy objectives for the period 1994-1999 and one of them was objective 5b "Development of rural regions". "Westhoek – Middenkust – Zeevisserijgebied" was one of the three Belgian regions that got funding for their program proposal that, amongst others, aimed at the continuation of agricultural and horticultural activities in the region. The measure A.3.5 (Creation of an

agricultural centre for support to and guidance of measures and actions) allowed for coordination between diverse actions and convergence.
KVLV-AGRA, an organisation for farmers' wives, submitted a project proposal and got funding for a project entitled "Creation, stimulation and commercialisation of farm products". At that moment, there was no real marketing or branding of the farm products and there was no or only low involvement of the government and other organisations. With the project proposal, the initiators aimed at higher sales and creation of added value through collective action and the development of a regional brand.

At the same time, there was a parallel program in another Flemish region (Meetjesland) and there, a very similar project (also submitted by KVLV-AGRA) was also granted funding. Meetjesland Hoeveproducten (MH) will serve as one of the satellite cases because it had a totally different trajectory in comparison with WHH, despite the similar start.

The organisation of the initiative at the start of the project is shown Figure 3. In this stage, there are still direct selling activities between individual producers and individual consumers, but the project funding results in an informal collaboration between the farmers that have engaged in the project and KVLV-AGRA. The Flemish authorities were also involved at this stage, as they provided the necessary co-financing.

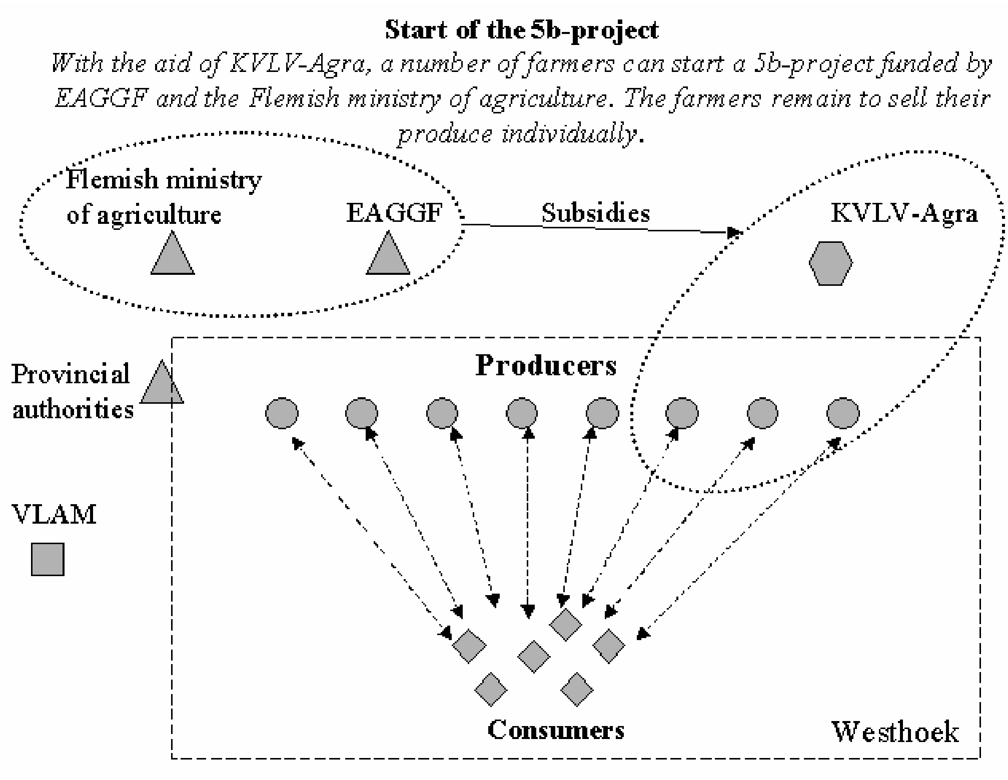


Figure 3. Overview of the organisation at the start of the 5b-project

The project was composed of several stages and started with the exploration of the legislation in force concerning home-processing and sales. Next, a product assortment was put together and the participants in the project searched for interested farmers. After the regional label had started, actions were undertaken to improve the sales through development of promotional attributes. Other issues faced by the project were the provision of extension services for agriculture and horticulture and the possibility to get individual guidance (Viaene et al., 2002).

Box 1. Individual vs. collective direct selling

The aim of this box is to investigate which are the benefits and motives for farmers to participate in the 5b-project or an organisation for direct sellers of farm products in general.

5he changes of cooperation are relatively limited when it comes to the actual selling activities. The farmers still have direct contact with the consumer and sell their own products at the farm. The closer collaboration within the project could also lead to a more regular exchange of products between the farmers to broaden the assortment, but practice shows that this is in general not the case. The initiative however made it possible to enter some new distribution channels (e.g. joint catering activities on receptions and parties) and new (composed) products like gift baskets for Mother's Day.

The important factors of participation in the initiative are the more frequent contact and interaction with colleagues, the joint quality label and the common promotion for the products. Farmers can be considered as experts in their respective production practices, but direct selling activities ask for other (and often new) skills. A good and close contact with fellow-farmers (who face similar problems) and the relevant organisations can therefore be considered as key factors for farmers to enter a collective initiative.
The creation of a quality label for farm products that are produced in a specific territory is another innovation that can persuade farmers to participate in the initiative. This quality label does not only permit the farmers to come forward as a group, but it also facilitates promotion, as well at the individual farm as through joint communication efforts. In order to guarantee, the excellent quality of the products, the farmers also settled a collective agreement with a laboratory to collect and analyse the samples.

4.3. Formalization of the initial project

In 2001, while the project was still active, the stakeholders decided to continue and formalise their cooperation through the formation of a non-profit making association or "vzw". This is a Belgian legal form, which possesses corporate rights if the statutes have been published in a daily law gazette (Belgisch Staatsblad). A vzw is usually governed by a Board of Directors, with at least three managers including a chairman. As a legal body, the vzw can own and acquire properties and immovable properties in own name and for own account, can conclude contracts, is responsible and can contract a loan. The members are not bound personally by the association insofar that the vzw can call on its legal personality, has not been committed a fraud and the members and managers lead the organisation according to the principle of "bonus pater familias". These conditions also apply if subsidies are granted and therefore the government can asks associations to become a vzw in order to get funding.

Initially, 14 farmers and KVLV-AGRA were member of the vzw (as shown in Figure 4), which is lead by a board of directors that meets at least twice a year. The board consists of at least 5 members, which are elected for a period of 6 years. The statutes mention that the manager of the 5b-project (who worked for KVLV-AGRA), becomes member of the board as an external expert without voting right and functions as secretary and treasurer. The statutes furthermore state that a representative of the provincial authorities (regional worker responsible for agriculture in the area) would become secretary after the project had ended and under the condition that the provincial council had enforced its commitment. At the start, the regional consultant participated in the meetings as an external expert, but in 2002, the conditions were fulfilled and he became secretary and treasurer of the association, while the project manager is now member of the board.

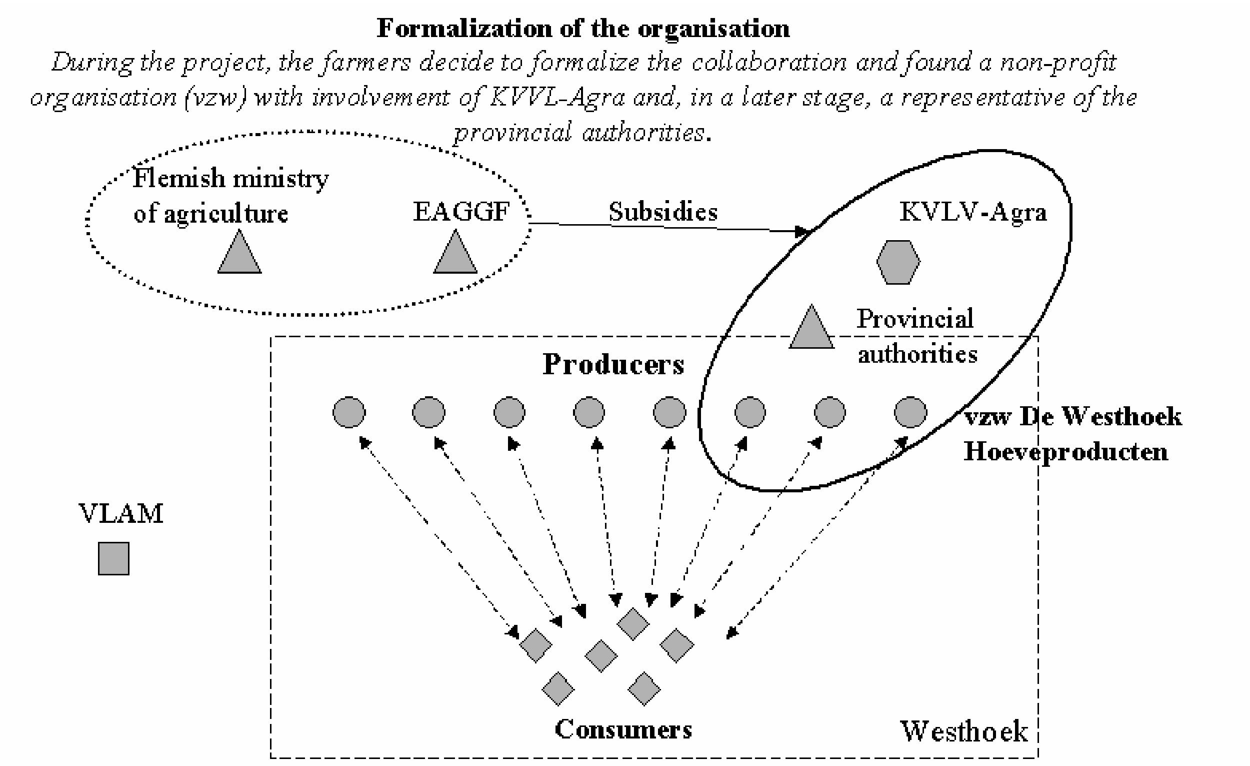


Figure 4. Foundation of the vzw De Westhoek Hoeveproducten

The objective of the organisation is to bring together producers of farm products who will join forces to enhance the quality and the acknowledgement of farm produce in the Westhoek and who will jointly promote these products. Therefore, the statutes prescribe that producers of farm products can enter the organisation if they subscribe to the quality handbook and if their seat is in the administrative district Veurne – Ieper – Diksmuide or in the municipalities Middelkerke and Staden. In a later phase of the initiative, the farmers added the objective to organise actions to promote a more sustainable type of agriculture.

Box 2. Meetjesland Hoeveproducten – Dissolution instead of formalization

This formalization phase in the development of WHH was certainly facilitated by the close cooperation with KVLV, but the story of ***Meetjesland Hoeveproducten*** (MH) learns that this is certainly not the only deciding factor.

MH started namely is an identical 5b-project with involvement of the same stakeholder groups (farmers and KVLV), the same objectives and very similar actions undertaken. The cooperation in Meetjesland was however not formalised after the project funding had ended and several reasons for this dissolution can be found. A first element concerns the (lack of) regional identity as will be discussed in Box 6. The second key factor refers to the human capital and personal characteristics of the people involved. In the case of WHH, the group of farmers involved was rather homogeneous concerning the values and objectives, with a couple of leading figures that were willing to take the lead. These elements were certainly beneficial for the continuation of the initiative and were less present in MH. A final element concerns the market possibilities within the region of production. Both regions are considered to be rather rural and attract a lot of tourists, mainly for outdoor activities like cycling or walking. Because of the geographical location, close to the coastal area, the Westhoek seems to attract more tourists (365.965 nights in 2004, compared to 96.138 in Meetjesland[7]) so that there are increased outlet possibilities of farmer products directly at the farm, but also on farmers' markets and specialised shops.

4.4. Scaling up

The final phase in the initiative's life cycle, for the time being, is characterised by two types of scaling up: a growth of the original initiative and replication of the initiative in other regions.

Initially, 14 farmers joined the initiative and helped to set up the organisation. Since then, new farmers have joined the organisation, while others left. The overall balance is positive and the number of participating farmers has, at this moment, grown to 23. This concerns mainly dairy farmers (12), while 8 farmers sell fruits and vegetables. Only three participants sell meat and this is mainly due to the strict legislation and requirements.
In the meanwhile, there were also some changes concerning the institutions that support direct sellers of farm produce, as pictured in Figure 5. With the help of the Flemish authorities, KVLV-Agra started in 2003 a centre for expertise on farm products (Steunpunt hoeveproducten), which informs the farmers about the legal requirements that have to be met by farm products, but also tries to stimulate the authorities to work on clear and uniform rules for the sector. Furthermore, VLAM (the Flemish Agro-Marketing Board) started actions to support farm products in general and this mainly through promotion activities.

The second type of scaling up that was identified for the core case concerns the replication of the initiative in other regions. These replications do not only exist 2 other region of the same province as WHH (as shown in Figure 6), but also in other provinces. The concept of those replications is very similar to these of our case study (direct selling of farm products with a common label that refers to the geographical area), but there are also important (organisational) differences. In the case of the replication in West-Flanders (Leiestreek and Brugs Ommeland Hoeveproducten), the provincial authorities were the initiating partner, while this task is often fulfilled by other actors in the other areas. They created the label and the extension workers then contacted direct sellers to participate in the initiative. KVLV-AGRA does not participate actively in the replicated initiatives, but farmers can make an appeal upon their experience through Steunpunt Hoeveproducten. Finally, the cooperation of the different partners was for the case study formalised through the non-profit making association "De Westhoek Hoeveproducten", while the participating partners in the replications collaborate on an informal base. The future will learn if these new initiatives formalize their cooperation and which organisational form will be chosen.

[7] Source: FOD Economie - Algemene Directie Statistiek.

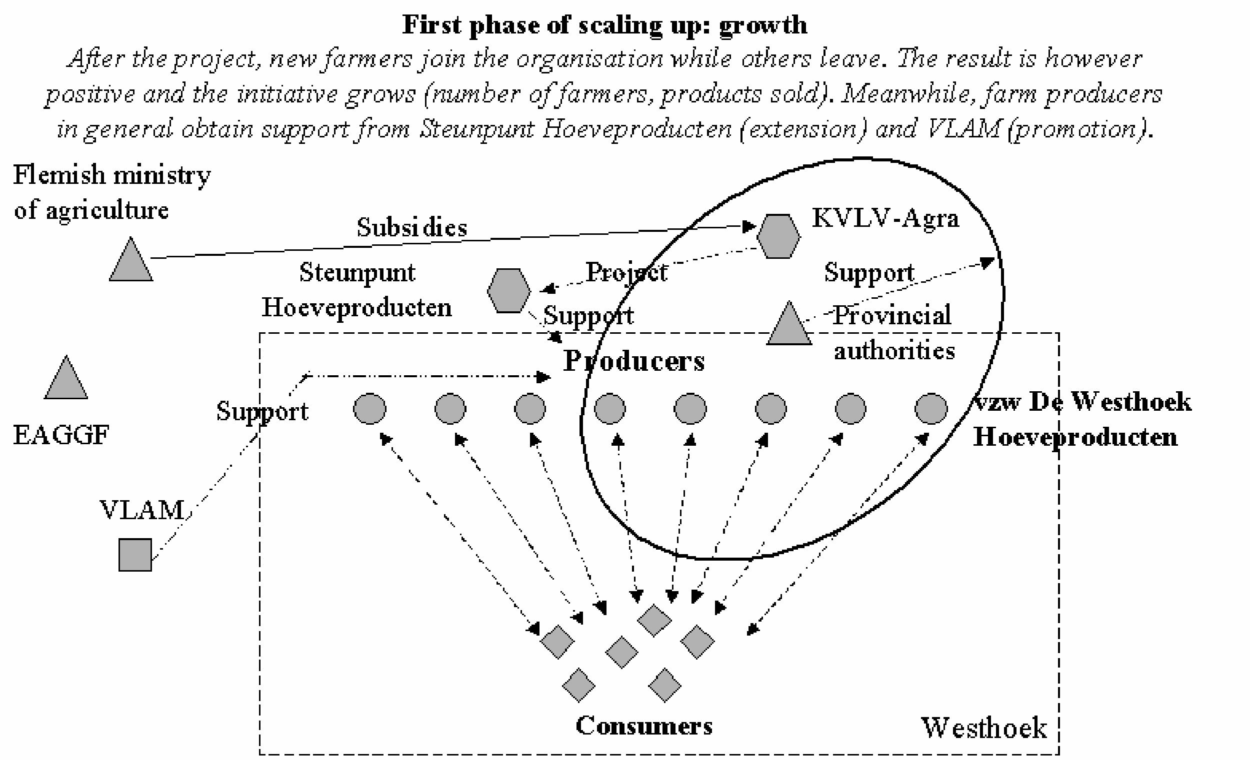


Figure 5. First phase of scaling up of the organisation

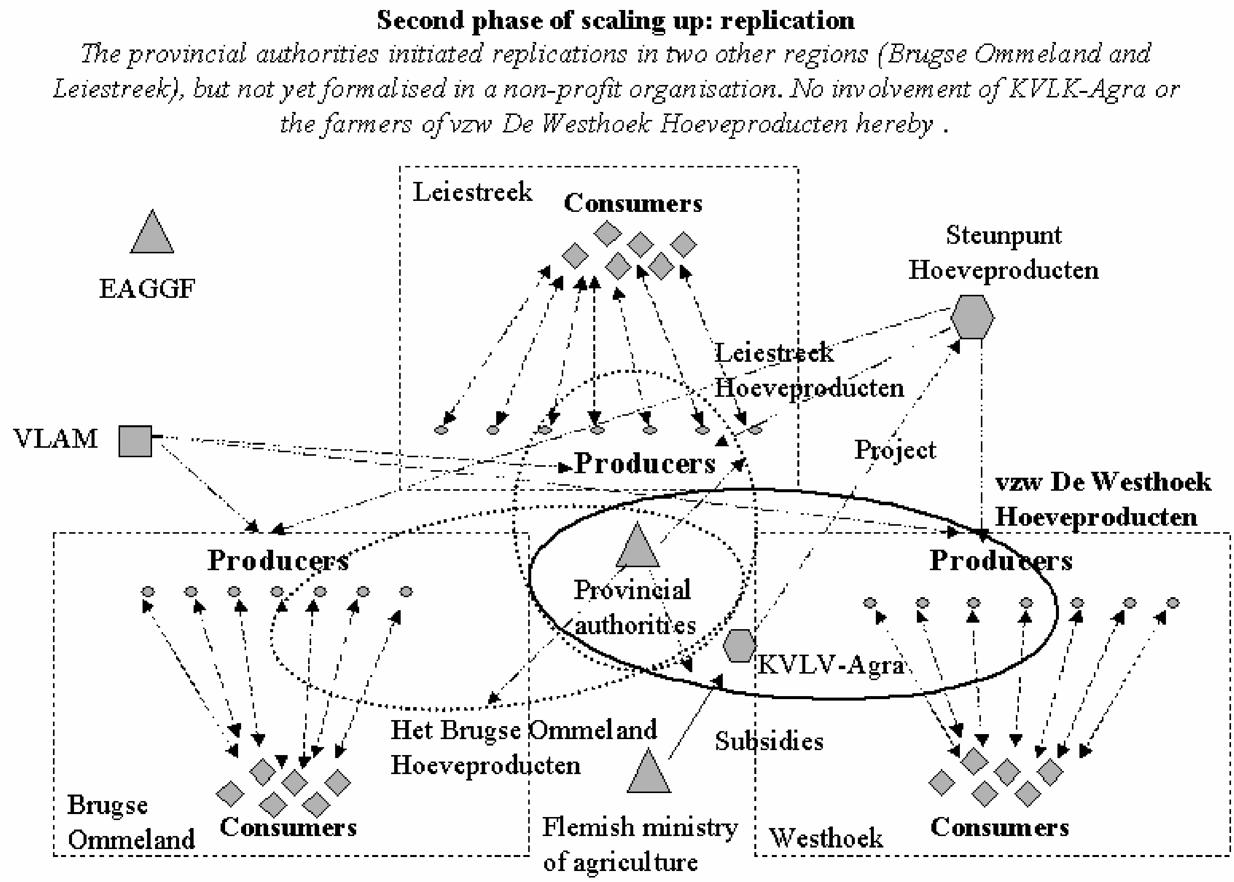


Figure 6. Second phase of scaling up of the organisation

4.5. Synthesis

The previous paragraphs described have shown that a very traditional alternative and extra short supply chains, like farm-gate sales, can evolve into a promising non-profit making association that brings farmers together that share a vision and objectives. A crucial element in this story is certainly the involvement and support of different stakeholders and authorities.

Table 5 gives an overview of the actors, organisations and authorities that are involved in WHH, the stage of involvement, their role in the network and their objectives of participation. The case of WHH is furthermore particular in the sense that it initially started as a (temporary) project, but the farmers decided to continue their collaboration. In this way, they continue to work on the improvement of the product quality and the image of farm products, but is also allows to fall back on a network of farmers that share the same values and objectives, but also face the same problems/

Table 5. Description of the network, starting with the 5b-project

Actor	Dixon classi-fication	Geogra-phical scope	Role in the network	Stage	Goals
Starting farmers	Producer	Local	Producer	From the beginning	Bringing farmers together to enhance the quality of the farm products and promote them through a joint label. Increase individual commercial performance through participation.
Joining farmers	Producer	Local	Producer	At a later stage	Increase individual commercial performance through participation. Enlargement of the personal network. Improved access to support and extension.
KVLV – Agra		National	Non-financial support, initiator of 5b-project	From the beginning	Organisation of activities for farmer's wives and support to their diversification activities
EAGGF		European	Financial support to "Westhoek – Middenjust – Zeevisserijgebied"	From the beginning, during the project	To stimulate the development of rural regions
Flemish authorities		Regional	Co-financing of the 5b-project	From the beginning, during the project	To stimulate the development of rural regions
Provincial authorities and administration		Provincial	Different types of support	At a later stage, also after the project	To stimulate diversification activities of farmers and promote the products to the consumers
Steunpunt Hoeveproducten		Regional	Support to individual producers of farm products	At a later stage	Help farmers to solve their problems and questions concerning direct sales and processing at the farm
VLAM		Regional	Promotion of farm products in general	At a later stage	Promote Flemish agricultural products to the consumer

5. Performance of “De Westhoek Hoeveproducten” and the satellite cases

5.1. Introduction

In the comparative analysis of the case studies, the issues that will be discussed are (i) commercial performance and distribution of value added, (ii) marketing and communication, (iii) public support and other types of intervention, (iv) nature of organisation, self-governance and changes during scaling up, (v) rural development and (vi) social embeddedness, local networks and locality. We therefore opt to discuss the performance of the care and satellite cases based on these topics. Because of the cases’ characteristics and history, we will especially focus on the organisation and governance and the relation of the initiatives with support.

5.2. Commercial performance and distribution of value added

There are to possible references to asses the commercial performance and distribution of value added for the case of “De Westhoek Hoeveproducten”. A first possibility is to compare with the earlier situation of individual direct sales, but in this text we concentrate on the comparison of the initiative with the traditional supply chains for the products.

5.2.1. Creation of added value

To determine whether the farmers can create some extra added value through their participation in “De Westhoek Hoeveproducten”, the price at consumer and producer level will be analysed. The first is assessed through a comparison of retail prices in farm shops and supermarkets and this for a limited number of products. The results presented in Table 6, but some prudence is in order when the data are analysed as these only give a random indication of the prices at a certain moment (November 2005) and which are observed in a limited number of outlets. The data learn that the products of WHH are in all cases cheaper then the products sold in the supermarkets.

Table 6. Price (€) of different products in the supermarket and at the farm-gate

Product	Supermarket		WHH (at the farm-gate)
	Generic product	Quality product	
1 l low-fat milk	0,63	0,72	
1 kg yoghurt with fruit	2,10	2,60	
1 kg butter	4,84	5,60	
1 kg Gouda cheese	5,41	11,33	
1 kg leek	0,86		
1 cauliflower	2,24		
1 kg courgette	1,99		
5 kg potatoes	1,68		
1 kg (beef)steak	13,81		11,13
1 kg pork chop	6,46		5,70
1 kg sausages	6,89		4,98
1 kg pâté	10,48		9,00

Source: own data. Each number is the average of 2 observations in different shops

In 2003, Ameloot et al. (2003) studied the prices of organic products at all levels of the food supply chains. Within this study, the authors also collected information on traditional supply chains of conventional products and the data for beef, cauliflower and milk are presented in Table 7. The exact prices and costs of the three products have changed since the moment of data-collection, but we are especially interested in the distribution of cost, gross margin and profit between all actors in the supply chain. The results show that the producers of beef and milk get ca. 23% of the total profit, while this over 41% for cauliflower. This difference is mainly due to the fact that vegetables (and cauliflower in this case) are not processed. Another remarkable issue is the high profit made be the retailer for both processed products, while the costs are rather limited. This is however not the case for cauliflower as the retailer's profit is here more modest and the cost increased.
This type of studies is not available for farm products, but the interviews with the producers of WHH learn that there is an important price difference in comparison with traditional FSC. Farmers that sell their products directly at the farm obtain higher prices as they can now set the price, while farmers in conventional supply chains are price-takers that have to deal with large and powerful companies. A second explanation refers to the absence of intermediate actors in very short supply chains like direct selling. The farmer's gross margin equals hereby the price paid by the consumer, but this cannot be interpreted as net profit because of the farmer's higher cost. These extra costs mainly concern the labour (and thus time) required to organise the outlet and to sell the products. Some farmers find it very difficult to calculate their own costs for processing and selling the products, which leads to a biased estimation of the margin that doesn't cover the extra cost.

Table 7. Prices (€) at all levels of the (traditional) supply chain for conventional beef, cauliflower and milk

		Beef (100 kg)		Cauliflower (100 pieces)		Milk (100 liter)	
		€	%	€	%	€	%
Farmer	**P0**	-		**4,2**		-	
	Gross margin	406,0	38,7	51,7	37,8	26,0	33,3
	Cost	353,0	43,4	23,2	34,0	21,3	37,2
	Profit	53,0	22,6	28,5	41,5	4,7	22,7
Coope-rative	**P1**	**406,0**		**55,9**		**26,0**	
	Gross margin	20,0	1,9	2,9	2,1	-	-
	Cost	20,0	2,5	2,9	4,3	-	-
	Profit	0,0	0,0	0,0	0,0	-	-
Processor Wholesaler		Slaughterhouse		Wholesaler		Dairy factory	
	P2	**426,0**		**58,8**		**26,0**	
	Gross margin	256,0	24,5	29,2	21,3	34,0	43,6
	Cost	249,0	30,6	14,5	21,1	30,9	54,1
	Profit	7,0	3,0	14,7	21,4	3,1	14,9
Distribution	**P3**	**682,0**		**88,0**		**60,0**	
	Gross margin	366,0	34,9	53,0	38,7	18,0	23,1
	Cost	191,0	23,5	27,6	40,5	5,0	8,7
	Profit	175,0	74,4	25,4	37,0	13,0	62,4
	P4	**1.048,0**		**141,0**		**78,0**	
Total gross margin		**1.048,0**	**100**	**136,8**	**100**	**78,0**	**100**
Total cost		**813,0**	**100**	**68,2**	**100**	**57,2**	**100**
Total profit		**235,0**	**100**	**68,6**	**100**	**20,8**	**100**

Source: Ameloot et al. (2003)

Generally, it can be concluded that direct sellers of farm products can create extra gross margin (or added value) in comparison with traditional supply chains. This is especially due to the shortening of the supply chain and the absence of intermediate actors. This is more the case for processed products like meat and dairy products where to farmer's margin is lower (as shown in Table 7), but the farmer has to incur more investments and higher costs to process and sell these products.

5.2.2. Market share

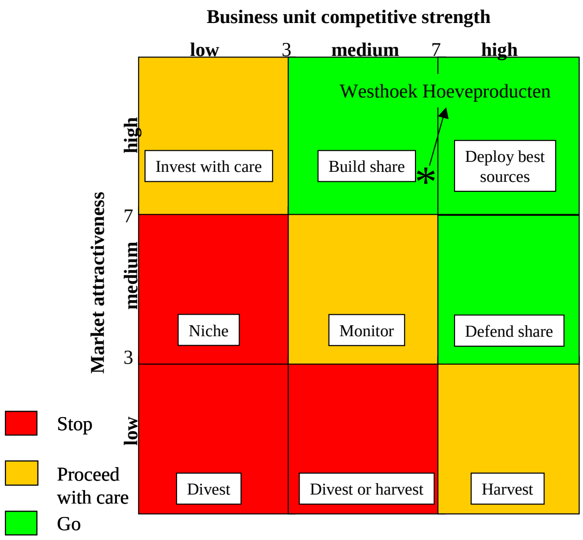
It is very difficult to give an exact estimation of the market share of WHH as the organisation does not intervene in the marketing of the product and data of each individual farmer's sales are not available. The only way to give an exact estimation of the market share concerns the number of farmers that participate in the initiative. At the start, 12 farmers participated in the initiative and this number has increased steadily over the years. There are nowadays 23 farmers member of the vzw on a total of 35.468 Flemish farmers (0,06%) and 4.224 farmers in the area (0,54%). It can thus be concluded that WHH is a very small initiative with a negligible number of farmers participating in comparison with the total farm population. The initiative's significance grows when compared with the number of direct sellers, but is still very limited (23 farmers on 1.535 or 1,50%).
The count of farm producers showed that the turnover of farm products in general was ca. € 166 million in 2003, but there are unfortunately no figures available for the initiative under study as the non-profit making association is not involved of the marketing of the product. The only data that occur in the organisation's bookkeeping concern the membership fees, eventual grants and the expenses for diverse activities.

The very limited market share of the initiative is closely linked with its nature and the products they sell. The merit of this initiative is however that it groups individual farmers that sell farm products in the region so that the market share and impact is larger than in the previous situation where the farmers sold their produce individually. Possibilities to increase the initiative's market share through enlargement of the organisation or increasing individual sales are rather limited and therefore, similar initiatives were started in other regions of the country.

5.2.3. Degree of market differentiation

One of the major objectives of the non-profit making association is to increase the quality standards of farm products in the region and do promote the produce through a joint label of regional farm products. The participants try to realize this objective through the development of clear rules that were laid down by the statutes of the organisation and in particular the reference to the prescriptions in the quality handbook. An internal control system is designed to verify the observance and if there are no irregularities, the farmer can use the label "De Westhoek Hoeveproducten". This label offers the opportunity to differentiate the products from other farm products, to show the membership to the organisation, but the interviews also showed that many consumers are not aware of the prescriptions that are linked to the label.

The McKinsey-matrix is a very useful tool to give a general overview of an initiative's commercial performance as it confronts both market attractiveness and competitive strength. The assessment of the different indicators is represented in Annex III, while the visual outcome is shown in the opposite diagram. WHH's weighted outcome for the market attractiveness is 7,5 and this is considered to be a high score. The initiative scores particularly



well for the indicators "market profitability and pricing trends" and "competitive intensity and barriers to entry", while the indicator "market size and growth rate" has the lowest score. The scores for all these indicators are however closely related to the characteristics of the initiative, e.g. the very short nature of the supply chain, the competition with individual direct sellers, the farmer as price-fixer. For the competitive position of the initiative, a medium score (6,8) is obtained and this is mainly because of very good results for the image of the products and the price at consumer level, while the production volume and growth potential, the ability to negotiate with retailers and the differentiation strategies score rather poor.
The confrontation of the scores for market attractiveness and competitive position in the McKinsey-matrix, learns that "De Westhoek Hoeveproducten" is in a favourable category to continue its activities and to build share.

5.3. Marketing and communication

A tool to realize one of the objectives of the association (the improve the recognition of regional farm product and to promote these together) was the creation of the common label (see the picture opposite). Farmers who process products at the farm, often combine this label with the one of artisan products in the area.
The label combines two promises (farm product and origin) and allows differentiation of the produce from individual direct sellers. The label furthermore indicates that the products meet the quality requirements set by the organisation and are subject to an internal control. Next to that, a collective agreement with a laboratory allows to farmers to have 6 analyses of their products a year. These analyses are not only cheaper in comparison with individual farmers, they are also partially refunded by the province and are performed more frequent. The fact that the association owns the brand is an important strength if they decide to open up other marketing possibilities, such as negotiations with retailers. At this moment, there are however no real plans to enlarge the activities and the label is mainly used to show the membership to the initiative. The association also organises receptions and buffets and baskets with a combination of different farm products are sold. Another possibility for the promotion of the products and the labels lays in the direct contact between producer and consumer. In this way, the producer can justify his production choices and the consumer can ask his questions.

The problems mainly concern the very limited scale of the initiative and the high costs that are related to promotion and advertising. Attributes, such as flyers and a website, were developed to promote the label and these were partially funded by a LeaderII-project.
The involvement in the initiative furthermore demands for other skills of the farmers. While farmers in conventional supply chains are only responsible for the production activities, they

now have to organise the sales, marketing and communication activities. Some farmers find it sometimes difficult to manage these new activities and a lack of competence can be noticed in some cases.

In general, it can be concluded that there are some strong elements within the initiative and its marketing strategy that could contribute to a well-designed communication and promotion strategy, but the efforts made have at this moment a rather limited impact, mainly due to budget restrictions. The further development of the issue “marketing and communication” is highly dependent on the strategic choices that will be made in the near future.

5.4. Public support and other types of intervention

5.4.1. Support to the initiative

Support is a crucial element for “De Westhoek Hoeveproducten” as the initiative was started as a 5b-project and at this day still benefits from different types of intervention. The submission of a project proposal for two labels concerning regional farm products (farm products of the Westhoek and Meetjesland) was prepared by KVLV-AGRA. This organisation organises activities and courses for farmers’ wives and is active over the entire Flemish region, but activities are mainly organised by the regional divisions.

Both submitted proposals were approved by the funding authorities and were carried. The project that would lead to WHH obtained a total budget of 281.394 euro which was funded by the European Agricultural Guidance and Guarantee Fund (EAGGF) and co-financed by the government of the Flemish region (50% each). There were at that moment no private investments.

The main objective of the project was “*to create, stimulate and commercialise farm products*”. The project was composed of several stages and started with the exploration of the legislation in force concerning home-processing and sales. Next, a product assortment was put together and the participants in the project searched for interested farmers. After the regional label had started, actions were undertaken to improve the sales with for example the development of promotional attributes. Other issues faced by the project are the provision of extension services for agriculture and horticulture and the possibility to get individual guidance (Viaene et al., 2002).

During the project, the stakeholders decided to continue and formalise the initiative through the formation of a non-profit making association, as was described in paragraph 4.3. We have already discussed the fact that the close cooperation with KVLV and the provincial authorities certainly facilitated this process. This facilitation activities can be considered as sources of non-financial support to the network.

The cooperation can also be found in the statutes of the non-profit making association that were formulated at the foundation meeting on February, 19th 2001. The project manager became at that moment member of the board as an external expert without voting right and was also appointed as secretary and treasurer. The initial statutes also describe that a representative of the provincial authorities would become secretary after the end of the 5b-project. Until the provincial council had enforced its commitment, the regional consultant responsible for agriculture in the area Westhoek was appointed as an external expert. On January, 29th 2002, these conditions were fulfilled and the regional consultant became secretary and treasurer, while the project manager continued her activities as a regular member of the board.

5.4.2. Influence of public policies on the development of the initiative

A very crucial element for the sales of farm products in general concerns the policy concerning food safety, as was described in paragraph 2.2. According to the legislation, every actor in the food supply chain has to respect the prescriptions concerning traceability and auto-control, without distinguishing between farmers that process their own products at the farm and big, industrial processors. This law stands only since January, 1st 2005 and it is still very difficult to assess the influence on sellers of farm products in general, but the expectation is that it will threat the continuation of these activities for many farmers.
After a petition organised by 5 Belgian NGOs, but especially because of two new European hygiene regulations, the Belgian legislation was adapted for companies that sell their products directly to the consumer and where there less than 5 full-time workers. The new rules stipulate that farmers must only register abnormalities in their production process and the correcting measures undertaken instead of registering the entire process permanently. The prescriptions concerning traceability have also changed and farmers now have to keep a chronological file with invoices of all purchases.[8]

5.4.3. Targeting / phasing of support

The approval of the 5b-project and the corresponding financial support were crucial to the initiative, as it would perhaps not be founded without the support and the farmers would then have continued to sell their products individually.
In the second phase, the support was mainly non-financial and so the initiative can be characterised as relatively independent. A delegate of KVLV and a representative of the provincial authorities are still member of the board and this makes the farmers' access to advice and extension easier. The province also promotes farm products of the three specific areas and networks at its website.[9]
At this moment, the farmers have an easy access to advice and extension and there is no need to change this. The provincial authorities promote the products of the initiative on their website, but the vzw and individual farmers also participate in and organise promotional activities.

The initiative got financial support at the time the needed it. After the initial process costs, other types of support (like collaboration with extension services) became more important, but the farmers and the association seem to have kept their indepence.

5.5. Nature of organisation, self-governance and changes during scaling up

5.5.1. Scaling-up in this case

The process of scaling-up can for the case of "De Westhoek Hoeveproducten" be defined with reference to the size of the network, the quantity of labelled products sold and the replications in other regions.

[8] Versoepelingen voor hoeveproducenten in aantocht (25/10/2005) & Versoepelde normen voor hoeveproducenten van kracht (17/11/2005). www.vilt.be
[9] http://www.west-vlaanderen.be/economie&onderwijs/onthaalopdeboerderij/flashskip/skip.html

The first aspect of the scaling-up definition concerns the size of the network and the number of participating farmers and other actors is hereby a very simple indicator. Initially, only a few farmers were involved in the initial 5b project, together with the responsible of KVLV-Agra. This number had grown to 12 farmers when the collaboration was formalised in the non-profit making association and there are, at this moment, 23 farmers that participate in the initiative. A growing trend can thus be noticed, although there are sometimes also farmers that decide to quite the initiative.
The total amount of products sold under the label “De Westhoek hoeveproducten” depends on several factors such as the number of farmers involved and the other outlet possibilities. These tendency can be illustrated through the growth rate and the range of products. Because of the nature of the initiative and mainly due to the fact that the organisation does not intervene in the marketing of the products, it is not possible to quantify the growth rate of WHH exactly. But as the number of farmers that are participate in the initiative grows, and as several farmers have noticed a growing tendency in their turnover, it can be concluded that the initiative has a positive growth rate. The range of products sold in under the label is very large and is growing constantly. Most involved farmers process dairy products at the farm and the combined assortment is really extensive (ice cream, cheese, yoghurt, milk, etc.).
A replication is in this text defined as the start of an organisation similar to the one of WHH (a grouping of farmers that sell farm products in a specific region with a common label), but without involvement of the participants of WHH and in another geographical areas. Meetjesland Hoeveproducten started, as already indicated earlier, at the same time as the core initiative, but this grouping had stopped almost all activities. Nowadays, some efforts are made to promote the farm products in the area again through a Leader+ project. Next to that, several other initiatives can be considered as replications. The provincial authorities of West-Flanders for example supports the networks “Het Brugse Ommeland Hoeveproducten”, “Leiestreek Hoeveproducten” (which are both situated in the same province as WHH), while other replications are “Hoeveproducten Vlaamse Ardennen” and “Hoeveproducten Haspengouw”. In both cases, it concerns projects funded by the EU and the relevant provincial authorities in cooperation with respectively “Het Regionaal Landschap Vlaamse Ardennen” and “Innovatiesteunpunt voor Landbouw en Platteland”.

At this moment, no or only limited changes can be noticed as and outcome of the growth and scaling up of the initiative and this mainly due to the nature of the organisation. The prescriptions and statutes (which were already adapted in December 2004) of the organisation maintain the nature of the organisation when it comes to the number of farmers and the amount of products sold under the label. These rules define for example the exigencies that must be respected by entering farmers and the minimum product quality. The individual farmers are furthermore responsible for the quality of the products (based on a quality handbook prescribed by the organisation) sold at their farm as the products are generally not collected or exchanged between farmers. The replicated initiatives, at the other side, draw their own prescriptions, based on the example WHH. There is, in general, no involvement of the participants of the original initiative in the replications.
It can be concluded that there is no need for changes, mainly because of the nature of the (farm) products. It is possible to adapt the prescriptions and to define the minimum physical quality of the produce, but there is, at this moment, no demand for such measures.

5.5.2. Nature of the organisation

At the end of the initial project, the farmers decided to continue the collaboration and the common promotion of the label “De Westhoek Hoeveproducten”. There are in Belgium several possible organisational forms to formalize the alliance and, in this case, the participants opted for a non-profit making association with participation of KVLV-AGRA and a responsible of the provincial authorities. The choice to form a 'vzw' (non-profit making association) was probably the most logic and appropriate option and the presence of the external members in the board is stipulated by the rules. The composition of the organisation and the alliances with other actors and institutions where already showed in the illustrations concerning the initiative's lifecycle and history (see paragraph 4). Another organisational form that could be appropriate for the initiative is an agricultural cooperative, although this structure usually involves marketing of the product through the organisation. The story and nature of the "Groupement Viande Bio d'Origine Belge" will be discussed in Box 3, in order to illustrate this alternative organisational form.

Within the framework of New Institutional Economics (NIE), transactions can be described based an a set of attributes. As most of these elements are rather specific for a certain kind of products and as dairy farmers present the largest group of producer within the core initiative, the attributes of the transactions concerning dairy products with the label "De Westhoek Hoeveproducten" are presented in Annex IV.

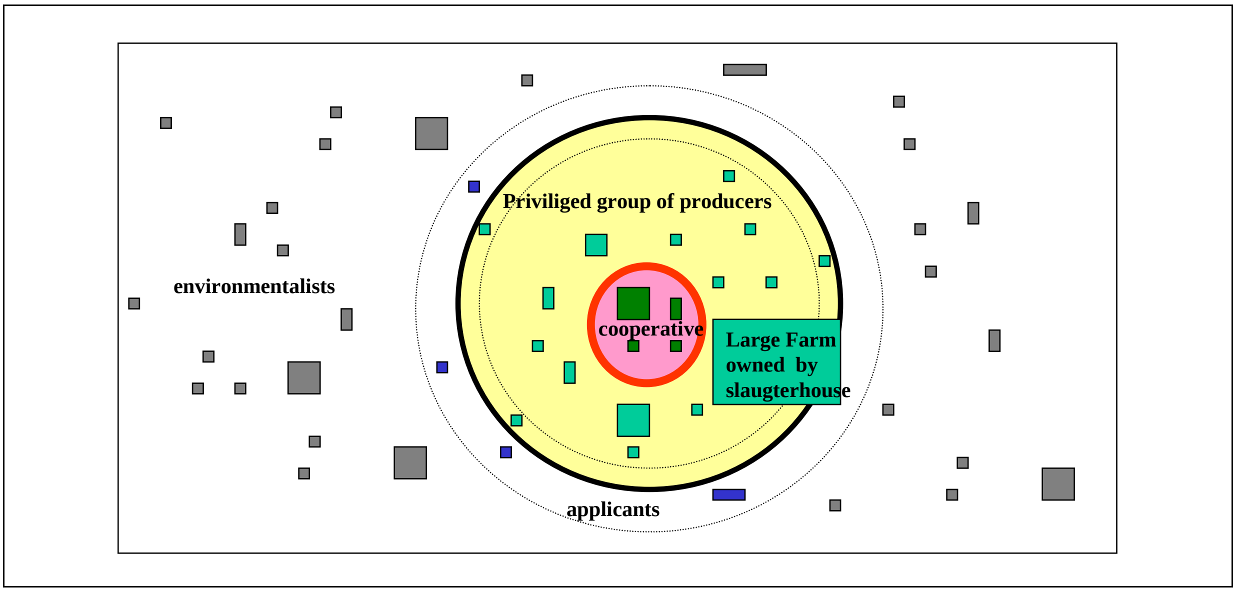
Box 3. Groupement Viande Bio d'Origine Belge – from a non-profit making association to a cooperative

The origin of the cooperative "Groupement Viande Bio d'Origine Belge" (or GVBOB) is situated in 1995, when a group of organic beef producers wondered why it was not possible to sell their product on the organic market. They started a non-profit making organisation and paid one producer (who would later become the president of the cooperative) to do a market study. By 1997, five individual butchers and one large retailer were found interested to commercialise organic beef, but only four farmers were willing to invest and contribute in the foundation of the cooperative GVBOB. A lot of the farmers were namely afraid that the large retailer and the slaughterhouse proposed by the retailer would not be loyal and diminish the margins over time.

In 1997, the cooperative made a contractual agreement with the retailer and this agreement specified that the cooperative had absolute priority to deliver animals, but also other elements, such as technical aspects, prices, the contact between cooperative and slaughterhouse and problem solving strategies, were specified and described. This agreement was very interesting for the producers because of the relatively high price-level and the freedom to work with individual butchers.

Due to the different crises in the meat sector, the demand for organic beef was multiplied by a factor ten and the initial partners were not able to satisfy the demand with their own animals. New partners were contacted and there were, at that time, more than 40 beef suppliers to the cooperative, but with large differences concerning the quality of the meat and the breeds that were used.

After the crises, the demand for organic beef diminished and this allowed for the retailer to enforce higher quality norms. It was no longer sufficient to grow the animals according to the organic practices, but quality prescriptions had also to be met. Therefore, a list of ca. 20 privileged producers (based on the quality of the product supplied in the past, the breed, the quality of the enterprise and by selecting only producers that fatten animals born on the farm) was composed. The cooperative was at that moment still constituted of the four initial members and there was a privileged relationship with the group of 20 producers. A schematic overview of the organisation is shown in the following figure. This graph also shows the presents of three other groups, but their role will be explained in Box 4, which deals with the governance of GVBOB.



5.5.3. Self-governance

Non-profit making associations, like "De Westhoek Hoeveproducten", are legally bound to publish their statutes in a governmental journal called Belgisch Staatsblad.[10] These statutes set down the rules of the organisation, the conditions that farmers have to meet to join the organisation, the composition of the board, etc.

The selection procedures of new joining farmers is a first element that is defined by the statutes. In the case of WHH, the rules state that the seat of the applicant should be in the administrative department Veurne – Ieper – Diksmuide (later the communities Middelkerke and Staden were added), the non-profit making association must at least have 5 members and the applying farmers should pass an entrance control (which is also described by the statutes). Based on the results of the control, the board of directors decides if the member can be accepted. All members of the organisation have to sign and follow the prescriptions of the quality handbook(s) applicable for the products at their farm. Next to that, participants have to pay a yearly membership fee which amounts to maximum € 250.
The membership of the vzw ends if one of the preceding specifications is not fulfilled and as a consequence, the producer can no longer use the label "De Westhoek hoeveproducten". Because of this clause, the board can prevent that farmers give the label a bad reputation by selling products of inferior quality.

Until now, this procedure has proven to be rather successful as the rules and conditions for new participants are clearly set, there is a control system and farmers that do not comply with the statutes can be excluded from the organisation. In this way, the members of the initiative are able to control the entire organisation according to the rules prescribed by the regulation.
This is however not so relevant for the scaling up process as the organisation doesn't control for the quantities sold by the farmers and has no influence on the replications of the initiative. The strategic vision hasn't changed yet, but the partners are able to do so.
However, the organisation of the initiative and the definition of the statutes and internal rules has also proven to be an dynamic process. The initial rules were defined by the organisation in

[10] www.staatsblad.be

2001, but time showed that it was necessary to adapt some elements to better suit the nature of the organisation. Therefore, the general assembly decided to modify some of the rules and the adapted statutes were published on December, 8th 2004. The changes made are very diverse and include an enlargement of the organisation's objectives ('to organise actions that promote a more sustainable agriculture'), an addition of two communities to the geographical scope of the initiative and some additions to and changes of the internal rules. It concerns for example the procedure to accept acceding members (which are different from the actual members), the procedure to fix agendas for the meetings, the qualification of the executive committee, etc.

Box 4. Groupement Viande Bio d'Origine Belge – governance of a farmers' cooperative

In this box, we will describe the mechanisms for self-governance that are present in the case of GVBOB. These concern two main issues, the regulation of supply and a constant pursuit of a better product quality (Aertsens & Van Huylenbroeck, 2004).

The supply needed is determined by the central office of the retailer and communicated to the slaughterhouse, which communicates these figures to the cooperation's president. He is also informed about the number of animals that each producer of the privileged group wants to slaughter in the following month and the urgency to slaughter (maximum age of slaughtering is 24 months). By phone, the president informs the producers whose animals have to be slaughtered the next day.

If supply is insufficient, the president can contact three sources of animals. The "applicants" are a small group of farmers who are interested to join the core group, but who are not yet accepted because of a lack of (stable) demand. Secondly, there is a group of so called "environmentalist producers", which have an extended area and raise their animals organically (because of the subsidies), but usually don't sell their animals in the organic circuit. Thirdly, there is a large farm that, until recently, bought his young animals.

The situation that the demand is lower than the supply is very rare, thanks to the criterion that all animals must be born on the farm. If this situation however appears, the four members of the cooperative have priority to sell all their animals to the retailer and then the producers with the highest quality are contacted. This situation forces some of the producers to commercialise their animals in other ways, which leads to important profit losses.

The allocation strategy of the president could be called a "divide and rule"-strategy as not all producers are treated equally. More balanced strategies (that spread the losses equally among the privileged group) could have been possible, but these were in conflict with the president's position and the position of the entire cooperative. The president was able to apply this strategy because of the organisation of the cooperative with different shells or cores according to the closeness to the (president of the) cooperative (see figure in the previous box).

In the recent past several strategies to reorganise the organisation were proposed, but nothing has changed yet. The latest proposal attributes green, orange or white cards to each animal, mainly based on the breed and planned period to be delivered. Animals with a green card have priority over animals with an orange card, which in turn have priority over animals with a white card. Owners of animals with a green card are then almost certain that they will be able to market their animal through the cooperative, and maybe the animals with an orange card.

The cooperative furthermore tries to take actions to stimulate the product quality by implementing extra conditions (above the regular organic prescriptions). The (demand for the) extra conditions has grown over the years and concerns the criterion that all animals have to be born and fattened at the same farm and the fact that the animals must be slaughtered before they reach the age of 24 months. These requirements are contractually fixed in the agreement with the retailer, and indirectly and informally enforced to the farms. Recently, the president expressed a wish that members of the privileged group would use 100% organic feedstuff and that during the last three months of fattening all producers would use the same compound feed, in order to increase the homogeneity of the beef provided (organoleptic quality). So far, this condition is not yet approved within the group, but it indicates a continuously effort to improve quality and to justify the price premium the retailer is giving to the cooperative.

Especially the realisation of the first requirement, concerning the closed system, was important for the cooperative as they were able to impose this charge on a special (and very large) farm. The owner of the farm is also the owner of the slaughterhouse and is a supplier of conventional beef to the retailer. Therefore, the retailer did not react immediately when this farm did not follow the principle that all animals should be born on the farm. By buying fattened animals that were bought, the large farm sometimes supplied large amounts of organic cattle disturbing the outlet of the other privileged suppliers of the cooperative. Since July 2004, an agreement is reached that also this farm has to comply with all rules in order to sell to the retailer. This example shows that internal conflict resolution seems possible in practice.

Box 5. International farmers' markets – genesis independent of support

Farmers' markets are another example of extra-short supply chains that occur in many countries and are described by several authors (Hinrichs, 2000; Hinrichs *et al.*, 2004; Kirwan, 2006; Moxnes Jervell *et al.*, 2004; Verhaegen & Van Huylenbroeck, 2001; Verhaegen & Van Huylenbroeck, 2002). Farmers' markets are hereby defined as public markets on which only farmers sell their products directly to consumers. Although co-operation among farmers seems necessary to realise the market, farmer's markets have a weak governance structure, close to market governance.

The co-operation between farmers had the purpose of organising the direct sale of farm products, through a public market where only farmers could sell their self produced commodities directly to the consumers. The formula of a public market was used in order to reach more consumers than through individual domestic selling of farm products. The farmers' markets distinguish themselves from other public markets by the limited access (one has to be farmer and member of the Farmers' markets organisation) and by the special regulation farmers have to comply with.

A central organisation has been set up, a market regulation developed and authorities (market council and market commissioners) appointed to control regulations and to settle disputes. In the continuum between market governance and internal governance, the governance structure of farmers' markets is situated close to market organisation and characterised by low transaction specificity, high-powered incentive intensity and autonomous adaptations for the farmers, classical contracts between farmer and governance structure and between farmers and consumers.

The main commitment the farmers have accepted is to follow the market regulation and rules that have been developed and accepted by all farmers. Besides the fact they accept to sell only own produced products, the main restriction involves the system of price setting. At farmers' markets, prices are negotiated before the start of the market with the arbitration of a market commissioner. Prices are determined between wholesale and retail price level. One consequence is that an individual farmer cannot change the price during the market. Other rules protect 'old' members by giving them priority over new members, and further some rather practical statements are given such as start and closing hour of the market, the assignment of places, the amount of market toll and membership fees. By paying the membership fee at the beginning of the year, farmers accept these regulations as well as the monitoring and control of rules by the market council or market commissioners. Indeed, some farmers' markets work with market commissioners. They are consumers, involved in the organisation of the market, but who have to represent the consumers' interests in the first place, and have to control, as independent supervisors, if the farmers are following the market rules. When no market commissioners are involved, the market council (with only farmers in it) is in charge of monitoring and controlling the activities at the market.

5.6. Rural development

Agricultural broadening activities are often studied in relation with rural development and this will thus be another important issue for WHH. This initiative did start as a project to improve the liveability of agriculture and rural development in the area. In this paragraph, we will search in which the initiative contributes to a sustainable rural development.

A first step towards the assessment of the contribution to rural development is the definition of the relevant region and the conventional equivalent. As both consumers and producers concerned by the initiative are inhabitants of the “Westhoek”, this is considered to be the relevant region.
Concerning the conventional equivalent, there are two possible options: the sales of farm products through individual farmers and the traditional supply chains for each of the product groups (see Belgian WP 2 report). Because the former is so closely related to the initiative under study and only marginal in the region (most direct sellers are enclosed by the initiative), the conventional equivalent will be the traditional supply chains.
In the second step, the impact of both supply chains (traditional FSC and WHH) on rural development is assessed for the selected rural development-indicators. The performance for the individual indicators is scored on 7-point Likert-scale (from --- over 0 to +++) and the results are shown in Table 8.

For the economic indicators, important differences between traditional supply chains and “De Westhoek Hoeveproducten” can be noticed. WHH scores better than the conventional alternative for 2 indicators: net value added in the region and farmer’s share in retail €. These differences are mainly a consequence of the initiative’s nature. Through the direct selling activities, farmers can capture a part of the value added that would otherwise be spread among the different levels of the chain and that would leave the region. The farmer’s costs are on the other hand higher, because the farmers are now responsible organisation of the sales and the actual selling activities. Generally, the farmers fix the prices themselves; while they are price-takers in conventional supply chains. Concerning the halo-effect, it has to be noticed that several initiatives were taken to promote the region and its products, with this label for farm products as one example. In general, the region is rather well-known and some regional identity starts to grow with rural tourism and direct selling benefiting. The initiative profits from this image, but is not a qualifying factor.
A slightly negative contribution of WHH to rural development can be noticed for three economic indicators (transaction costs of establishment and maintenance and the dependence on public sector support). The higher transaction costs (for both establishment and maintenance) result from the fact that the farmers had to organise everything themselves at the start of the initiative and keep on doing so. The considered transaction costs are rather low, but are higher than in the conventional chains where the buyers (processors, retailers,

auctions, etc.) are responsible for organisational issues and accompanying transaction costs. Another relative weakness of WHH is the dependency on public support, although this statement has to be softened. At the start, the initiative was highly dependent on financial (5b) support, while other types of support have occurred in WHH's history. Generally, it can be concluded that the initiative has gained financial independency, but the participants have a very interesting access to non-financial support (extension, promotion, etc.) by the provincial authorities and KVLV as a consequences of the initiative's organisational structure.

Table 8. Assessment of the initiative's contribution to rural development in comparison with traditional supply chains

Indicator group	**Conventional equivalent** --- -- - **0** + ++ +++	**"De Westhoek Hoeveproducten"** --- -- - **0** + ++ +++
Economic indicators		
NVA in region	0	++
Direct, indirect and induced employment in region	+	++
Farmer's share in retail €	-	+++
Transaction costs of establishment	0	-
Transaction costs of maintenance	0	-
Dependence on public sector support	+	0
Displacement effects within region	0	0
Halo effect	0	0
Social indicators		
Self organisational capacity increased	-	0
Bridging capital increased	-	+
Learning & knowledge enhanced	0	+
Enhanced trust/faith in food system	0	++
Enhanced social inclusion	0	0
Yields job satisfaction	0	++
Encourages succession	0	+
Environmental indicators		
Increases biodiversity	--	-
Reduces negative external effects	--	-
Increases positive external effects	--	-
Enriches cultural landscape	--	-
Reduces road miles	-	++

Remark: +++ Very positive impact, ++ positive impact, + slightly positive impact, 0 neutral, - slightly negative impact, -- negative impact, --- very negative impact

For the social indicators, no negative influences can be noticed while WHH contributes to an increase of the bridging capital, an enhanced trust (faith) in the food system and improved job satisfaction. Positive relationships among the participating stakeholders and the fact that the initiative is relatively well embedded contribute to the bridging capital. The direct contact between producers and consumers is another element that increases the bridging capital, but the direct interaction is also an important factor that enhances the trust and faith in the food system. The farmers mention furthermore a higher degree of job satisfaction thanks to participation and direct selling because of the direct interaction with the final consumer.

WHH has only a limited effect on several environmental indicators and this is mainly due to very limited scale of the initiative. It is however clear that the initiative contributes to an important reduction of road miles as the product is sold at the production site. The distance between producer and retailers is so totally eliminated. There might be a more important distance between the point of sales and the place of consumption, but the overall effect is positive.

5.7. Social embeddedness, local networks and locality

Locality is an important characteristic of WHH as the statutes delimit the entrance of farmers to the region as a farmer can only participate of the chair of his firm lies in the Westhoek. This condition is quite logic as the labelled products explicitly refer to this area. This an appropriate measure to prevent abuse and a bad image of all products sold through participants in the initiative.

When it comes to the use of own resources, this can be assessed at two different levels for the case of farm products. If the unprocessed products are sold in a farm shop, the assortment should mainly consist of own products, but products of other farmers of the organisation can also be sold. This exchange of local products was somewhat restricted by the legislation in the past, but these products can also be considered to be local. A second possibility is the processing of (especially dairy) products at the farm and the main ingredients thereby should be self-produced.

A question that still arises at this moment concerns the feasibility to exchange final products within the organisation within the boundaries of the contemporary legal framework.

The core actors of the initiative are the farmers. There are only a limited number of actors involved, but those who participate do this to a large extent. The initiative's network furthermore comprises some other actors and institutions (province, KVLV.) as was described in earlier paragraphs. The scope of the external organisations is however larger then the area covered by the initiative.

Third element of the embeddedness of the initiative concerns the sharing of values among the actors involved in the initiative and with the consumers. It is clear that all participants in WHH attribute positive values to the direct sales of farm products and are also willing to exchange their experiences with the other farmers. All farmers had already direct selling activities before they entered to organisation and are thus persuaded from its possibilities and values, but the reasons to participate differ.

The non-profit association has several clear objectives and the improvement of the quality of farm products and the promotion of more sustainable production practices are two examples. These objectives are mainly realized through the sectoral codes of practices, which are obligatory for all participating farmers. The quality handbooks are based on traditional production practices for each of the product, but then add elements that contribute towards the quality and sustainability objectives.

Next to that, there are good possibilities to communicate to and share the values with the consumer because of the extremely short chain and direct with the customers. It is however very difficult to assess the impact of this communication and the nature of the communication differs from farmer to farmer. Next to that, there are also some joint communication efforts, but these mainly have promotional goals.

Box 6. Meetjesland Hoeveproducten - A lack of regional identity?

In Box 2, we already discussed the possible reasons why the activities of the project “Meetjesland Hoeveproducten”, while the farmers in WHH formalized their cooperation. An expert that is acquainted with both regions suspect that lack of a clear regional identity could be one of the reasons for the failure. It is however very difficult to find an appropriate indicator to measure a complex issue like regional identity. It can be considered as a way to cope with the tension between preservation (of typical characteristics of a region, a place or a landscape) and modernization (development of land, building new networks). Therefore, a policy that departs from existing transformations is appropriate to aim for an improved identity. At this moment, it seems that this point of departure was in Meetjesland not as well adapted to the context of farm products as this was the case in Westhoek, but there was also an important difference concerning the willingness of the participating farmers to invest their time and money in such an initiative.

6. Discussion and conclusions

6.1. Subhypothesis 1

The first hypothesis that is investigated within the project is the following: "***SCALING UP DEPENDS ON COMMERCIAL PERFORMANCE AND APPROPRIATE PUBLIC SUPPORT***". For this particular case, it is very difficult to decide which are the determining factors for the scaling up of the initiative and to make distinction between action and result.

WHH has certainly grown since the start and this in several ways. The number of participating farmers has doubled, but the turn-over and market share have also grown. Next to that, a number of replications have started in other regions. This growth is significant for such a small initiative, but is rather marginal when compared with the total amount of direct sellers and the Flemish agricultural sector as a whole.
The analysis of the initiative's commercial performance has shown that there are positive factors, certainly for the farmers. They can now capture a larger share of the added value, although there is no higher price charged to the consumer. The product operates in a medium competitive market segmented by branding. Through the common label, the farmers that participate in the non-profit making can differentiate them from individual direct sellers. The only weak element concerning the commercial performance is the very limited market share of the initiative.
Public support is the third element that is mentioned in the first subhypothesis and this has proven to be very important at the start of the initiative. The financial support granted through the 5b-project offered the room the experiment with a cooperation and eventually lead to a continued collaboration in a non-profit making association. Next to that, the farmers can nowadays access different types of non-financial support like guidance and extension through the construction of the organisation and the alliances made.

The financial support was essential at the start of the initiative and allowed for an experimental collaboration between producers to improve the quality of farm products and to put efforts in the joint promotion of a common label. Once this framework was developed, a solid commercial performance and the growth of the initiative appear to be logical consequences (the success of the initiative attracts other direct sellers that see the advantages of participation).
In general, it can be concluded that the appropriate public support was well-balanced for this initiative and thereby allowed for a solid commercial performance and scaling up.

6.2. Subhypothesis 2

The second hypothesis investigates the relation between market power and the nature of the organisation through the process of scaling up ("***THE NATURE OF THE ORGANISATION CHANGES WITH SCALING UP AS AN EFFECT OF GROWTH IN THE MARKET POWER AND THE INCREASED PRESSURE OF ECONOMIC CONSTRAINTS AND LOGICS***").

The organisation of the core initiative has evolved over time as it started as a special collaboration in a project, but afterwards the collaboration was formalized in an organisation (non-profit making association).
The scaling up of the initiative this however not lead to a changed market power and it is also very hard to link the pressure of economic constraints and logics to this particular initiative. It can therefore be concluded that the nature of the organisation is a dynamic process that

responds to the needs, but in this case, the link with market power and external pressure cannot be proven.

6.3. Subhypothesis 3

The third and final subhypothesis is the following: "***NEW FSCS HAVE A POSITIVE EFFECT ON SUSTAINABLE RURAL DEVELOPMENT***".

The indicators for sustainable rural development were divided in three main categories: economic, social and ecological indicators. WHH especially scores positive results for the economic indicators and this is not surprising as support to the rural economy was an objective of the initial 5b-project. This is illustrated by the very positive results for the farmer's share in the retail price, the NVA in the region and the employment. A critical note concerns the transaction costs for the establishment and maintenance of the initiative and the role of public support. It is clear that the farmers have to incur higher costs to organise the sales of the products themselves (in comparison with traditional FSCs), but public support can help to overcome the initial costs and allow for the establishment of a new FSC.
Positive scores can also be found for the social dimension of rural development and these results are especially related to the direct contact between the producer and the consumer of the farm products. This not only allows for an increased trust from the consumer in the food system, but farmers also mention an increased job satisfaction. Next to that, the local and regional capacity to self organization and self governance is increased and the initiative contributes towards bridging capital.
Because of its small scale, the contribution of WHH to the ecological aspect of rural development is very limited. The only clear effect concerns the reduction of food miles as producers and consumers of the products generally live in the same area. As the promotion of sustainable production practices is a clear goal of the initiative, a significant scaling up will lead to a positive effect of the initiative on the ecological indicators.

The discussion of the previous paragraphs has learned that WHH positively contributes to the economic and social aspects of sustainable rural development. An important scaling up is however necessary to realize a significant impact for the ecological indicators. It can therefore be concluded that "De Westhoek Hoeveproducten", a particular example of a new food supply chain, has a positive effect an sustainable rural development.

6.4. Central hypothesis

All thee subhypotheses that were discussed in the earlier paragraphs of this chapter eventually contribute to the project's central hypothesis: "***SCALING UP AN INITIATIVE IN THE FIELD OF NEW FOOD SUPPLY CHAINS CHANGES THE NATURE OF THE ORGANISATION (NETWORK STRUCTURE, RULES, VALUES, ETC.) AND ITS SUSTAINABILITY PERFORMANCE***".

The story of "De Westhoek Hoeveproducten" and the analysis of the six core themes has learned that the organisation of the initiative is a dynamic process. As the initiative has a very limited scale, these changes of the organisation cannot by linked solely to the scaling up process. The overall sustainability performance of the initiative is positive and future scaling up should only reinforce these findings.

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Annex III. McKinsey matrix for "De Westhoek Hoeveproducten"

II.1. Identification of the relevant market

Products with the label "De Westhoek Hoeveproducten" are only sold in the region and this both at farms and on farmers' markets. The relevant market includes farm products sold by individual direct sellers in the region and quality products in conventional supply chains.

II.2. Market attractiveness of the regional market for labelled farm products

Indicators		**Weight**	**Grade on 10**
Market size and growth rate	Small size market, which is growing to a limited extend.	20%	5
Market profitability and pricing trends	Consumer prices are very similar or lower in comparison with conventional supply chains but the farmer's share is much higher.	30%	9
Competitive intensity /rivalry and barriers to entry	Rivalry is rather limited and the barriers to entry are rather high (only for farmers in the region and home-processing is threatened by new legislation)	10%	9
Product image and product quality	The labelled farm products have a very good image, but the product quality is still very heterogeneous.	10%	7
Opportunities to differentiate the product	Very diverse, high creativity (especially for the dairy products)	10%	8
Distribution structure and negotiation power of the clients	The clients have a direct contact with the producers and have certainly more negotiation power in comparison with conventional supply chains.	20%	7
Total		100%	7,5

II.3. Competitive position of "De Westhoek Hoeveproducten" in the regional market

Indicators		**Weight**	**Grade on 10**
Production volume and growth rate Growth potential	The production volume is very small and has grown since the start of the initiative. The initiative has some potential to grow in the future, but within certain boundaries.	20%	4
Ability of the organisation to coordinate the commercial strategy towards the consumers	Direct contact with the consumers is an important strength of the initiative, but there is some doubt if the efforts to attract more consumers are sufficient.	20%	7
Ability of the organisation to negotiate with retailers	The collaboration with retailers is in this phase not relevant for the initiative. Examples exist of farm products sold in supermarkets, so this could be a chance to grow.	10%	5
Product quality of the farm products	There is a code of practices for each of the product groups, but efforts should be made to improve the credibility (e.g. through external control).	10%	7
Image of "De Westhoek Hoeveproducten"	The products have a very good image	10%	9
Differentiation strategies Potential of innovation	These elements are at this moment under-explored, but there are (limited) possibilities	20%	5
Price at the consumer level	The price is an important trump as it is similar or lower to products in conventional supply chains.	10%	8
Ability to promote the products	Products are promoted in the region, mainly through the label. More initiatives should be taken to come forward as a group more often and to promote the label for a general public	10%	7
Total		100%	6,8

Annex IV. NIE analysis of the attributes of transactions concerning dairy products with "De Westhoek Hoeveproducten"-label

Attributes of the transaction	Explanation (narrative)	Judgement
Asset specificity		
- site specificity	Arrangement of a shop with the necessary cooling capacity and the infrastructure must comply with the legal prescription	Medium site specificity
- temporal specificity	The products face the same problems of perishability as the conventional products, but there may be less certainty about the sales.	Low temporal specificity
- specific physical assets	Machinery is needed to process the milk into cheese, ice-cream, etc.	Medium specific physical assets
- specific human capital	Recipes and ability to process the milk	Medium specific human capital
- brand name specificity	Producers that meet the prescriptions and are member of the network may label their products as 'De Westhoek hoeveproducten'. The control is done by the other farmers and supervised by the board of directors.	Low to medium brand name specificity
- dedicated assets	No specific dedicated assets are necessary to perform the transaction next to the elements that were discussed previously. The products could be sold through other short FSCs, but extra investments would be needed to sell the farm products to retailers, to print bar codes on the product.	Low dedicated assets
Uncertainty	The farmers have to face two types of uncertainty as they don't know how many customers they can expect to buy their products. Some farmers, especially those selling meat, try to reduce this uncertainty by requiring reservation or selling meat packages. Next to that, there is also (a rather low) uncertainty about the behaviour of the other farmers in the organisation.	Medium uncertainty (on average)
Frequency	The frequency of the transaction varies and depends mainly on the opening hours of the farm shops. Some shops are every day (sometimes even on Sundays), but other farmers opt for a reservation system whereby the consumers come to collect their order at a particular day.	Daily (in most cases), otherwise weekly
Instruments		
- incentive intensity	A higher price, more autonomy and an improved relation with the consumers are the farmers' incentives, but they also engaged themselves to promote their products and the label together.	High power
- administrative control	Participants must follow the rules prescribed by the organization and the quality handbook. Until now, the control is done by the organisation and the participating farmers.	Low administrative control
Adaptation mechanism	The threat of disturbances in the environment of the transaction can be considered to be low due to the nature of the initiative as each farmer can decide individually how he will respond to the fluctuations of the market and the direct contact with the consumer is a trump to react to crises.	Autonomous
Contracts	There are no real contracts between the different farmers concerning the initiative. Participants have to follow the prescriptions and quality handbook as defined in the statutory rules of the organisation.	Relational