

Regional marketing

A summary of research conducted under the German Federal Programme for Organic Agriculture and other forms of Sustainable Agriculture

BÖLN

Bundesprogramm Ökologischer Landbau
und andere Formen nachhaltiger
Landwirtschaft



Summary of research results of the German Federal Programme for Organic Farming (BÖLN), 2001-2011

This series of thematic summaries arose from the project 10OE027 „Evaluation of the German Federal Research Programme on Organic Agriculture“. The evaluation was funded by the German Federal Programme for Organic Farming

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1. Soil fertility – www.orgprints.org/21868
2. Plant protection in organic arable and horticultural production - <http://orgprints.org/21869>
3. Plant protection in organic apple production - <http://orgprints.org/21875>
4. Nutrition of monogastrics - <http://orgprints.org/21874>
5. Animal health of ruminants - <http://orgprints.org/21872>
6. Food quality and processing - <http://orgprints.org/21871>
7. Knowledge transfer - <http://orgprints.org/21870>
- 8. Regional marketing - <http://orgprints.org/21873>**

From: Ekert, S, Döring, T, Häring, AM, Lampkin, N, Murphy-Bokern, D, Otto, K Padel, S Vieweger, A (2012) Final report (Project 10OE027) „Evaluation des Bereichs Forschung und Entwicklung im Bundesprogramm Ökologischer Landbau“ [Evaluation of the German Federal Research Programme on Organic Agriculture], Organic Research Evaluations: Berlin, Eberswalde and Hamstead Marshall, Annex I-XIII, Page 66-68.

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December 2012

1. Introduction

The German Federal Programme for Organic Agriculture (BÖLN) was founded in 2001, with the goal of improving the conditions for organic farming and food industry in Germany, and to achieve the conditions for a balanced growth of supply and demand. The programme is funded by the Federal Ministry of Food, Agriculture and Consumer Protection (BMELV), and implemented and coordinated by the Federal Agency for Agriculture and Food (BLE) in Bonn. Since 2008, the programme is part of the German National Action Plan (2005-2014).

Since the beginning of 2011, the second evaluation of the programme (project ID 09OE027) is carried out by the international contractor group Organic Research Evaluations; consisting of the partners InterVal GmbH in Berlin, The Organic Research Centre, Elm Farm, United Kingdom and the University for Sustainable Development in Eberswalde, Germany.

The focus is on the programme of the BMELV to support research projects in organic farming, where more than 650 projects have been funded since 2002. The evaluation is in particular to clarify the extent to which research results helped to strengthen organic agriculture in Germany and expand its market share. The evaluation results, which are expected to be publically available in early 2013, shall also benefit a future optimisation of research funding.

The summaries of research results in eight focus topics (soil fertility, plant protection in arable and horticultural production, plant protection in apple production, nutrition of monogastrics, animal health of ruminants, food quality and processing, regional marketing and knowledge transfer) from the whole period of the programme since 2002. All projects can be identified with the individual project ID number, shown in brackets in the title; and following the link below, further information can be found on the German BÖLN website. Where available, links to the final-reports of individual projects on the Organic Eprints website are added. Further results of running projects of the BÖLN research programme are regularly published at www.bundesprogramm-oekolandbau.de.

2. Summary

The topic was kick-started through a meeting in 2004 'The organic market and the social situation', where the social, regional and fair aspiration that the organic sector sets itself were evaluated in an open discussion with stakeholders of the entire value chain. Objectives of the meeting were to identify ways for self-help and to designate specific forms of political support in this area.

A greater focus on regional marketing with specific research questions can be recorded since 2006. For example, in the Berlin-Brandenburg region, barriers to the development of regional marketing along the entire organic food chain were identified. Various measures for business actors and policy makers for long-term increase in the regional organic value chain were suggested. The potential opportunities offered by independent retailers were explored. The aim of the project 'Collaborative Producer-Trade-Concept' was to explore how through regional orientation the specialist organic trade can be better positioned in the market, and ways in which farmers can be enabled to be more involved in the marketing process. The investigation showed that having a range of regional products alone is not sufficient to establish a regional image of a business. To achieve this, the active use of instruments of regional marketing has to come together with other factors, such as the region's image. The joint marketing of organically and conventionally produced local produce was studied in another project. A risk assessment of the use of common regional brands was carried out and a 'charter of regional organic marketing' was developed. In the CORE Organic project 'Farmer-Consumer Partnership' marketing and communications strategies were examined that are suitable for organic farmers who integrate higher ethical standards than required by law in their production activities. It was found that customers show greater willingness to pay for organic products (more than the normal organic premium) that have the additional attributes of regionality, animal welfare and 'fair prices for farmers'. However, the experience of test markets in the project 'Fairness along the Supply Chain' showed that 'organic-fair' products do not sell automatically; the associated values have to be well communicated.

3. The individual projects

Conference: organic market and social situation (02OE668) 01-07-2004 to 31-12-2004

<http://orgprints.org/3291/>

The main aim of this project was to support the development of the German Organic Programme and provide inspiration for the national implementation of the European Action Plan. The focus was on the social aspects of the development of organic agriculture. A meeting was organised with stakeholders of the organic value chain as well as representatives from politics, associations, academia and consultancies. In an open discussion with the other participants of the meeting ways were explored as to how organic market actors could meet the social aspirations of organic farming. The aim of the discussion was to identify ways for self-help as well as to identify specific forms of political support. The social and regional aspirations that organic agriculture has raised in its programmes are threatened to perish. Income is important as the basis for upholding the social principles, but 'soft factors' such as fair prices, regional culture, communication, cooperation and transparency are also very important. In this context, the participants of the meeting formulated the following requirements for policy development: proper positioning of organic agriculture in the agri-environmental programmes; stronger consideration of the social and regional principles of organic farming also in the German Organic Programme, especially in public relations, advertising, marketing, research and development, information and networking within the organic industry; less red tape; reduced requirements for the 2nd pillar and strengthened programmes for investment promotion and regional development; a regional marketing coordinator centre in the Ministry; facilitate the use of public institutions as pioneers in this area and enabling and sharing experiences.

Sustainable metropolitan region - Berlin-Brandenburg (04OE046) 01-01-2006 to 30-04-2007

<http://orgprints.org/11107/>

The possibilities for regional marketing of organic products have not been exhausted. In this project the barriers along the entire food chain of ecological products in the Berlin-Brandenburg region were identified, and concrete development measures were developed with relevant stakeholders as a model also for other regions. The proportion of conventional distribution channels, i.e. supermarkets and discount stores, in organic sales has increased, as have sales in independent food retailers. These owner-managed stores have a greater autonomy in choosing product range than do multiple retailers. Moreover, regionalism has often been used as way of profiling for the stores. The independent food retailers therefore offer important development opportunities for organic suppliers in the greater metropolitan area. However, organic producers and processors are not sufficiently familiar with the requirements of the independent sector as regards suppliers and their products. In addition, they often do not possess the necessary logistical capacities. Independent stores avoid the overhead that is associated with the long-distance suppliers. Furthermore, they lack the knowledge of what organic products are available in the region. To overcome these barriers, the interface between retailers and organic suppliers needs to be improved. Wholesalers have an important role here. They bundle the products from different suppliers, know about the requirements of the independent stores and can offer a product range from one source to the retail trade. In the Brandenburg region a suitable local company could be found for this task. Besides the logistical interface between retailers and organic suppliers, a shortage in supply of processed organic products from Brandenburg also represented a key bottleneck for the expansion of regional marketing. A number of measures that may help the term development of the regional organic value chain were suggested that are aimed at business actors and policy makers.

Collaborative Producer-Trade-Concept (CPTC) (06OE235) 01-04-2007 to 31-05-2009 <http://orgprints.org/16111/>

In recent years, the organic industry has undervalued the importance of regional profiling by direct interactions between producers and customers and the associated emotional bond. This is where this project started, with the aim of better positioning in the market of specialist organic traders and organic supermarkets by way of regional orientation of organic products and by involving farmers more in the marketing process. The project aimed to initiate a pull effect in retail stores, i.e. the direct contact between farmers and consumers should encourage the store-holders to develop preferences for local traders and processors. The aim of the project was therefore to design concepts for producers and retailers that meet consumer demand for regional procurement of goods (targeted marketing concepts), while letting local farmers benefit from the increase in demand (procurement analysis). The organic boom [at the time] had led to the loss of the unique features of the organic food trade. In order to continue to operate successfully in the market, it was more important for health food retailers to position themselves by developing a regional profile. The results have shown that despite the offer of regional food, effective profiling based on regionality has been rarely implemented in the organic food trade. Ultimately, the limited use of regional marketing tools is reflected in the evaluation of customers, who did not regard the businesses as having a regional image. The regional image of a shop is also affected by other factors that cannot be influenced by the dealer, such as

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the region's image, the image of the local food and characteristics of the customers such as linkages with and the length of residence in the region.

Development of regional value chains (06OE085) 16-04-2007 to 31-07-2009 <http://orgprints.org/18089/>

The project aimed to (further) develop quality standards and effective and efficient supply chains in the organic sector. The main themes of the project were addressed by using the example of the product segment vegetables (including potatoes) in four different regions and with different trading partners. The organic market had experienced high growth rates, with potatoes and vegetables among the strongest sales drivers. Revenue growth in this segment has been achieved in large part by imported products. Especially there are deficiencies regarding the availability of regionally produced organic vegetables. From a consumer perspective vegetables and potatoes are the most attractive organic products with which retailers can distinguish themselves. So far, this has been used only very inadequately. There are deficiencies particularly regarding the breadth and depth of regional offerings and often with respect to the presentation and labelling of the origin of products in retail outlets. A survey in the project showed that in the organic field vegetable sector, powerful regional value chains have established over the years, but in the organic fine and under-glass vegetable market, the structures were still strongly aligned to direct marketing. The survey also showed that there are regional organic products available in many outlets of the organic food trade and, to a lesser extent, also in conventional retailers. Clear labelling of the origin of the produce in a way obvious to the customers was hardly ever used. According to the results of consumer surveys, a majority of consumers are interested in the origin of the vegetables they buy, and in information about their regional origins. The importance of regional origin as a reason for purchase varied depending on the product group. Vegetables are one of the products for which the respondents considered the origin of the region as very important.

Farmer Consumer Partnership (2006-1897) (07OE004) 15-06-2007 to 14-08-2010 <http://orgprints.org/11028/>

This CORE Organic project studied marketing and communication strategies of organic farmers who seek to integrate higher ethical standards than those required by law into their production. The aim was to identify, in different countries, communication arguments for ethical aspects that had proved to be successful with consumers in terms of a greater willingness to pay. Initially promising communication strategies and arguments of various agricultural initiatives were identified. Selected arguments were tested by means of an Information Display Matrix (IDM) in several countries. Here consumers rated alternative product features. An advertising agency then created product labels and leaflets with the best-rated arguments in different countries. The proposals were tested in a two-step approach with consumers by way of focus-group discussions, and finally sales simulation experiments were conducted. These experiments analysed the purchasing behaviour of consumers through the presentation of genuine products in an experimental situation close to real life. The results will be a valuable tool for the strategic positioning of organic operators to enable their food products to stand out from the mass market and improve their product's image as well as the consumer's willingness to pay.

Fairness along the supply chain (08OE105) 15-12-2008 to 15-07-2010 2010 <http://orgprints.org/17273/> and <http://orgprints.org/19516/> and <http://orgprints.org/17109/>

The project categorised the experiences of the existing initiatives and associations that distinguish themselves in the organic market with the commitment to additional criteria of process quality (social, regional). The aim was to make recommendations for improving the organisational structure, the control structures and the consumer appeal. Seven initiatives were further investigated, three of which belong to farmers' associations (Naturland, Biokreis, Demeter) and four that were founded by business networks (BioFairVerein, fair & regional bio Berlin-Brandenburg, regional Fair Central Switzerland, Regionalwert AG). So far, the 'organic Fair' initiatives are small organisations (fewer than 30 members), which have a narrow product range and are still trying to establish themselves in the market. The experience of the test markets showed that 'organic-fair' products do not sell automatically; the associated value has to be well communicated. Both among organic traders and among consumers, however, there is great openness for the topic. For the member companies, the initiatives not only resulted in immediate market success but had benefits in other areas, such as the establishment of reliable trade relations, a common effort for quality assurance and the strengthening of regional structures. Some processors also successfully use this theme to enhance their image as market leaders. Formulated standards for internal and external fairness and control instruments are still being tested. A risk assessment of the use of common regional brands was carried out, and during the project period a foundation for a 'charter of regional organic marketing' was developed.

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