



Sixth Framework Programme
Scientific Support to Policies
SSPE-CT-2005-006541

NATIONAL SYNTHESIS REPORT

ITALY

D.4.5



AUTHORS: Kees de Roest; Claudio Montanari, Raffaella Cerruti - CRPA Reggio Emilia

DECEMBER 2007

Contents

1. INTRODUCTION.....	4
1ST CASE STUDY: ASPROCARNE – PIEMONTE BEEF PRODUCERS ORGANISATION	6
1.1 Research activity	6
1.2 General description of the case	6
1.2.1 Main objective of the initiative.	6
1.2.2 Size and type of members and geographical coverage	7
1.2.3 Type of joint activity	8
1.2.4 Degree of collectivity and benefits of collective actions	9
1.3 Organisation, network relations and dynamics of the COFAMI	12
1.3.1 Internal organisations	12
1.3.2 General overview of time-line and characterisation of main development stages	12
1.3.3 Description of relevant external network and its development	16
1.4 Contextual factors and driving forces	20
1.4.1 Description of the major influencing contextual factors	20
1.4.2 Limiting and enabling factors	21
1.5 Status of resource assets	24
1.6 Impact assessment	26
1.7 Conclusion	28
2ND CASE STUDY: MANGIOCARNEBIO – ORGANIC BEEF LOCAL CIRCUIT	31
2.1 Introduction	31
2.2 Research activity and materials	31
2.3 General description of the case	32
2.3.1 Main objective of the initiative	32
2.3.2 Size and geographical coverage	33
2.3.3 Farmer members of the initiative	33
2.3.4 Type of joint activity and degree of collectivity	34
2.3.5 Benefits of collective actions	36
2.4 Organisation, network relations and dynamics of the COFAMI	37
2.4.1 Internal organisation	37
2.4.2 General overview of time-line and characterisation of main development stages	37

2.4.3 Description of relevant external network and its development	40
2.5 Contextual factors and driving forces	41
2.5.1 Description of the major influencing contextual factors	41
2.5.2 Limiting and enabling factors	41
2.6 Status of resource assets and capital building	45
2.7 Impact assessment	48
2.8 Some conclusive remarks	49
3. SATELLITE CASE TO MANGIOCARNEBIO: THE WATERLAND BEEF CASE ...	51
3.1 Introduction	51
3.1.1 Question to be covered in the satellite case	51
3.1.2 Material used	52
3.2 General description of the case	52
3.3 Analysis of specific results	54
3.4 Conclusions for a comparative analysis with the main case	55
4. SATELLITE CASE STUDY: PARMIGIANO-REGGIANO CHEESE	57
4.1 Introduction	57
4.1.1 Leading questions related to the case study	57
4.1.2 Material used	57
4.2 General description of the case	57
4.2.1 The supply chain of Parmigiano-Reggiano cheese.	57
4.2.2 Market characterisation.	59
4.3 Analysis of specific results	61
4.3.1 Structural change of cheese dairies	61
4.3.2. Perception of young farmers of cooperatives	62
5. CONCLUSIONS	66
REFERENCES.....	70

1. Introduction

The first Italian case study falls within a specific organisational form - the Producers' Organisations – that has been promoted in Italy by a EU Regulation at the end of the '70s. Its aim was to increase the concentration of a highly fragmented supply of agricultural products and recently the legislative framework which rules the functioning of such institutions, has been modified in order to strengthen their role on the market.

The mission of these institutions is to program and organise production of their members according with the market requirements, helping farmers to adapt their products to consumers needs (in terms of quality, safety, etc). Furthermore, they are called to increase the contractual power of the associated farmers by pooling supply and selling their products to processors and/or retailers.

The specific case refers to a regional producers organisations operating in beef farming sector, that in the last decade has been called to face deep market changes. The outbreak of sanitary crisis, the arising need of safety expressed by consumers and finally the market segmentation process occurred in the modern retailing market has required a stronger coordination between beef farming system and the other stages of the supply chain. In this new context beef producers organisation has played a fundamental role in facilitating the adaptation of the farmers' production to the new market requirements. But the initiatives put in place by producers' organisations in order to react on changing market conditions has not been always supported by the capability of pooling critical mass in order to increase their power with respect big retailers.

The major question to be covered in the ASPROCARNE main case is how producers' associations are able to organise and concentrate supply in order to increase market power of their members. The analysis specifically aims to better understand factors limiting/enabling their successful involvement with long beef supply channels.

In the specific case, the production organisation entails marketing initiatives that focus on providing beef with differentiating attributes (compliance with a code of practice and traceability on voluntary base) which are expressed by collective brands. Concentration of supply refers to the capability of the organisation to play the role of contractual counterpart towards retailing operators, by pooling cattle supply and establishing agreement with market partners for collective sale of the cattle.

The 2nd Italian main case – MANGIOCARNEBIO- refers to an initiative that involves a restricted group of small-scale farms for direct selling of organic beef. A new organisational form for direct marketing has been experimented, showing an high potential of scaling up, in terms of replication in many other contexts, as it represents a feasible option for improving profitability of small farms located in less favored areas. However, it is questionable how much the leader position played by the institutional initiators affects the sustainability of the initiative over time; and whether the initiative has really improved the self-organisational capacity of the small-scale local breeders, increasing their participation in decision-making processes. As cooperation and coherence among local actors has been largely assumed as crucial to the generation and fair distribution of value-added in rural spaces, understanding the degree of

sharing strategic visions among breeders and between producers and PROBER board can be useful.

In MANGIOCARNEBIO initiative the following key questions raise: An increasing social bridging capital between local producers and local consumers has occurred? How much does the leader position played by PROBER affect the identity building process of the initiative? Did the initiative really improve the self-organisational capacity of the small-scale breeders, and increased their sharing strategic visions?

1st case study: ASPROCARNE – Piemonte Beef Producers Organisation

1.1 Research activity

Selection of interview stakeholders has been conducted according to the proposed guidelines. They may be grouped into 1) members of the organisation; 2) market partners downstream the supply chain and 3) external stakeholders who are not involved in COFAMI activities, but whose point of view has been important to provide a complete overview of its development and dynamic.

As internal COFAMIs members the following persons had been contacted:

- Director of the COFAMI (ASPROCARNE Organizzazione produttori Carne Piemonte-Piemonte beef farmers organization)
- Technician of the staff who is in charge of advertising at the butcheries that make use of quality labels established by the organisation
- Farmer who uses trade service offered by the organisation and participates to collective initiative
- Farmers who is not highly involved in the initiatives promoted by COFAMI
- President of COOP “LA GRANDA” (direct market of high quality beef from local Piemontese breed) whose associates are also ASPROCARNE members.

The following stakeholders has been interviewed as downstream market partners:

- Butcher who adopts ASPROCARNE traceability system and its quality label “ALLEVATO in PIEMONTE”
- Beef responsible buyer of the multiple retail chain GULLIVER
- Beef responsible buyer of the multiple retail chain AUCHAN

As external stakeholders are concerned, three interviews has been conducted:

- Private Advisor for agri-food product/system certification, who worked in ASPROCARNE as responsible of facultative labelling system promoted by the organisation itself
- Two beef farmers who are not members of the COFAMI.

Most of the interviews have been recorded. Yearly reports of the Administration Board are the main source for quantitative data in order to assess development and impact of investigated COFAMI. They refer in particulars to volume traded and/or labelled according with the certification schemes implemented by the organisation from 2001 to 2005.

1.2 General description of the case

1.2.1 Main objective of the initiative.

Asprocarne is a producers’ organisation of beef farmers founded in 1985 with the objective to reach the goals of EU Regulation 1360 of 1978. The aim of Regulation was to overcome the

structural fragmentation of agricultural products supply in Italy by encouraging farmers to group in associations designed to concentrate their supply; place their products on the market and adapt production to market requirements.

According with the role established by legislative framework, the general objective of Asprocarne is to promote, to market and valorise collectively beef produced by the members of the association. It should work as the interface between the beef producers and the market, acting as a collective marketing office of a significant part of beef farmers of Piemonte.

In particular, the mission of the organisation is:

- To assist its members to market their products by pooling cattle supply towards slaughterhouses, multiple retailer enterprises and butchers' shops. Supply concentration may be exerted either by means of a delegation to sell cattle on behalf of the members or through the promotion of collective agreements establishing common rules for placing goods on the market.
- To purchase collectively the weaned calves from cow-calf farms destined to the finishing farms in order to reduce the purchase price and the heterogeneity of quality.
- To promote and valorise beef produced by the members through the management of traceability and quality certification schemes. At this aim, the organisation has created different collective labels which imply compliance with common specifications of production and the implementation of self-control procedures (today the quality marks are "Allevato in Piemonte"; "Dono di Natura" and "La Blonde"). One of these labels are also supported by a voluntary labelling system (ex Reg. EU 1760/2000) promoted by the Organisation itself.
- To offer its members technical support for the implementation of product certification schemes and traceability systems (traceability procedures, code of practice) either established by the organisation itself or by other third party (i.e. multiple retail chains);

1.2.2 Size and type of members and geographical coverage

Asprocarne's members are around 980 beef farmers accounting on the whole for 100.000 heads sold per year and a total turnover of 130 millions euro.

All farms are located in the region Piemonte (north-west of Italy) where beef farming is particularly deep-rooted. In the region bulls and heifers for slaughtering aged more than 1 year are approx. 19% of the corresponding national herd. Members' production can be estimated in 25% of regional production, but only a minority part is traded by the association (directly or through collective agreements) or placed on consumption market with the quality label promoted by the organisations itself. As geographical coverage is concerned, the market of this beef is mostly concentrated within the region (provinces of Torino, Cuneo, Asti e Alessandria) with the exception represented by some retail sale points located in the neighbouring regions (Lombardia; Liguria and Toscana). In terms of number of farms, the organisation's members represent around one quarter of the regional beef farms.

On the whole they reflect the heterogeneity of beef farming systems existing in Piemonte as size; specialization and beef breed are concerned. Part of them run intensive beef farms specialised in finishing weaners imported from France. In these cases, prevailing beef breeds are

Charolais; Limousine and Blonde d'Acquitaine. The rest are cow-calf and finishing farms focused on local Piemontese beef breed.

1.2.3 Type of joint activity

The main activities which implies a certain degree of collectivity and the sharing of common market differentiation strategies are the following:

- **Trade service:** it consists of cattle direct sale on behalf of the members or stipulations of collective agreements with farmers' customers (slaughterhouses; wholesalers or retailers). In the first case ownership of the product passes over to the organisation who becomes counterpart of farmers' customer. Collective agreements are on the contrary written contracts undersigned by customers and a group of farmers who are represented by the organisation. In particular contracts define general sale conditions such as a cattle delivery program and pricing criteria. Besides, upstream the supply chain the organisation manage collective purchase of weaners collecting the demand of different finishing farms in order to reduce transaction costs and obtain better contractual conditions.
- **Products differentiation by means of collective quality labels and the facultative traceability system (IT005ET):**

At the aim to differentiate members production, the organisation has established different collective quality marks that identifies at sales points beef produced according to common productive specifications.

Collective mark "DONO di NATURA" is based on a Code of Practice that involves at farm level compliance with EU standard concerning animal welfare and with requirements related to feed ratio (use of feedstuff admitted). Additional checks for illegal substances are foreseen on live animals, carcasses and feed. Actors downstream (slaughterhouses and cutting plant) must comply with minimum standards related to beef preservation and beef undergoes a maturing period of at least seven days from slaughter to placing on sale.



This implies a traceability system up to sale points that has been set up in compliance with the norm UNI (*National Organisation for Standardisation*) 10939 related to the traceability systems of the agri-food supply chain. Control activity is carried out by an independent third body (I.N.O.Q.) who grants system certification.

Collective mark "ALLEVATO in PIEMONTE" is applied on beef produced according with common productive specification too, but it is also supported by ASPROCARNE voluntary labelling system established by the organisation in accordance with Reg. CE 1760/00 (*see above*). Farmers who adhere to the Code of Practice are called to adopt voluntary traceability schemes that provide consumers more informations about beef



origin and its characteristics. Cattle must be kept in farms that are located in Piemonte for a finishing period of at least 5 months (4 months for females). Specific requirements are prescribed as animal welfare; feed ratios, prevention of animal disease are concerned.

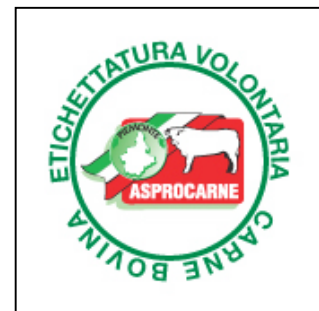
3. ASPROCARNE has registered the specific logo “LA BLONDE” in order to differentiate Blonde d’Acquaine beef breed which is largely represented among its members. In this case plan of control is extended to French cow-calf farms that supply weaners to associated finishing beef farms in Piemonte. The initiative has been built up thanks to the collaboration with INTERBEV and AQUIBEV, the Beef interprofessional Committees in the French department of Aquitaine.



4. ASPROCARNE has promoted a facultative labelling system that was recognised by Italian Ministry in February 2000 and registered under the code IT005ET. The organisation is responsible for the management of information flows to the farms till to the sale points, providing his members with a traceability code for beef labelling on voluntary base. All the actors (slaughterhouses, cutting plants and retailers) who adhere to the traceability scheme comply with technical procedures contained in the specific code of practice in order to ensure the correct transmission and the accuracy of relevant informations from the first stage of the supply chain to the others. As foreseen by the law, compliance with specifications is supervised by a third independent body (I.N.O.Q.) who grants product certification.

The system permits consumers to get indications about beef products other than those established as compulsory by EU Regulations.:

- Name of the farms where the animal has been fattened and municipality where it is located;
- Duration of fattening period
- Breed; age; category (bull; heifer; cow; steers; calve) and sex of the animal
- Feed ratio with no animal fats added



At the butcheries all these indications are automatically stamped on the delivery note through special balances. The logo of the organisation has to be stamped and clearly visible on the label applied on beef packaging or in the note delivered to consumer when beef is sold in butcher’s shops.

1.2.4 Degree of collectivity and benefits of collective actions

The large heterogeneity of the social base implies a different degree of single farmers’ involvement in the initiatives promoted by the organisation. During the years some of them have found opportunities to qualify production, to improve market performance or countervail stronger contractual positions of their industrial customers. Many others have maintained their individual market relationship, or have joined differentiation initiatives that are managed and led by multiple retail chains. Their adherence to ASPROCARNE is mainly aimed at obtaining generic support of administrative and technical nature.

Contractual services

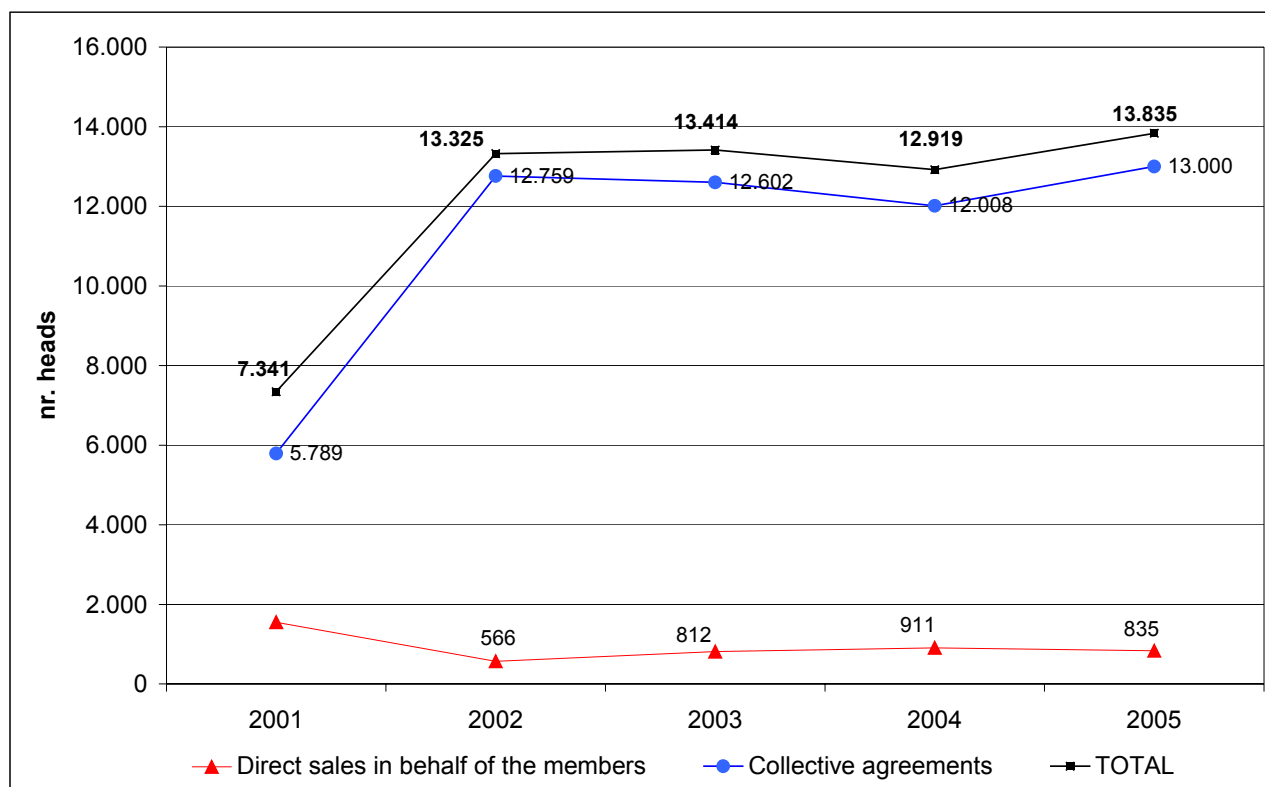
Trade service provided by ASPROCARNE for its members partially overlap promoting activity. In fact the latter should be complementary to the first. Till today the organisation has set up two collective agreements with local slaughterhouses which ensure farmers certainty of regular cattle deliveries in a long -medium term horizon. Part of the cattle marketed through these contracts falls within the controlled supply chain “DONO di NATURA”. They are farmers who prefer

addressing organisation, rather “stay alone” on the market in order to assure potential customer more regular and repeated supplies and, as a consequence, to defend their contractual position. For the same reason collective purchase of weaners are experienced mainly by small farmers who can’t ensure French suppliers a regular demand during time and a large number of calves purchased for every single delivery.

Main benefits are in terms of durable market relations, programmed sales; and enforcement/defence of its own contractual position. Otherwise many farmers would not take advantage from these initiatives due the fact they are already involved in other stable supplying contracts. They have (or feel to have) the size, capabilities and strength to trade their products by their own.

Average volumes marketed per year by ASPROCARNE by means of sales in name of the members or through collective agreement correspond approx. to 13% of the social base’s yearly production. As the graph below shows, the results in terms of heads marketed by the associations remained quite stable during the last five years.

Graph. 1. - Cattle marketed through ASPROCARNEs trade services



Product valorisation

ASPROCARNE facultative labelling systems now involves:

- 974 beef farms associated
- several butchers’ shops and the 2 multiple retail chains Gulliver and Auchan.

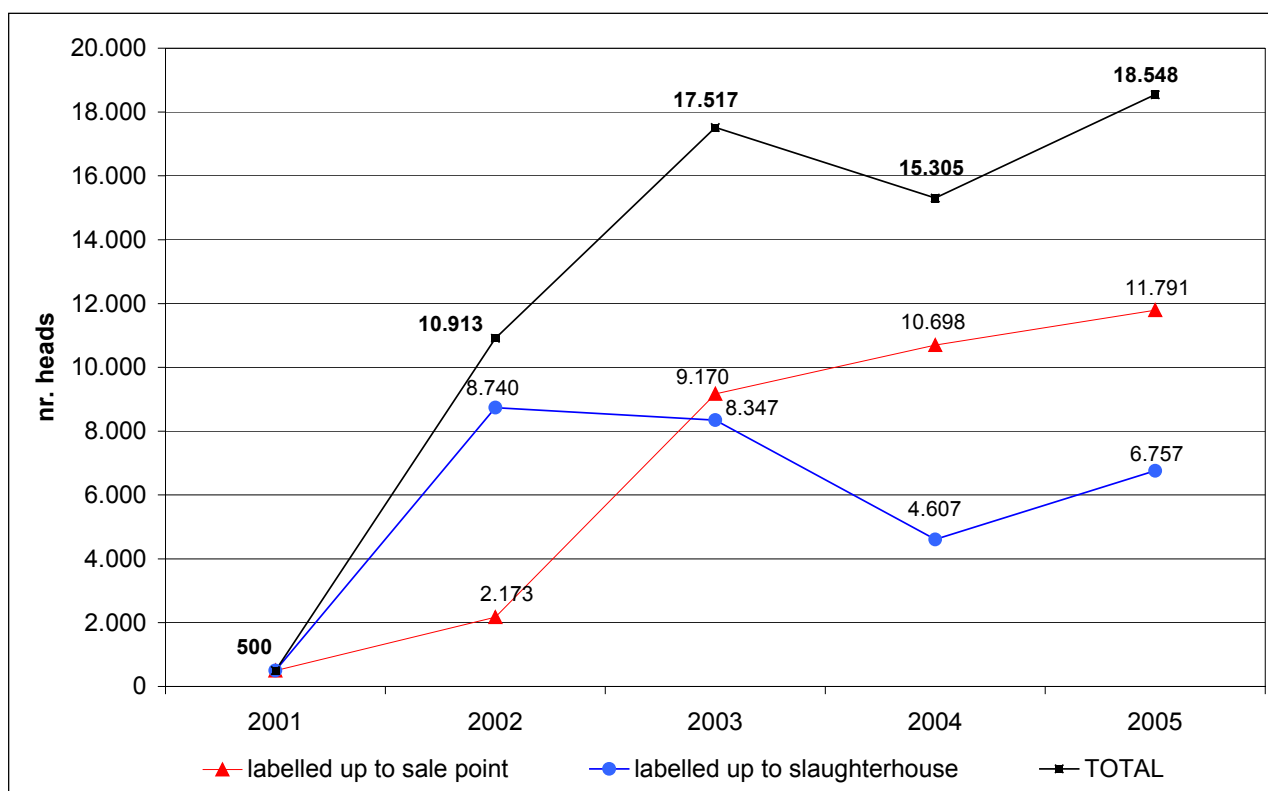
In **2001** less than 500 heads were labelled according with the just approved scheme (*Graph. 2*). In the following years their number rose to 17.523 and in 2005 they increase up to 18.670 heads, equal to 18% of yearly member production.

The strong increase occurred in **2002** was due to direct payments in favour of beef farmers who join a voluntary labelling scheme that had been established starting from that year by Italian State as an integration of the coupled premiums defined within the beef CMO. As a consequence almost all the members of the organisation adhered to the initiative.

In **2003** there was a further increase due to beef labelled till the sale point that rose from 2.173 to 9.170 heads. This was consequence of the interest shown by the retail chain Gulliver who in same year enforced its partnership with ASPROCARNE, purchasing 6.880 heads. Heads labelled for butchers were 1.634, while only 653 heads were sold to multiple retail chain AUCHAN and CARREFOUR (Piemontese breed cattle).

In **2005** cattle sold to GULLIVER went up to 8.052 heads while those labelled for AUCHAN were 336 Beef sold in butcher's shops and labelled under ASPROCARNE logo were 1.939 heads.

Graph 2. - Cattle labelled according with ASPROCARNEs facultative labelling system



As regard the controlled supply chain DONO di NATURA, cattle marketed under this quality mark during the last 3 years didn't exceed the maximum amount of 7.760 heads per year.

Actors involved in the controlled supply chain are:

- 31 beef farms associated
- 1 slaughterhouse
- 1 wholesaler
- 60 butchers

Possibilities for the development of these initiative, carried out with the aim at qualifying members production, is strongly influenced by the two industrial partners who have been opposed till now to the enlargement of the supply chain to other slaughterhouses and industrial partners.

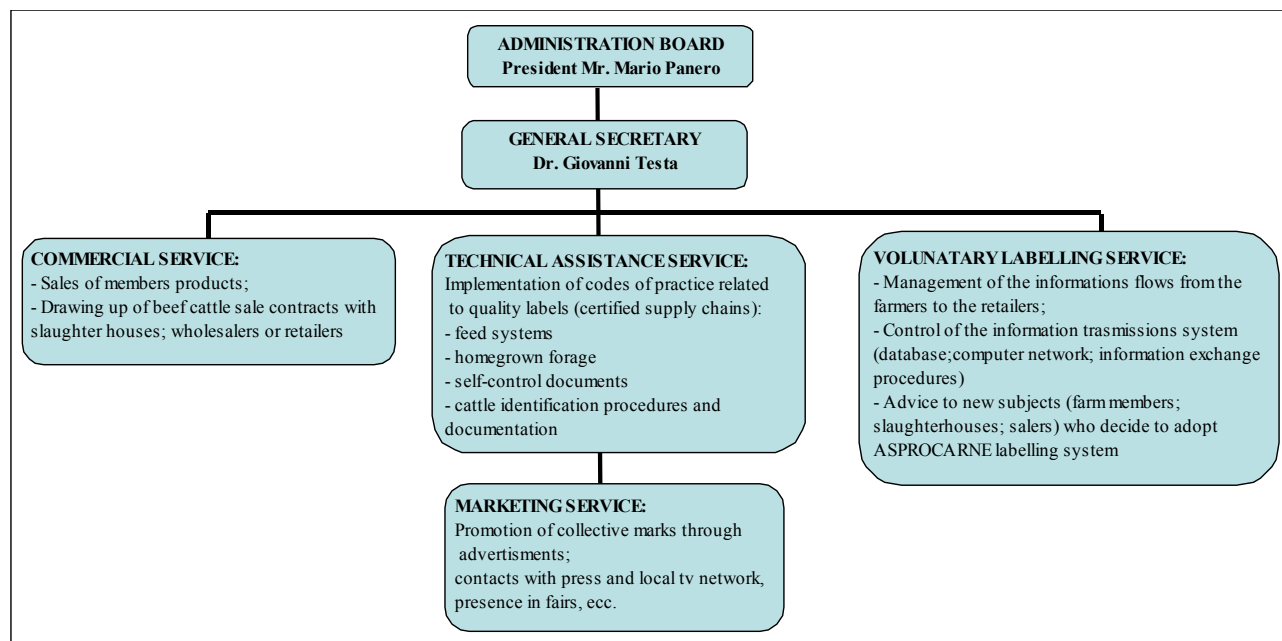
Collective mark “ALLEVATO IN PIEMONTE” was established in 2006. Being still in progress, there are not available data to assess the degree of members’ involvement in the initiatives. Till now the organisation has found the support of 60 butcheries, while farmers adhering are around 500.

1.3 Organisation, network relations and dynamics of the COFAMI

1.3.1 Internal organisations

The staff of ASPROCARNE accounts for 7 employees and about 30 contractors and advisers. The General Secretary, the president of the council Committee, and ten councillors form the administration Board. The organisational structure is divided into four different offices according to the main activities of organisations: commercial service; technical services to farmers for the implementation of productions specification and control procedures; management of the voluntary labelling system; promotion of the private quality label established by the organisation.

Fig.1 - ASPROCARNEs organisational structure



1.3.2 General overview of time-line and characterisation of main development stages

Looking at the time-line of COFAMI the following development stages may be identified:

- From 1985 from 1993: After its foundation, the association started to work on the so called “Piano Carne” (“Beef Plan”), approved by Italian government with the aim at encouraging safe beef production: The Beef Plan was only focused on the farm system and was managed at local level by beef farmers associations in collaboration with the public veterinary

services. Subsidies were foreseen for those farmers who consented to undergo additional control checks on the use of prohibited substances (i.e. growth hormones). In the first half of '90 APROCARNE reached the highest number of members, approx. 14.000 farmers, becoming the most representative in Piemonte.

Characterisation of the stage: In that period the members of all Italian beef associations increased considerably, but mainly because farmers were pushed to join them by the opportunity of gaining the subsidies foreseen in the PIANO CARNE. The same effect occurred after the Mc Sherry CAP Reform: in that period coupled payments introduced by the new beef CMO were submitted to the adherence to a Beef farmers association. Otherwise, most of members of ASPROCARNE had no awareness of the real role and mission of the Association, that was actually operating more as Public Payment Agency than as promoter of collective marketing initiatives.

- From 1988 to 1994: With the regional law 35/1988 the government of Piemonte established the regional mark *Beef guarantee certificate* (r.l. 35/1988), that identified till to the consumption market beef submitted to an additional veterinary control plan from the farm to the slaughterhouse. The *guarantee certificates* were documents signed by farmers and delivered to the downstream operators as formal assurance of the submission to controls. Regional veterinary services were in charge of the controls, which were mainly focused on the correct use of medicines in the farms. Meanwhile regional beef associations were called by the regional administration to collaborate to certification schemes, i.e. updating the list of farmers participating to the initiative and delivering the original copy of certificates to them.

Characterisation of the stage: The *Beef guarantee certificate* represents one of the first examples of product traceability system on voluntary base in Italian beef sectors. In the years following the issuing of the r.l. 35/1988, ASPROCARNE was the regional producers associations most involved in the project. Between the 1993 and 1994 it led an adhesion campaign among several butchereries finding the support of around 100 small retailers who joined the certification scheme. This action gave the initiative new strength. Without the intervention of the association the certification would not have been applied, due to the lack of competence/interest by regional administrations, that were the real subject called to manage it. Soon ASPROCARNE became the actual organiser of the scheme, and thanks to this experience it achieved experience and skills important for the development of the subsequent initiatives.

- In 1996 the 1st BSE epidemic broke out in United Kingdom and beef consumption suddenly fell down also in Italy. Reg. EC 820/97 regarding the labelling of beef and beef products was issued, in order to restore consumers' confidence in beef.

Characterisation of the stage: During the 1st Bse crisis adherence to regional certification schemes rapidly increased up to a total amount of 300 butchers' shops.

Meanwhile ASPROCARNE starts to work on its own labelling system according to the Reg. 820/97 at the aim to overcome the limits of the regional beef certificate. The latter could not be applied on products marketed outside the territory of Piemonte and, moreover, it became in contrast with the Reg. EC 820/97. In fact, regional certificates contained specifications that required the implementation of a voluntary labelling system, according to the just approved EC Regulation.

For this reason in that period ASPROCARNE asked the region to modify the code of practice related to the regional mark including the prescription for farmers to comply with a voluntary labelling system. On the contrary region decided to maintain the previous scheme

- In 1997 ASPROCARNE caught the opportunity offered by Reg. EC. 1318/93 concerning measures to promote and market quality beef and veal, and created its own quality mark “DONO di NATURA”. The initiative was partially financed by public resources.

Characterisation of the stage: The quality mark “DONO di NATURA” was created for qualifying members production on regional markets and outside Piemonte, where regional guarantee certificate couldn’t be used. This initiative represents the first of this kind to be promoted and implemented by the organisation on its own. Its establishment was possible thanks to the involvement in the project of two industrial partners who grant their collaboration in order to assure traceability of the product by means of investments. Further development has not been possible due the obstruction of the two leading partners who, exploiting their power position don not allow to enlarge the supply chain at new industrial partners.

- In the same year Dr. Capaldo, who boasts an experience in Slow Food Foundation, founded the farmers’ association “La Granda” and asked for the recognition of local beef breed Piemontese as “Slow Food Presidium”. At the beginning 3 farmers and 1 butcher took part in the project “La Granda”. Farmers were also ASPROCARNEs members. Looking for suitable instruments to promote and qualify Piemontese beef breed, Mr. Capaldo took contact with ASPROCARNE. In particular he was interested in the project of a voluntary labelling code ASPROCARNE was working on.

Characterisation of the stage: Coop. “LA GRANDA” represents a very distinctive farmers group within the heterogeneous social base of ASPROCARNE. The aim of Mr. Capaldo, who is still the leader of the initiative, was to give a contribute for the rescue and preservation of autochthonal Piemontese breed, that run the risk to disappear. To reach this goal he realised the importance to create direct sale channels for Piemontese beef, that could be able to grant higher incomes than those obtained by the sale on undifferentiated gross market. Joining labelling system established by ASPROCARNE has permitted co-operative to strengthen its differentiation strategy that is at the base of the increase of demand for its member’s products.

- In February 2000 – few months before the outbreak of the 2nd BSE crisis - Italian Ministry of Agriculture (Decree MIPAF n.20674 25/02/2000) approved the voluntary traceability code promoted by ASPROCARNE according with Reg. EC 820/97. In December 2000 during the food international fair “Salone del Gusto” in Torino, ASPROCARNE and the co-operative “La Granda” presented to the press the new labelling system.

Characterisation of the stage: The first beef products labelled according to ASPROCARNE labelling code was Piemontese breed beef produced under the private label “La Granda”. Additional specifications foreseen in the label (name of the farmers and breed) suited well the marketing strategies adopted by the co-operative whose target is the high quality beef market from autochthonal italian breed.

In 2002 the number of the other members joining the labelling system drastically increased as a consequence of the introduction of a supplementary premium given to male cattle kept in farms

adhering to facultative traceability schemes. Almost all farmers undersigned the related code of practice even if the number of cattle labelled didn't increase proportionally. Otherwise thanks to the labelling systems the Association has succeeded in establishing trade relations with some multiple retail chains (GULLIVER; AUCHAN and CARREFOUR).

Meantime, in that period all the biggest multiple retail chain were establishing their own certification scheme, creating private labels in order to answer the increasing requests of safety advanced by consumers.

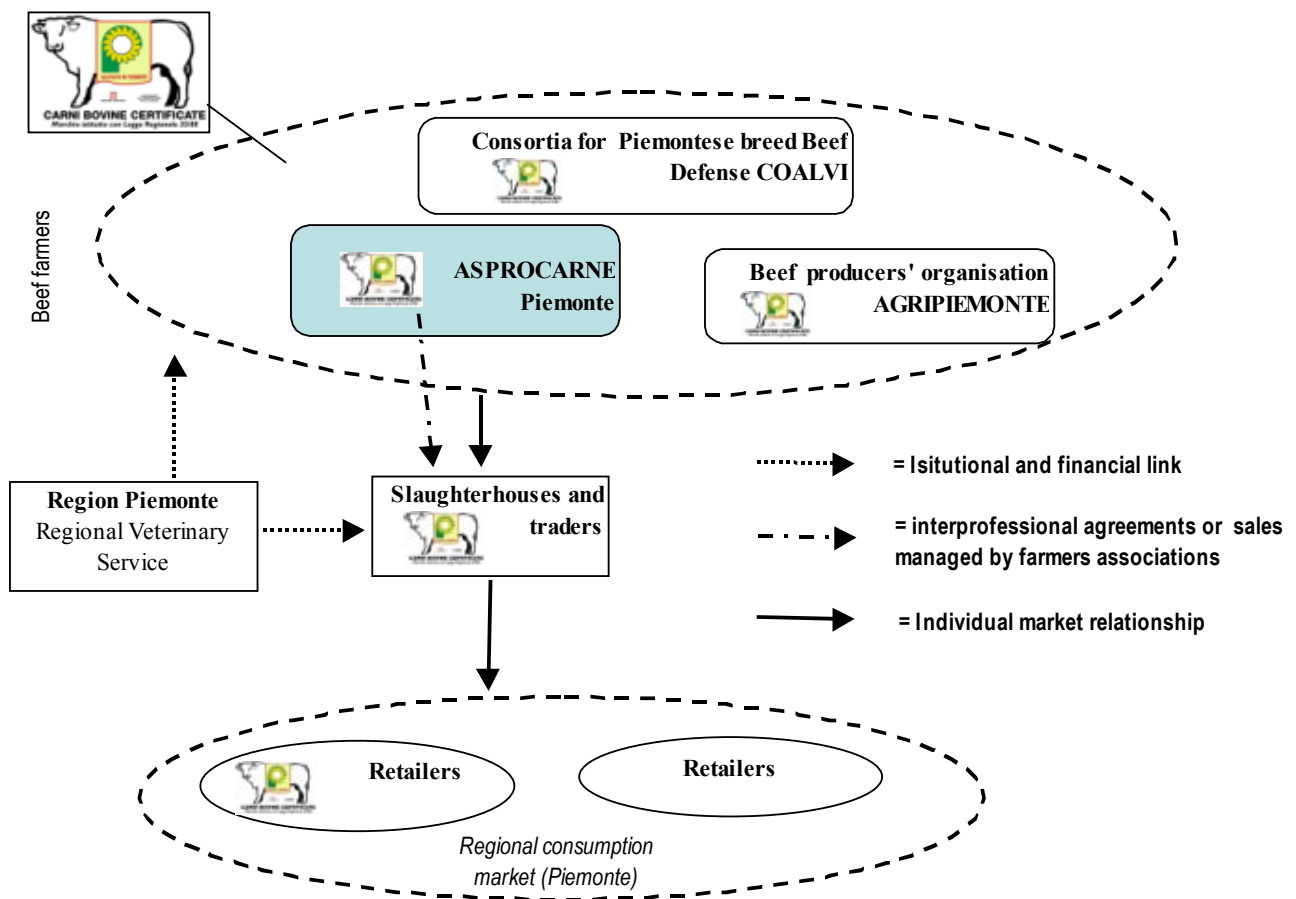
- In 2001 ASPROCARNE started to work on a project for the qualification of the Blonde d'Acquitaine beef breed through the mark "La Blonde". Contacts were taken with INTERBEV and AQUIBEV for exploring the possibilities to extend a plan of control among French farms that supply weaners to finishing beef farms in Piemonte.
- In 2006 the regional law 35/1988 establishing the *beef guarantee certificate* was abrogated. ASPROCARNE decides to set up a new controlled supply chain with the mark "ALLEVATO IN PIEMONTE" intended to replace the "old" regional certification. It is based on a code of practice containing more strict common production specifications than those foreseen by regional certification and it is supported by ASPROCARNE voluntary labelling procedures.

Characterisation of the stage: The intention of the organisation was to exploit the experience achieved during the management of regional certificate and to create a new controlled supply chain laid on the previous network of farms and retailers who had previously adhered to the regional certification. Retailers who have shown interests on the initiative have been till now 60, only a minority part of the 250 butcher's shop who participated to the regional scheme. The main difficulty in developing the initiative is linked to the traceability system that the actors involved are required to adopt. For retailers this implies a complete transparency on the characteristics of the beef sold.

1.3.3 Description of relevant external network and its development

At the first stage of its development, the relevant network of Cofami were formed by the actors and stakeholders involved in the regional beef guarantee certification. All main regional beef producers association (ASPROCARNE; AGRIPiEMONTE; COALVI) were in some extent called to give administrative support to the competent regional services who had promoted the initiative. During time, ASPROCARNE' role gradually increased and it became the actual institutional subject managing the initiative. It was responsible for the deliveries of the certifications to farmers and it started to look for new adhesions among farmers and retailers. Until 2006, when the beef guarantee certification was abrogated, the local Veterinary services were in charge of the control on the farms and in the slaughterhouses. Being a regional initiative, the market of certified beef was limited to the region Piemonte.

Fig.2 – Network and actors involved in the regional program for the promotion of safe beef production “Beef guarantee certification” (l. reg. 35/1988)

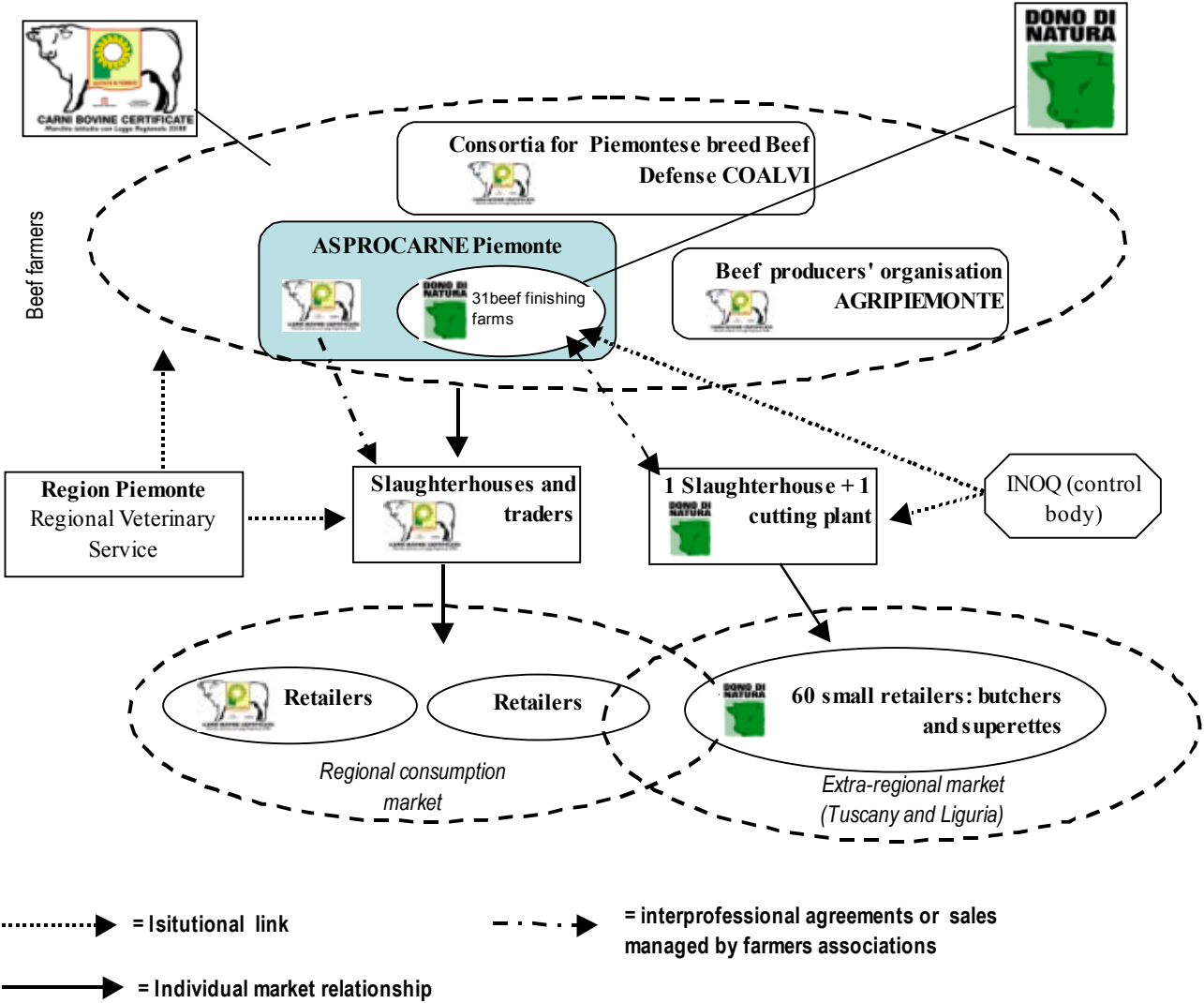


In 1997 ASPROCARNE created its own quality mark “DONO di NATURA” exploiting the financial resources offered by Reg. EC 2067/92 and Reg. EC 1318/93 (on measure to promote quality beef). This initiative permitted to enlarge the network and changed in part the nature of the relation between the actors involved. The collaboration of one industrial operator and one wholesaler has been of fundamental importance for building up the certification schemes. They participated in an active way in the realisation of the project by means of investments aimed at assuring traceability of the products till to the sale points. Beef marketed under this logo comes from 31 associated beef farms and is now sold in around 60 butcher's shops and superettes.

Many of these are located outside the region, in Tuscany; Lombardy and Liguria. All the cattle entering into controlled supply chain are sold through a collective agreement promoted by the associations.

Until now the controlled supply chain has remained focused on the two industrial partners. For this reason during the last year’s beef volumes traded with this logo have not increased and remained quite stable.

Fig.3 – Development of the network after the launch of the quality label “DONO di NATURA” – controlled supply chain (Reg. EC 2067/92)



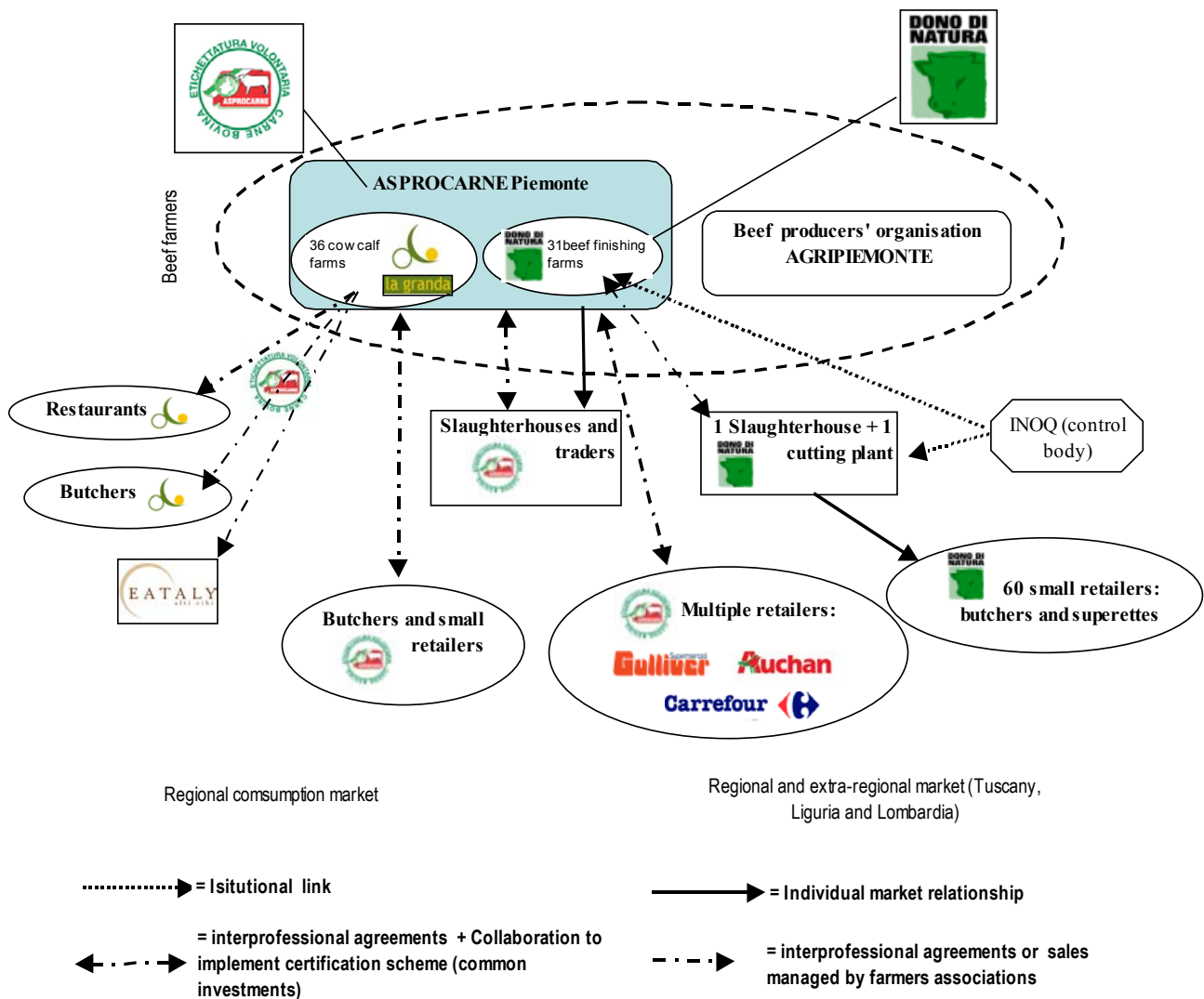
In February 2000 the Ministry of Agriculture approves the facultative labelling system promoted by ASPROCARNE. In that year a dramatic fall of consumption hits the beef sector as a consequence of the BSE crisis in Europe. The project of a voluntary labelling system rose with the objective of answering “safety” need that was rapidly growing among consumers. ASPROCARNE has been one of the first producers’ associations in Italy setting up a certified labelling system that permits to point out till to the retail market additional informations on beef.

Farmers associated in the Coop “LA GRANDA” were the first among ASPROCARNE members to exploit the opportunity offered by the new traceability scheme. Adherences among

the other farmers rapidly increased in subsequent years, driven by additional payments in favour of those beef producers who decided to join a voluntary labelling scheme.

Most of beef labelled till to sale point is now marketed by the multiple retail chain GULLIVER, whose stores are 60 superettes located in 6 provinces of Piedmont (Alessandria and Asti); Lombardy (Pavia); Liguria (Genova and Savona) and Emilia-Romagna (Piacenza). The labelling system offers the opportunity to establish technical relations with other and bigger retail chains such as CARREFOUR and AUCHAN, but they did not create to positive expected results. Collaboration with the former broke down in 2005 after the choice taken by CARREFOUR to adopt its own labelling system and to differentiate beef in its sale points exclusively by means of its own private label. Cattle labelled for AUCHAN through ASPROCARNE scheme have not exceeded till now 340 heads per year. AUCHAN purchases from ASPROCARNE members exclusively Piemontese breed beef. As all the others beef products are concerned, differentiation is based on product certification systems that have been built up by the multiple retailer chain itself.

Fig.4 – Development of the network after the approval of the facultative labelling system promoted by ASPROCARNE



It's important to stress that ASPROCARNE is not a contractual counterpart of AUCHAN and GULIVVER as the cattle supplies is concerned. Its function is exclusively limited to a technical support for the implementation of the traceability schemes.

As regard small retailers, after the establishment of its labelling system ASPROCARNE began to explore availability of single local butchers to implement it and to sell beef under ASPROCARNE logo. The reason of many refusals of butchers was transparency and strict control on the quantities and on kind of beef sold (i.e. breed) that is involved by the traceability procedures and by the information to consumers reported on the labels. This is the main hindering factor for a further development within small retail channels and for the start up of the quality mark "ALLEVATO in PIEMONTE" too, that aims at replacing the "old" regional beef certification.

Within the network relations based on ASPROCARNE labelling system, Coop LA GRANDA represents a particular case of a short marketing circuit. Today the members are 36 farmers (cow-calf farms), 7 specialised small retailers and two restaurants located outside the region. At the beginning the co-operative was formed by only three farmers and one butcher's shop. Farmers raise exclusively Piemontese beef breed bulls complying with strict productive rules and sell their cattle directly to small retailers. Butchers who are members of the Coop purchase all the beef reared from associated farmers granting them a higher price. The success of the enterprise is mainly due to the driving role played by its leader who has been able to gather a small group of farmers round a clear and shared strategy: The challenge was to produce high quality beef according with traditional high costs techniques and place it on the market at higher sale price. To reach this goal the coop has created a short marketing circuit, focusing on the niche market of high quality beef from an autochthonous Italian breed. Opportunities to approach the consumption market have grown considerably in the last two years. In 2006 the co-operative bought a small cutting and packaging plant (LA GRANDA TRASFORMAZIONE) for managing direct sales to consumers and to restaurants. In 2007 a sale point was opened at EATALY.

EATALY is a typical agri-food products retail centre in Torino, that offers small producers and craftsmen its spaces and logistic services for direct marketing (wines, fruits and vegetables, cheese, salamis, etc.). It has been thought as multifunctional centre for the promotion of high quality –artisanal food and gastronomic culture, offering consumers possibilities to attend cooking and tasting course and organising meetings with producers.



1.4 Contextual factors and driving forces

1.4.1 Description of the major influencing contextual factors

As the director of Asprocarne stated, beef volume traded through ASPROCARNEs services till now have not been so high as expected. The reasons are in part due to human resources the organisation has been able to focus on its trade activity that are not sufficient to answer so large and heterogeneous social base. Referring to the attitude of single farmers of supporting the initiatives of the organisation, the scattering of the social base in different groups should be taken in account as a factor that hinders the sharing of a common marketing strategy and favours individualistic behaviours. In some case there is reticence or fear to miss market channels that have been practiced till now. Many farmers are still tied to private selling agents that in this sector traditionally acts as interface between producers and slaughterhouses and retailers.

Looking at the development of COFAMI, a proof of weak cohesion can be found during the period of the BSE crisis. Those years represented a tremendous shock for the sector but in some extent offered the great opportunity of answering collectively to the increasing demand for safe (and traced) beef that was rapidly arising among consumers. Thanks to the managerial capacities of directive staff the organisations had already prepared its own labelling systems providing in this way its members with the opportunity of anticipating the future strategies of multiple retail chains.

Otherwise most of the hindering factors are linked to the structural characteristics of beef Italian sector and to the different contractual positions of stakeholder involved in the supply chain (farmers; slaughterhouses and final retailers). These are also the “historical” result of the weak influence exerted by producer’s organisations.

- As regard slaughterhouses, they generally take contractual advantages driving supply relations with single farmers rather than approaching their organisation that represents their common interests and could oppose countervailing contractual power. Managing trade relations with farmers by their own permits to maintain a powerful position with respect a fragmented supply (not co-ordinated on one side by only one contractual part). Furthermore, there is a quite widespread tendency among slaughterhouses to bypass the Organisation (also when the same trading relation with farmers has started thanks to its trading service).
- Outside the beef certificated circuits or controlled supply chain, multiple retail chains prefer to turn to slaughterhouses rather than to producers, because the former is able to grant services (transport, packaging, etc) that cannot be supplied by single farmers or their organisation. In this case slaughterhouses become counterpart of producers within a trade relation that downstream is led by final retailers. There are no possibilities for producers to overcome this “wall” and to take contact with final customers. In this situation farmers are moved away from consumption market becoming “*simple suppliers of raw material*”.
- Within beef certificated/controlled supply chain established by multiple retailers the organisation only provides farmers with technical services for the compliance with productive standards required and for the implementation of self-control plans. In this cases, there are no possibilities for the organisation to assume the role of trading counterpart as the great retailer chains impose either product specifications or contractual. Collaboration with GULLIVER started up due the fact that this small retail chain needed a “technical tool” for

differentiating its products and did not dispose of the resources for establishing a traceability schemes by its own, as all the other bigger multiple retailers were doing. For this purpose it asked its 40 beef suppliers to join the association that in that period was one of the first in Italy who boasted a voluntary labelling system already approved. Till now this collaboration has been exclusively of technical nature. ASPROCARNE has not a role as trade counterpart of GULLIVER who continues to lead contractual arrangement with its suppliers individually.

- The prevailing tendency among multiple retail chains to adopt their own labels and products certification is the main limiting/enabling factor for the access of the quality label set up by the organisation into the circuits of great retail. For this reason relation with CARREFOUR broke off and all the attempts to find other big potential partners failed. Paradoxically transparency and accuracy of the specification which refers to beef submitted to traceability system is the limiting factor for the implementation of ASPROCARNE' s labelling system in many small butcher's shops.

1.4.2 Limiting and enabling factors

The table below reports in a schematical way the relevant limiting/enabling factors to COFAMI initiatives that have been drawn from the analysis of the dynamics of COFAMI and from the characterisation of critical stages for its development.

Main descriptive data			
Specific factors	Relevance	Influence	In what specific way limiting/enabling
Proximity/remoteness to urban centers: Relevance of urban influence Specific market opportunities Transport, infrastructural cost	MEDIUM	Enabling	Large geographical coverage embracing important urban centers as Torin, Cuneo Alessandria that have an important influence on demand of beef in the whole area
Natural conditions: synergies with other economic activities , handicraft traditions appreciation of natural amenities potential for product quality differentiation	LOW/MEDIUM	Enabling	A strong differentiation strategy could be possible for the Piemontese beef breed (as in the case of coop. LA GRANDA), a minority on the overall beef supply of ASPROCARNE. Otherwise recalling Piemonte as place of origin of beef products may evoke feelings of typicality and healthiness, as the region is recognized by consumers for its typical food products (traditional wine, cheese and Piemontese breed beef) and environmental amenities (tourism).
Relative importance of agriculture for regional income and employment	HIGH	Enabling	Beef farming is developed and concentrated. Within the region is it one of the most important agriculture sector comparable to the dairy sector. The region accounts for app. 20% of national beef production
Density of farms with similar production structures: Diversification tendencies within farming opportunity Critical mass for joint activities	HIGH	Limiting	ASPROCARNE' s social base reflects the heterogeneity of regional beef farming system as size and specializations are concerned. The large variety of clusters embraced by COFAMI limits the development of collective actions and favours individualistic behaviours.

Socio-political/institutional context			
Specific factors	Relevance	Influence	In what specific way limiting/enabling
Role of farmers' associations in rural policies/influence in policy processes	MEDIUM	Enabling	Beef Producers' organisations generally play an informal role of consultations bodies and may exert some influence in particular on sectorial policy processes
Attitude of farmers' associations/unions towards collective marketing: Relevance of historical experiences with/tradition of collective action and co-operation	HIGH	Limiting	There are no strong traditions of successful collective actions at large scale in the beef sectors with the exception of some co-operative experiences in other region than in Piemonte. Historically producers associations had not succeeded in reaching the goal prescribed by legislative framework related to these institutions. In part this is due to a quite common attitude of farmers who are reluctant to collaborate collectively, if immediate advantages are not visible. Otherwise during the first half of '90s the rapid increase of associations was mainly due to the immediate advantages (subsidies) that were indirectly submitted to their adherence. In general among members there was a lack of awareness about the real mission of these institutions whose role in that period was mainly of supporting beef policy measure promoted at regional or national level and providing administrative services. This dynamic limited their effectiveness and in very few cases the associations actually disposed of the product for marketing.
COFAMIs role in policy networks	MEDIUM	Enabling	Beef Producers' organisations generally play an informal role of consultations bodies in particular on regional beef policy

Institutional support to COFAMI			
Specific factors	Relevance	Influence	In what specific way limiting/enabling
Existence of formal regulatory framework for collective action: Legal possibilities/restrictions for collective action	HIGH	Enabling	In Italy, most of producers' organisations have been established after the issuing of Reg. EC 1360/78 that granted financial aid to encourage their formation. Legislative framework regarding Producers' Organisation has been modified establishing more restrictive conditions for their recognition in order to give their actions more strength.
Rural public-private partnerships: Opportunities for widening relevant networks and relations with state agencies, new form of governance	HIGH	Enabling	The collaboration with regional administration and local veterinary services within a specific regional action for the promotion of beef consumption (safe beef certification) gave the opportunity to start the first collective marketing initiative involving the members and the downstream partners of the supply chain. This experience was very important for the development of the subsequent initiatives.
Institutional willingness to create protected spaces for new institutional arrangements: Openness/support for alternative approaches for institutionalising rural development and innovation	HIGH	Enabling	The region has foreseen financial aids in the RDP 2007-2013 to slaughterhouses who adhere to supply contracts with producers' associations. They are aimed at promoting collective supply agreements between beef association and their industrial partners,

Socio-cultural context			
Specific factors	Relevance	Influence	In what specific way limiting/enabling
<p>Culture and positive experience of cooperation: Farmers' trust in collective action/marketing co-operative tradition</p>	HIGH	Limiting	Individualistic attitude may in part explain the low volumes marketed by ASPROCARNE. For ex. after the 2 nd BSE crisis the large farmers preferred to adhere individually to the certification system promoted by multiple retailers rather than supporting the initiative already established by the association (facultative labelling systems and product certification). On the other hand the large number of members – who are clustered round different targets and interests – limits the possibility to establish a highly shared marketing strategies
<p>Presence/absence of agriculture in local identity: Cultural status of agricultural activities/identities,</p>	LOW	Limiting	The organisation groups different clusters of beef farmers covering a large variety of farming types located in a large area. There is not a strong identity acting as a binder within the organisation
<p>Traditions of particular agricultural production: Existence of (farm-based) gastronomic and artisanal tradition/typical food qualities</p>	LOW/MEDIUM	Enabling	The quality label “ALLEVATO IN PIEMONTE” may attract consumers by recalling the name of a region well-known for its gastronomic and artisanal processed food traditions Otherwise as beef is concerned mainly Piemontese beef breed is considered by consumers as distinguishing local products rather than others non-autochthonal breed cattle, largely represented within the organisations and in the rest of North Italy. This limits in some extent the effectiveness of differentiation strategy based on product certification run by the COFAMI, considering the several quality marks managed by multiple retailers, slaughterhouses and other producers organisations.

Economic and market context			
Specific factors	Relevance	Influence	In what specific way limiting/enabling
<p>Competition on relevant markets; number of actors, market share, competition with other market parties</p>	HIGH	Limiting	Supply is still highly fragmented with respect to slaughtering and retailing sectors. This implies different contractual power of the actors involved in the supply chains. Till now producers organisation has not been able to create locally a critical mass countervailing stronger positions of industries and multiple retailers. Slaughterhouse and multiple retail chains prefer to manage by their own supply contracts with each single farmers rather than approaching producers' organisations.

<p>Type of marketing strategies: Capacity to adequately respond to food chain dynamics and market changes (quality standards, quality differentiation, etc.)</p>	HIGH	Enabling/limiting	<p>+) After the BSE crisis there was a rapid increase in market segmentation by means of quality labels supported by traceability systems and product certification. The organisation was able to rapidly respond to this market change, giving rise to initiatives aimed at differentiating members' products (i.e. ASPROCARNEs labelling system is one of the firsts approved in Italy).</p> <p>-) Unfortunately this initiative was not strongly supported by the large farmers. Their further development has been limited by prevailing tendency among retailers to adopt their own quality labels and traceability systems.</p>
<p>Ownership of actors on the market: Influence of COFAMIs members on marketing strategies, producers' organisational and support mobilization capacity</p>	HIGH	Limiting	<p>The mobilisation capacity on marketing strategies is limited as ASPROCARNE associates 980 farmers each having different managerial capabilities and different attitudes on how to approach the market (i.e. individually or collectively). It is actually hard to gather them round a common strategy. Single farmers influence on decision-making processes is low. More influence is exerted by a smaller group of big finishing farmers who often run individually long established market relationships with their customers.</p>
<p>Relations between actors on the markets (strategic alliances, hybrid forms): Strategic alliances with chain partners and/or territorial marketing partnerships (long-term supply contracts, standards, etc.)</p>	HIGH	Enabling/limiting	<p>+) The members associated to the coop. LA GRANDA have established a short market circuit with local butchers and restaurants based on long terms supply contracts that grant them a premium price for high quality Piemontese beef. But this is a very particular case of collective action raised from the bottom involving few subjects and focused on a niche market. Other farmers rely upon collective marketing agreements that ensure regular supplies during the year. Anyway most of farmers have some regular customers and/or participate to some certified supply chains led by slaughterhouses or multiple retail chains in order to qualify their market position.</p> <p>-) There are a few possibilities for the associations in entering as farmers' contractual counterpart into vertical market relations already established</p>

1.5 Status of resource assets

As indicators of resource assets are concerned, "Relevance" indicates if specific capital was relevant for the development of the COFAMI, "Status" indicates if and to what extent it was available and "Dynamics" indicates if this capital changed during time.

Financial capital (Relevance +++, Status +, Dynamics+):

The foundation of ASPROCARNE was possible thanks to public aids that after the issuing of Reg. EC 1360 of 1978 has been granted to producers organisations to encourage the formation and to facilitate their operation.

Due their institutional role, producers' organisations have benefited of public financial support. As in the case of ASPROCARNE they have been often called to put into practice and to support national or regional sectorial policy. Up till now ASPROCARNE has the opportunity to have

access to national and european funds for the application of specific beef policy measures set by regional/national government or by the EU Council. In the past the availability of public resources was essential for the development of many initiatives. Financial aids granted by Reg. EC 1318/93 (on measures to promote and market quality beef) permitted the creation of the quality mark “DONO di NATURA”, while contributions foreseen by the Reg. EC 2826/2000 and 94/2002 (on information and promotion actions for agricultural products) have assured financial contribution for information campaign aimed at increasing consumers’ confidence in beef and improving their knowledge about the specific measures established to enhance beef safety.

Other receipts come from associative fees, in accordance with the size of the beef farms and from the payments of the services provided (sale commissions and technical services)

Physical capital (Relevance: 0, Status: 0, Dynamics: 0)

Due the nature of the activity no relevant physical capital is needed.

Natural capital (Relevance: 0, Status: 0, Dynamics: 0)

Natural surrounding, local tradition, landscape or other elements that refer to natural capital have had a very weak influence in the developments of this COFAMI. Obviously the nature of territory has favoured the development of a widespread beef farming system in the region and as a consequence the natural conditions for the establishment of their organisations. Anyway the reputation of the region for its food tradition, and for beef production too, is considered by the staff of the organisation as immaterial assets and an added value for improving effectiveness of marketing initiatives. The label “ALLEVATO in PIEMONTE” clearly points to the region of origin of beef, and for this reason may sound attractive for consumers evoking to some extent images of typicality strictly linked to the characteristics of the territory (cattle on pasture, the Alps, traditional food, etc.). Otherwise there are few possibility for ASPROCARNE to further enhance a territory-based marketing strategy of this kind (as it has been in the case of coop. LA GRANDA). This probably would require a more strict selection of the farmers admitted to the certified supply chain, allowing for example only beef farmers specialised on the local Piemontese beef breed, who represents only a minority part of the social base. This would mean to reduce the potential members adhering to the initiative, that till now have reached the number of 500 farmers. There are other local associations who have already established this type of strategy based on the autochthonal beef breed and at a large scale, as in the case of COALVI (Consortium for the Protection of Piemontese beef breed)

Human capital (Relevance: ++, Status: -, Dynamics: 0)

Human capital played an extremely important role in the development of the COFAMI initiative. The Director of ASPROCARNE, his advisors and the technical staff have been always ready to respond to market changes, providing the members with all the technical and marketing instruments for facing them. Having established a facultative labelling system already in 2000, they were capable to anticipate the actions later undertaken by large multiple retailers and industry. A hindering factor was the low number of the staff members with respect to such a wide social base.

Some policy measures aimed at facilitating the adoption of European regulations on beef sectors or aimed at enhancing the role of producers organisation, have produced an over-charge of work on the human resources available, misleading them from the task of actually enforcing the presence of the association on the market. It happened for example in the 90's when the possibilities to get direct payments foreseen by the beef CMO were submitted to the adherence to a beef producers organisation. The same effect occurred after 2002 when Italian State introduced a coupled direct payment in favour of those farmers adhering to a recognized labelling systems, that forced the organisation's technicians to extend the control activity to all the 980 farmers associated. The great efforts for granting all the members the access into the traceability schemes (and to the related payments) has only in part resulted in an increasing of cattle labelled with the ASPROCARNE logo.

Social capital (Relevance: ++, Status: -, Dynamics: 0)

Some initiatives have not produced the expected results due to the degree of cohesion within the different groups of farmers, which reflects their different interests, attitudes and characteristics.

Looking at the support mobilisation capacity expressed by COFAMI, many evidences emerge of the absence of a strong binding social capital among ASPROCARNE members, in terms of shared value/interest system and coherence within the group considered as a whole. Here the specific institutional nature of initiative promoted from the top must be taken into account:

It may be said that at the beginning social capital that could be embedded by beef producers organisations has not been enforced by policy measures established in that period just for favouring their operation. They favoured the adherence of a large number of farmers with no specific interests in joining collective marketing initiatives.

For the reasons explained above, the results of every single project must be evaluated considering the wild heterogeneity of the social base, intrinsically connected to the institutional nature of the COFAMI. Anyhow COFAMI activities have enforced market positions for particular *clusters of beef farms* giving them opportunities to established stable and trust-based market relations with downstream operator.

1.6 Impact assessment

Market performance (+)

Market share (0): Accounting for 100,000 heads sold per years, ASPROCARNEs members production on the whole represents 25% of the regional beef breed calves and heifers' productions, but volumes placed on the market by means of contractual services run by the associations are considerably lower. They can be estimated in around 1,5% of the beef cattle yearly slaughtered in the region.

Premium price (0/+): In general no premium price are granted by the initiatives established by the organisation due the high competition on beef market and the difficulties to qualify the products. The strong increase of differentiation strategies adopted by processors and retailing operators has in large extent reduced the possibilities to create added value by means of these initiatives. The quality labels promoted by the organisation must compete with a great amount of others private labels within the relevant market of beef certificated on voluntary base. Only the

small farmers group represented by LA GRANDA has succeeded in obtaining a higher price, but this experience cannot be repeated at large scale. It is based on a closed and short niche market and on a strong and very clear differentiation strategy that has allowed a price system considered as “revolutionary” also within the niche market of high quality beef. Beef marketed under the logo LA GRANDA is destined to consumers who are mainly “connoisseurs” who pay particular attention to environmental and typicality safeguarding aspects embodied by the product. They are ready to pay higher price, considering these aspects not less important than the undoubtable organoleptic quality. From this point of view the success of the initiative has been sustained by promotion given by Slow Food who has officially recognized the project as “Presidium” of Piemontese breed. Finished bull prices are agreed at the beginning of every year and a net income is granted based on the higher production costs sustained by farmers. The price agreed often is 25% higher than the prices on the free wholesale market of Piemontese breed cattle, which is subject to a strong seasonal and yearly fluctuation.

Transaction costs (+): Farms encounter many difficulties in establishing trade relation with big retailers, if they cannot assure a regular supply. Big customers find it more easy and cheap to maintain relationships with relatively few farms than turning to a large number of small suppliers.

The role of interface with the final market played by COFAMIs through collective agreements offers to smaller farms the opportunity to establish durable trade relations and programming sales. In this terms the strong economic impact is related to the reduction of transactions costs. Certificated supply chains has the same benefits for farmers. They permit farmers to qualify their supply within a trust-based relation. Repeated transactions enhance farmer’s reputations

Social; cultural and environmental performance (NOT PERTINENT)

Social, cultural and environmental performance goes over the institutional mission of the organisations and no direct evidences of their consistency has been found. Due the specificity of the case study their assessment may be considered not pertinent.

Educational performances (+)

- Technical service offered by the associations has favoured the diffusion of product and marketing innovations among the members, supporting the production adaptation to new market requirements.

ASPROCARNE may be considered as one of the first promoters in Italy of an innovative way to approach beef consumers. Till the second half of the 90’s product placed on consumption market in that period was in largest part undifferentiated beef and there were very few retailers or slaughterhouses that had already managed traceability or certificated beef schemes, in order to differentiate and qualify the product. Product segmentation has known in Italy a huge growth only after the 2nd BSE crisis (2001) and today almost all big retailers and many slaughterhouses adopt private labels identifying different product lines referring to certificated beef.

- Asprocarne is involved in information campaigns financed by public funds (Reg. EC 94/2002) aimed at enforcing confidence in beef and veal market. In part they are concentrated on explaining to consumers the system of rules laid down by European and national legislation to ensure product safety. Particular attention is paid to explaining the

contents and meanings of private labels in order to increase awareness among consumers about systems of control and traceability procedures concerning beef products.

Political performances (+)

The association plays an important role in supporting policy measures focused on beef regional sectors, as it did already in the past. Its contributions for example were extremely important for the realization of the regional certification scheme established in the second half of the 80s. With the other agricultural organisation it participates indirectly in policy making as consultative subject.

“External” impact assessment by the research team

RD Sustainability indicators	Performance scores of COFAMI
Case: ASPROCARNE PIEMONTE	-- = highly negative - = negative o = still little significance + = positive ++ = highly positive
Economic	
NVA in region	0
Direct, indirect and induced employment in region	0
Increase of farmer's share in retail prices	+
Farm level transaction costs	++
Dependence on public sector support	--
Displacement effects within region	0
Halo effects	0
Social	
Self organisational capacity	+
Bridging capital	+
Learning & knowledge	+
Enhanced trust/faith in food	++
Enhances social inclusion	0
Yields job satisfaction	0
Encourages succession	0
Environmental	
Increases biodiversity	0
Reduces negative external effects	0
Increases positive external effects	0
Enriches cultural landscape	0
Reduces road miles	0

1.7 Conclusion

The particularity of the case study analysed consists in its nature of organisational form of marketing formally introduced and promoted by specific normative acts. The legislative framework on producers organisation has been recently modified by Italian government (D lgs. n. 102 - 27/5/05). Among the other prescriptions, the reform has established as a requirement to

be recognized, the capability by the organisations to market at least 75% (!) of members' production. In Italy hundreds of producers associations exist but only in a few cases they can dispose of members' product for direct marketing in such a large extent.

The case of ASPROCARNE, may explain why in the beef sector these conditions can be hardly fulfilled by the already-established organisations.

After the issuing of Reg. 1360/78 all the measures adopted for favouring their formation did not succeed in enforcing their role of interface between producers and downstream operators of the supply chain. In some cases they have produced the effect to open the doors to a large number of members who had no awareness of the actual mission of the organisation. Still today the organisation is open to all farmers who want to adhere whatever their aims are.

This entails that no "natural" selection among members has worked in order to create a group bound by a common target. It is not surprising that some of them were legitimately driven by the opportunity of obtaining immediate advantage rather than by the purpose of sharing a common strategy, facing collectively the market.

During time the organisation has been able to provide its members with marketing tools to differentiate and qualify their productions. Trade service is also important especially for those beef farmers who otherwise could not find other suitable instruments to defend their weak contractual power. From this point of view directive staff has shown great capabilities to comply with market changes. Response of the members is the consequence of the great differences in the production diversification strategies and access to market channels, which cluster the social base round different subgroups of farmers. According to the opinion of some external stakeholders interviewed, the associations failed the opportunity of take a strategic advantage over multiple retailers and slaughtering industries after the BSE outbreak crisis. The crisis caught them unprepared to respond to the increasing demand of safe beef, unlike the fact the organisation had already worked toughly on traceability systems and qualification product projects. In that period it was one of the first actors of the beef sector having a facultative labelling system already at its disposal. Probably further opportunities for establishing marketing partnerships would have raised if they had with courage and self confidence approached the industry and large multiple retailers, who were looking for possible strategies to restore consumers confidence.

Today the organisation must face several contextual factors mainly related to economic and market context that constrained the development of its initiative. On one side most of multiple retail chains have already adopted their own private label and lead the supply addressing the single farmers individually. There are no possibilities for the organisation to be included into these long-term supply relations as a contractual party. This big customers plan programs of deliveries, establish product specifications and run activity control among their suppliers. The benefits for farmers are the certainty about their cattle deliveries and about the solvability of the customer. Otherwise for some farmers *"to grow in the hand of great retailers may be risky. A single farmer from an entrepreneur becomes a simple supplier"*.

Butchers' shops in Piemonte are still important among the other retail channels. All the beef labelled with "DONO di NATURA" logo is retailed through this channel as beef that falls in the "ALLEVATO IN PIEMONTE" supply chain will be in the next future. But market relations

with small retailers are not always easy to establish due the fact that many butchers are not favourably disposed towards transparency and accuracy involved by the traceability systems. Further in the case network building is the label “ALLEVATO in PIEMONTE” where the organisation will be called to give technical support to 500 farmers that are regular suppliers of the 60 butchers’ shops adhering to the initiative. This means a great future job considering the expected volume of cattle sold.

2nd case study: MANGIOCARNEBIO – Organic beef local circuit

2.1 Introduction

Mangiacarnebion represents one of the most innovative examples of organic locally oriented collective marketing initiatives. This initiative has been launched by PROBER, the organic producers' association of the Emilia-Romagna Region, to plug a gap clearly emerging in the regional organic beef market. The financial situation of local organic farmers were not promising, as the integration in long food supply chains did not create a satisfying remuneration for officially certified organic beef. The network that has been developed into the Mangiacarnebion initiative can be traced back to 2004, when the PROBER staff became aware of the need to support its farmer members.

The brandname, which stands for "eat organic beef" and the slogan "in your city, the beef of your countryside" ("nella tua città la carne della tua campagna"), embodies the mission of the initiative: production according to sustainable methods and locality identification. The success of the Mangiacarnebion initiative has to be found in the formalisation of an innovative organisational model for direct marketing of organic produces. Farmers are keen to join the collective initiative, as it could ensure them a stable market, and consumers are pleased by the possibility of 'buying locally' and react positively to the initiative. On the one hand, the PROBER association provides a good price premium to organic farmers. On the other hand, it creates a direct producer-consumer circuit through collectively managed box-schemes.

The aim of this case study is to explore the nature and impact of intervention by external agencies (in this case, PROBER organic association) in the facilitation and support of local business networks.

2.2 Research activity and materials

The case study of Mangiacarnebion is based on the following sources of information:

- Analysis of secondary data, literature/internet, internal documents (statutes and regulations, code of practices), local newspapers and specialised magazines.
- In-depth interviews with significant stakeholders and others subjects involved were used to reconstruct the timeline of the initiative and to qualitatively evaluate the performance of it (in terms of impacts on capital assets).

The selection of the stakeholders to be interviewed has been conducted according to the proposed guidelines. They can be grouped into:

1. members of the organisation;
2. market partners downstream the supply chain
3. external stakeholders who are not involved in COFAMI activities, but whose point of view are important to provide a complete overview of its development and dynamic.

The following persons have been interviewed:

- the director of the COFAMI (PROBER – Emilia Romagna Organic Producers Organisation (Associazione dei Produttori Biologici e Biodinamici dell’Emilia Romagna)
- 3 Technicians who are in charge of developing and managing of the COFAMI idea
- 5 Organic farmers in the Bologna mountains, who are directly involved in COFAMI activities

Further interviews have been conducted to achieve the goals of the project:

- 3 purchasing groups: Solidarity Purchasing Groups of Consumers (Gruppi d’Acquisto Solidali) one located in Bologna and two “more rural embedded” Groups in Bazzano and Borgo Panigale.
- 1 Farmer who is less involved in the initiatives promoted by the COFAMI

2.3 General description of the case

2.3.1 Main objective of the initiative

Mangiocarnebio has been launched in 2004, by PROBER, the organic producers’ association of the Emilia-Romagna Region. It is producers’ organisation of organic farmers founded in 1998 with the objective to enhance the production, transformation, promotion and marketing of organic products. The main aim of the organisation is to offer extension services and research activities and promote marketing initiatives. In particular, the mission of the organisation is:

- to promote and valorise organic products produced by the members through the management of traceability and quality certification schemes
- to offer its members technical support and extension services for the implementation of product certification schemes and traceability systems (traceability procedures, Code of practices).

As one of the fastest growing segments of the food system after the BSE scandal, organic livestock is growingly identified as an opportunity for struggling small-scale farmers, and a strategy to increase the competitiveness of marginal regions. On the other hands, there is a growing consensus about the fact that organic marketing has been treated as an “odd” to conventional marketing. In this context, Mangiocarnebio has been launched to plug a gap clearly emerging in the regional organic beef market. The mission of the initiative is to valorise organic and locally oriented beef; the brandname, which stands for “eat organic beef” and the slogan “ in your city, the beef of your countryside” embodies the mission of the initiative: natural production and locality identification (Figure 1). Farmers were keen to join the collective initiative, as it could ensure them a stable market for organic beef, and consumers who were pleased by the possibility of ‘buying locally’ reacted positively to the initiative.

Fig. 1: COFAMI logo



MangioCarneBio

Nella tua città la carne della tua campagna

2.3.2 Size and geographical coverage

The initiative was set up in a mountainous rural area around Bologna. The livestock farmers are very dispersed over a huge part of Emilian Apennines, where extensive cattle grazing, and low-external input system, has been practised already for a long time.

This part of the Apennines is crossed by the railway and the a highway connecting Florence with Bologna, and by several good other state roads, of which the direct road from Florence to Bologna over the Futa pass is of Roman origin; and certain places are favourite summer resorts.

All the members of Mangiocarnebio live and work locally or represent organisations active in the area. First, PROBER association is collecting the organic beef cattle from 15 certified organic breeders (see above). Secondly, in a period when most of processing plants operating on a small scale were obliged to comply with higher food safety standards required by European regulations, thus showing their difficulties in surviving, one of its key actions to date has been the engagement of a slaughterhouse and two meat cutting plants.

The initiative started in 2004 when 2 cattle heads were collected and retailed. In the following years the market size significantly increased. In June 2007, the total turnover were 2 cattle heads retailed per month, equal to a turnover of around 84 millions euros per year.

The market of this organic beef is primarily concentrated within Emilia-Romagna Region and mostly in the urban areas as Bologna and Ferrara, but also in cities of the neighbouring Region of Veneto (Rovigo and Belluno).

2.3.3 Farmer members of the initiative

The initiative currently includes 15 cattle breeders producing according to the organic production specification. According to the criteria of selection set up by the association:

“The members of the initiative should be already member of PROBER, should be certified as organic and they should demonstrate high competence and skill in livestock production. Another condition which has been taken in consideration to select farmers has been their communicative and relational skills, which in turn may contribute to increase consumers’ confidence and increase the product’s reputation among non-local consumers” (from the PROBER association web-site).

Farmer members had a relatively long experience in organic farming, since most farmers had converted to the organic production system during the late 1990s, in particular after the approval of the EU Regulation 1804/99 governing organic livestock production. For the cattle farmers in the Eastern part of the mountains of the province Bologna have caught this regulation as an opportunity to differentiate their milk and beef production in an effort to create extra value added and income¹ The dairy cattle farmers started to produce organic milk for the Granarolo plant in Bologna, but for beef an immediate remunerative market outlet could not be found.

¹ In the western part of the province of Bologna, on the left bank of the river Reno, cattle farmers are operating within the production area of Parmigiano-Reggiano cheese. The need to follow a strategy to increase income in order to maintain the economic viability of the farm has been felt less in this area, as these cattle farmers can enjoy the higher milk price related to the valorisation of Parmigiano-Reggiano cheese. These farmers deliver their milk to cooperative cheese dairies which have been established some decades ago.

It is evident, in fact, from the case-study findings that despite their efforts they did not find a solid market for the organic beef produced and often were forced to sell their organically produced calves and cull cows on the market of conventional beef. The economic viability of organic livestock farming depended too heavily on subsidies. Furthermore, the integration in a long food supply chain did not create a satisfying remuneration for officially certified organic beef. This may be best illustrated through a quotation of an organic breeder who joins the Mangiocarnebio initiative:

“If the downward market trend does not change, we will be forced to stop to sell our meat as certified organic beef. I perceive the crisis of the sector when I notice that the price paid for my cattle is constantly decreasing. ... Not enough to cover the higher production costs, at all!”.

The findings of the survey show that the motivations for those farmers to be involved in the Mangiocarnebio project mainly come from a need to find an adequate market outlet for the organic beef, which would be able to remunerate the higher productive costs.

Farmers who join the initiative represent a large heterogeneity of organic farms regarding farm size, marketing strategies and cattle breeds used. The average farmed land is around 96 ha, ranging from more than 100 ha to only 30-60 ha, and the average cattle herd size is around 73 heads. There are many farms that combine multiple income strategies. Some of them focus mainly on dairy production as the dominant income strategy, and calves are considered as sort of by-products, and a marginal part of the total income. Other farms have chosen as strategy to specialise in beef production, focusing on enhancing the beef quality. These different types of farms require livestock breeds with different characteristics. Most of the farms that combine beef and dairy productions, use Friesian Holstein or Simmenthal dairy cattle as the dominant breed or dairy-beef crossbreeds. Those farms that are specialised in beef production mainly raise Limousine beef cattle. A smaller group of farms is focused on autochthonous breeds cattle like Romagnola or Chianina.

Despite these different breeding strategies, shared empathetic values circulate within this group of cattle farmers. These values involve explicitly producing through organic farming methods and traditional production techniques, privileging the use of on-farms feed, and having direct relationship with end/local consumers. Often, farmers who are actively engaged in direct selling and more traditional (and historically rooted) local marketing circuits, including butcheries and local consumers have succeeded in squeezing out of the market. In this case, the added value of the product is more created through the intrinsic value lent by the personal mutual trust than to organic certification.

2.3.4 Type of joint activity and degree of collectivity

The core of the initiative is to reach directly the final consumers by delivering boxes of locally produced organic beef. The box schemes are run and managed by the PROBER association who buys organic cattle from the members and distributes it through the preparation of boxes. Prices paid to breeders are related to the beef/cattle quality value. More specifically, prices can range from 5 to 5,50 €/kg (see above). Limousine cattle are privileged by the association (and hence they are paid more), due to its higher yields and higher “eating quality”. In fact, there is a general agreement within PROBER association that the dairy breeds or crossbreeds do not allow

to reach the same level of ‘eating quality’ as the more “specialised beef breed”, such as Limousine, can achieve.

As already said, PROBER association is in charge for packaging and delivery the beef. Home-delivery is made on a specific day each week, depending on where the customer lives, and takes place around 20 days after booking. Payment is made in cash or by cheque on delivery.

The PROBER association has recently put a lot of efforts to try to market other products from the region under the common label such as cheese, wine, and pork products. But right now, their market is still less developed.

Other joined activities carried out by PROBER association and related to the management of the collective marketing of organic cattle are the following:

- *Extension services*: the organisation offers its members technical support and extension services for the implementation of product certification schemes and traceability systems (traceability procedures, Code of practices).
- *Establishing code of practice*: the organisation has set up a Code of Practice, which implies the compliance with stricter standards than those of the EU organic legislation. These standards concern requirements related to the feed ration in order to enhance the beef quality level and the origin of the cattle raised on the farms. According to the Code of Practice, cattle should be born and raised in organic farms, and if possible in the same farm. Also the slaughterhouse and the meat cutting plants have to comply with a Code of Practice with standards related to the processing methods and packaging.
- *Promoting the “local organic food supply chain”*: several initiatives were taken by the association in order to promote broad awareness of the initiative. These include the launch of a website and strong promotion campaigns with articles in regional and national newspapers. Then, the association board is taking part in food exhibitions and fairs on regional, national and international level that contributes to the promotion of the initiative (such as, local festivals, SANA in Italy and BioFach in Germany).

The findings from the survey show that collectivity is mainly associated with marketing activities with a few cases of other types of collective action. Furthermore, individual farmers organise themselves too according to varying combinations of marketing strategies and long established market relations, such as selling to local consumers or butcheries. For example, several respondents referred that selling to PROBER still represents only a marginal part of the total farm income.

2.3.5 Benefits of collective actions

According to the PROBER Board, the Mangiacarnebio initiative can provide the following benefits:

Benefits to economic sustainability

- • By cutting out the middleman and encouraging short food chains, a greater share of the price premium is returned to farmers and this can therefore help sustain local businesses²
- • The box schemes give producers a guaranteed market for their produce
- • The overall initiative encourages other local business, and agricultural suppliers and services such as local abattoirs.

Benefits to environmental sustainability

- • Marketing local produce to local people reduces the distances of food transport; according to the association board, Mangiacarnebio can contribute to reduce food miles (the estimation of food miles per cattle head retailed through box-schemes is around 300 km). Furthermore, farmers continue to sell their beef directly and through the local butcheries shops that had already been selling before the initiative was set-up.
- • The initiative and extension services provided by PROBER can encourages the quality level of beef produces and animal welfare in response to consumer demands. Most farmers focus mainly on dairy production as dominant income strategy, and calves are considered as sort of by-products, and a marginal part of the total income. So that, nowadays they were tending to pay less attention to increasing the level of beef quality or the animal welfare standards.

Benefits to social sustainability

- • Producers can enjoy the social contact with their customers and appreciate the opportunities for direct feedback; the promotional activities carried out by PROBER contribute to reinforce the visibility of the entire region. Several members of the initiative highlighted the important feedback provided by being visible in the Mangiacarnebio website. However, despite the fact that some bed-and-breakfast and accommodation providers are also members, most of the breeders are not interested in developing tourism-related promotion. In fact, for small enterprises, the fulfilling of these requirements may entail economic and work time resources that are not available.
- • Local food schemes can have a role in building and nurturing community and in solidifying bonds of local social relationships;

On the consumer's side, the benefits of the initiative are related to the possibility of having access to fresh, local produce, while supporting environmentally sound agriculture practices and land use. As main strengths they mentioned good quality, fresh organic vegetables; trust;

² Of interest is that 72% of the final price is retained by the farmers, 5% is related to the costs of logistics 8% for administration, 4% to the slaughterhouses and 11% for meat cutting activities. Some costs related to production and marketing (logistics, supplies, advertising) are reduced and paid by the association

personal commitment of the owner to organic principles; home delivery service; commitment to seasonal and local production.

The findings of the survey show that there is a situation where the expected benefits of collective action are still very high. The main motivation for farmers to take part in the joint marketing initiative is related to the potential economic benefits, due to opportunity to gain an additional price premium for their produces. Furthermore, a member of Mangiacarnebio stressed the importance of creating an occasion to learn and discuss the day-to-day experiences or seek information in relation to market issues.

Nevertheless, most farmers still perceive a narrow membership to this network and to its related benefits. This has happened when PROBER did not buy cattle regularly from them, but only sporadically. So that, those breeders are obliged to keep in the farm the cattle unsold and then they have to find and sell it through conventional outlets, even extra-local markets, getting low prices as the cattle is already over size. The reason is that the market of local organic beef is still very small and PROBER privileges to buy from those breeders who can guarantee a high quality. The exclusion from the decisions making might be recognized as one of the main reasons of a gradual loss of interest showed by some weaker producers in taking part in the initiative.

2.4 Organisation, network relations and dynamics of the COFAMI

2.4.1 Internal organisation

The organisational structure of PROBER association is divided into two different offices according to the main activities: extension services to farmers and R&D and promotion activities. The staff of PROBER accounts for 9 employees (three of whom are specifically in charge of the management of Mangiacarnebio initiative).

After having received credits from the farmers, the internal organisation changed gradually, by involving two new employees, who are specifically in charge of the organisation of the organic production delivering, promoting and marketing.

2.4.2 General overview of time-line and characterisation of main development stages

Looking at the time-line of COFAMI the following development stages may be identified:

2004, “The beginning”.

PROBER, the regional organic producers’ association in Emilia-Romagna became aware of the need to support the local organic breeders, particularly those located in mountainous area, as their weakness of bargaining power often resulted in lower prices and general uncertainty throughout the food chain. The beef production in the Bologna mountains was highly fragmented and the local organic sector did not have stable supply chain structures. The situation started to get worsen when in the second half of 2003, the demand for organic beef dropped dramatically. At that time, the organic farmers in this area sporadically supplied the Agricultural Co-operative of Fiorenzuola (Cooperativa Agricola Fiorenzuola, CAF), which gave them the possibility to slaughter and market the local beef. But, during 2003, the organic beef market had a lower economic performance than during the previous years. Consumers were less

willing to pay a premium, and the long chain lost interest in promoting organic beef. The integration in long food supply chain did not create a satisfying remuneration for officially certified organic. This put the organic producers in a very difficult position, and the problem of finding alternative channels became urgent.

“...during these years, our way to support “our organic farmers” was offering to them extension services...but we felt that this was not enough; we felt the need to find an appropriate economic retribution to their organic produces...and our idea to set up Mangiocarnebio mainly come from listening and collecting farmers’ suggestions” (a PROBER technical advisor)

The network that has been developed into the Mangiocarnebio initiative can be traced back to 2004, when the PROBER staff began to consider the requests from its members. They believed in the high quality of organic beef and wanted to find ways to realise the potential benefits associated with local organic beef consumption within Emilia-Romagna Region.

The choice of farmers and the code of practice.

Once the importance of preserving local organic breeders was acknowledged, the first step of the initiative was the formalisation of a Code of Practice regulating the organic beef production. To be enrolled within the network, farmers would have to comply with a new Code of Practice with stricter standards than those of EU legislation. Of course, the extension service offered by the association has supported farmers in adopting the new Code of Practices. Specific requirements have been laid down concerning the feed ration of the beef cattle and the origin of the cattle, which should be born and raised on the farm. Another condition that has been taken in consideration is the selection of farmers with high communicative and relational skills, which in turn may contribute to increase consumers’ confidence and increase the product’s reputation among non-local consumers.

Christmas 2004, The ideas in actions.

The first topic that the project has addressed was to understand how the organic beef market works and how to cut and process organic beef in order to better valorise it. During the Christmas period, the PROBER staff after having tasted different beef cuts, chose box sizes and compositions aiming at a compromise between price and logistic needs. At the beginning, the beef was available in 20 kg boxes and a box contained a selection of steaks, diced, stir fry, minced meat etc. Cuts were derived from both fore- and hindquarters. Prices have been pitched around conventional supermarket prices.

In that period the number of consumers of the organic beef promoted by the association increased considerably. The box system involves customers who were informed by word of mouth. The first consumers were relatives and friends of the association staff.

2005 “Starting up the initiative”.

The second activity that PROBER has undertaken is the creation of a logistic system, which should be adequate and sustainable for a local producers-consumers network. Building a direct relationship with final consumers has complex consequences for the logistic management. The study took about six months and involved local butchers and organisations. They concluded that the best option was to create a new way of collective direct selling. A box system could offer a good chance, but the growth in customer numbers needed to be well managed. For this, a

waiting list was organised to put on additional potential customers. This provided a comforting safety net if the number of customers decreases or increases.

An immediate concern was to organise the transport and delivery system. Transport could be a significant cost factor, particularly in rural areas. Planning routes and organising multiple ‘drop-off’ points helped to reduce these costs. After an unsuccessful experience with a private forwarding agent, resulting too much expensive they decided to buy an own delivery van, with a freeze facility. Much of the efforts have been addressed towards the setting up of an efficient logistics planning of the initiative, in order to be able to cope with an increasing demand and a limited supply.

The web-site.

The next step has been the creation of the common label and the website, allowing for a better recognition of their products. The resulting label, Mangiocarnebio, which has been chosen by PROBER staff, combines two consumers demands: organic and origin. Through the website (www.mangiocarnebio.it) marketing is done more regularly, and it represents a good way of keeping in touch with the customers as well as publicising the organic beef system.

Consumers can book the box on-line and when a significant number of requests have been reached, the beef calf is slaughtered. E-mail is sent to the consumers with the written date of delivery and the characteristics of the animal

In order to face consumers’ demand, the association has developed a range of box sizes, offering the customers the opportunity of choosing the contents (composition) and the price of their box.

The search of local consumers.

At this time, the association is looking for new local consumers/partners to broaden and stabilize their alliance. Furthermore, delivery was obviously easier if a central drop off point could be organised. The possibility of selling to a GAS (“gruppo di acquisto solidale”, “organic buying group”) has firstly been explored. PROBER technical staff had contacts with three local GAS (one located in Bologna and two “more rural embedded” Groups in Bazzano and Borgo Panigale), but unfortunately they discovered a very disorganised structure, without any collective purchasing organisations. However, there was also evidence of divergence between the PROBER and the GAS perspectives. A consumer belonging to GasBo, for example, explained that she has not ever been engaged in Mangiocarnebio, as their Gas is not oriented in the collective purchasing of beef.

Similarly, among some of the consumers belonging to another Gas there was a sense that the Mangiocarnebio would not provide sufficient promotion and communication to warrant their active participation:

“I did purchase through Mangiocarnebio, I was pretty satisfied...and I really enjoyed to talk with the guy who delivered the beef. But my wife was more diffident about the meat quality characteristics. Anyway I tried to convince other people to buy the beef, but without doing any pressures” (A Gas consumer, male, Bologna).

Until now PROBER did not succeed in creating a real and stable partnership for commercialising at local level organic meat. Finally, PROBER is actively looking for local shops and post offices as drop off points that can generate huge benefits by attracting additional

customs and may provide a more flexible way for collection. Also the possibility of selling through supermarkets is now explored.

Starting from 2006, several initiatives were taken by the association in order to promote broad awareness on the initiative. These included the launch of the website and promotion campaigns in regional newspapers. Then, the association board is taking part in food exhibitions and fairs on national and international level that contributes towards the promotion of the initiative (such as, SANA in Italy and BioFach in Germany).

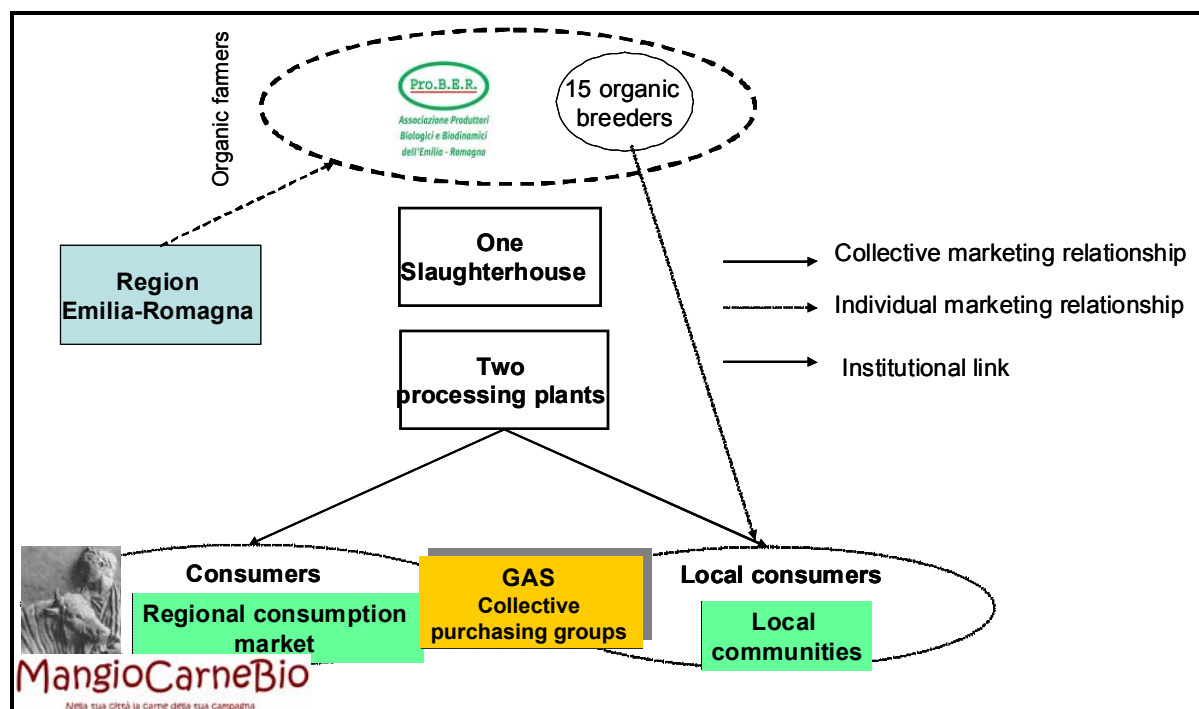
In 2006 PROBER launched a strong promotion campaign with articles in regional and national newspapers. Unfortunately, the feed back was very scarce.

2.4.3 Description of relevant external network and its development

Mangiacarnebio is a relatively young initiative, with the purpose to create a common marketing strategy for organic beef in the Bologna Mountains. The actors involved in PROBER association form the relevant network of Cofami. The success of the initiative is mainly due to the driving role played by PROBER leaders who have been able to gather a small group of farmers around a clear and common shared strategy: the challenge was to produce high quality organic beef and place it on the local market at a fair sale price.

During time, the association has always played a crucial role, as it is the only institutional subject managing the initiative. It is responsible for the selection of farmers and it started to look for new adhesions among local consumers. This initiative permitted to enlarge the network, but without changing the nature of the relation between the actors involved. Beef marketed under Mangiacarnebio comes from 15 associated organic beef farms and is now sold to local/regional consumers. All of the farmers who supply Mangioncarnebio are in individual and informal contact with the association.

Representation of Mangiacarnebio network



2.5 Contextual factors and driving forces

2.5.1 Description of the major influencing contextual factors

The weakness of the organic beef sector in Italy:

- Very fragmented supply (not coordinated on one side by only one contractual part). A consequence of the economic and political vulnerability of organic producers is that they have moved away from the consumption market becoming “simple suppliers of raw material”.
- The prevailing tendency among multiple retail chains to adopt their own private labels and product certifications is the main limiting/enabling factor for the access of the quality label set up by the organisation into the conventional circuits of the multiple retailers. Furthermore, there is a growing consensus of the fact that organic livestock marketing has been treated as an “odd” to conventional marketing (“conventionalisation of organic”, Guthman, 2004).
- At the consumer side: prices of organic products at retailer level are too high. Furthermore, concerns about “food miles” and the disconnection between production and consumption have turned into a growing demand for local food.

2.5.2 Limiting and enabling factors

The table below reports schematically the relevant limiting/enabling factors to the Mangiocarnebio case. These have been drawn from the analysis of the dynamics of this COFAMI and from the characterisation of the critical stages for its development.

Main descriptive data			
Specific factors	Relevance	Influence	In what specific way limiting/enabling
Proximity/remoteness to urban centre Relevance of urban influence Specific market opportunities Transport, infrastructural cost	HIGH	Enabling	+ Remoteness contributes towards innovative marketing strategies and reveals the challenge of introducing formal networks (outsider-driven) in embedded context. +++ Proximity to important urban centre like Bologna that have a relevant influence on demand of beef in the whole area
Natural conditions: synergies with other economic activities, appreciation of natural amenities potential for product quality differentiation	HIGH	Enabling	+ A strong differentiation strategy has been carried out based on organic methods of production in a less favored but beautiful mountain area - Few farmers are aware of the importance to focus on beef productions in order to achieve high level of quality. Most breeders still combine dairy and beef production, considering calves as by-products. +/- A small group of the members have developed rural tourism activities
Relative importance of agriculture for regional income and employment	HIGH	Enabling	+ The area is characterized by a large share of very small-scale farms

Density of farms with similar production structures Critical mass for joint activities	HIGH	Limiting/Enabling	+/- According to the main mission of the initiative, the local boundaries of the network should be maintained. +/- The tradition of extensive breeding system and on farm processing and selling of beef to local consumers is still quite common in this area. +/-To achieve more competitiveness, farmers are moving towards beef specialisation, while keeping extensive breeding systems
--------------------------------------------------------------------------------------------------	------	-------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

This table indicates that the factors related to the proximity to important urban centre that have a relevant influence on demand of organic beef are rather enabling this type of COFAMI, aiming at the marketing of the region. As matter of fact, despite it is the mountainous/remote region, its relatively closeness to urban markets (Bologna) and to important routes/motorways, has contributed to maintain the agriculture and, more specifically, the livestock sector still alive.

For some cattle breeders the main income is related to the production of organic milk which is processed by large processors and dairy co-operatives near Bologna (i.e. Granarolo) and the direct marketing to the consumer of fattened organic beef calves presents an important integration of income. The other cattle farmers are more specialised in traditional extensive breeding systems and sell their beef to local consumers is still quite common. There is a tendency, which is to expected, for farms engaged in local supply chains and supplying local markets to be more connected, even in informal ways.

Recently, the lack of a critical mass of organic beef demand through box-scheme appears to be a pivotal issue in the development of the initiative. It becomes a particular dilemma within a network where farmers are potentially competing for selling the beef. Therefore, in order to achieve more competitiveness, farmers are moving towards beef specialisation, while keeping extensive breeding systems.

Socio-political/institutional context			
Specific factors	Relevance	Influence	In what specific way limiting/enabling
Role of farmers' associations in rural policies/influence in policy processes	HIGH	Enabling	+++ Organic Producers' organisation plays a key role of consultations bodies and exerts a significant influence on the policy process
Attitude of farmers' associations/unions towards collective marketing: Relevance of historical experiences with/tradition of collective action and co-operation	HIGH	Limiting	-- Despite that in Emilia Romagna cooperation has a strong historical tradition, the field research leads to a different picture. In this specific region cooperation is more commonly based on long-established friendship and contract, whereas traditionally the attitude of farmers to formally cooperate has been very low.

The Organic Producers' organisation plays a key role of consultations bodies and exerts a significant influence on the policy process. Its activities focused mainly on promoting organics and lobbying local and regional authorities for improving consumer's awareness.

In a context characterized by a low attitude to cooperate (see above), the external support offered by PROBER has significantly affected the development of the initiative.

Institutional support to COFAMI			
Specific factors	Relevance	Influence	In what specific way limiting/enabling
Existence of formal regulatory framework for collective action: Legal possibilities/restrictions for collective action	HIGH	Enabling	+++ In Italy the legitimisation of direct collective marketing strategies is recognised within the National Law on the Reorientation and Modernisation of agriculture (228/2001) and benefits of tax reduction.
Rural public-private partnerships: Opportunities for widening relevant networks and relations with state agencies, new form of governance	HIGH	Limiting	--- No evidences of rural public-private partnerships
Institutional willingness to create protected spaces for new institutional arrangements: Openness/support for alternative approaches for institutionalising rural development and innovation	HIGH	Enabling	+ The Region government has foreseen in the RDP 2007-2013 financial aids to further develop local food supply chain.

In general, rural development policies have been strongly orientated to support small-medium size farms and to promote multifunctionality and sustainability. In this context, there is a rising interest in the re-localisation of the food production-consumption circuits, which is considered a new, important strategic constituent able to generate an innovative, sustainable and suitable development trajectory of the regional agri-food system and to create synergies with the other goals of government's policy on agriculture, food, biodiversity and environment. At national level, the legitimisation of direct collective marketing strategies is recognised within the National Law on the Reorientation and Modernisation of agriculture (228/2001) and benefits of tax reduction.

Socio-cultural context			
Specific factors	Relevance	Influence	In what specific way limiting/enabling
Culture and positive experience of cooperation: Farmers' trust in collective action/marketing co-operative tradition	HIGH	Limiting	-- In this area cooperation is more commonly based on long-established friendship and contract, whereas the attitude of farmers to formally cooperate has been very low.
Traditions of particular agricultural production: Existence of (farm-based) gastronomic and artisanal tradition/typical food qualities	LOW/MEDIUM	Limiting	-Traditionally farm management was based on combining dairy and beef productions. -/+ Tendency towards a higher specialization on beef production, privileging more the use of Limousine breed than the autochthonous breeds such as Romagnola.

Despite the fact that in Emilia Romagna cooperation has a strong historical tradition, the field research leads to a different picture. In this part of the Bologna mountain area, the attitude of

farmers to formally cooperate has always been very low. Cooperation has been always undertaken with controlled boundaries, as explained by another breeder:

“To a certain extent, we cooperate. But we don’t feel like being all together a big happy family. I mean, it would be nice to cooperate, but at the evening each one comes back to his own home” (A farmer, male, Monterenzio, Bo).

Traditionally farm management was based on combining dairy and beef productions. On the one hand, a strategy like this, based on farm diversification, is aimed at cost containment and the improved use of internal resources. On the other hands, farmers are increasing required to comply with the consumer demand. Farmers indicated that the consumers’ concerns with beef is related to its taste (not strong), colour (not dark) consistency (soft consistency) and fat content (low level); the strategy to be specialized on beef production (and on the use of Limousine bred) allows to achieve these eating quality” characteristics. However, this is a debated issue, especially among organic beef producers, and in some of the cases the answer to this critique is that consumers should be educated to a different concept of quality.

Economic and market context			
Specific factors	Relevance	Influence	In what specific way limiting/enabling
Consumers trends	HIGH	Enabling/Limiting	+++ Growing interest showed by citizens/consumers for organic and locally grown food. + It is interesting to notice that also the demand for organic but “not certified” food is increasing. --- The demand of organic beef selling through box-scheme is still very small.
Competition on relevant markets; number of actors, market share, competition with other market parties	LOW	Enabling	0 No competition. +++ A new collective strategy for organic marketing has been experimented, showing an high potential of scaling up, in terms of replication in many other rural contexts
Type of marketing strategies: Capacity to adequately respond to food chain dynamics and market changes (quality standards, quality differentiation, etc.)	HIGH	Enabling	+ The strategy followed by PROBER has been able to rapidly respond to the market change (box differentiation)
Ownership of actors on the market: Influence of COFAMIs members on marketing strategies, producers’ organisational and support mobilization capacity	HIGH	Limiting	- The leader position played by PROBER affects the sustainability of the initiative over time, as the initiative has not really improved the self-organisational capacity of the small-scale local breeders, and they have not increased their participation in decision making processes.
Relations between actors on the markets (strategic alliances, hybrid forms): Strategic alliances with chain partners and/or territorial marketing partnerships (long-term supply contracts, standards, etc.)	HIGH	Enabling/limiting	+ The success of the initiative has to been found in the formalisation of a new organisational model for direct marketing of organic products.

The growing interest showed by citizens/consumers for organic and locally grown food has been very enabling in the early stage. As already stressed, farmers are much more focused on enhancement of the quality beef level, by using specialized breeds, more rational farming systems while keeping extensive breeding systems.

The strategy followed by PROBER has been able to rapidly respond to the market change. For example, at the beginning, the beef was available in 20 kg boxes and a box contained a selection of steaks, diced, stir fry, minced meat etc. Then, they changed the size and the content of their boxes, giving to consumers the change to choose between 3 different kinds of box according to their specific needs. Further, the same logo will be further developed by involving others productive systems (extensive pig grazing, olive oil, cheese etc. etc.).

To sum up, a new collective strategy for organic marketing has been experimented, showing a high potential of scaling up, in terms of replication in many other contexts, and as such it represents a feasible option for countering the loss of farmers' bargaining power, that have occurred in recent years.

Learning context			
Specific factors	Relevance	Influence	In what specific way limiting/enabling
Existence/absence of relations with local or regional actors to develop learning initiative	HIGH	Enabling	+++ A good learning context orientated towards enhancing farming management

In this case, external intervention has been based on a proactive model of extension service and on creating relations of trust with and among farmers. Further, a member of Mangiocarnebio stressed the importance of creating an occasion to learn and discuss the day-to-day experiences or seek information in relation to market issues.

2.6 Status of resource assets and capital building

As the indicators of resource assets are concerned, "Relevance" indicates if specific capital was relevant for the development of the COFAMI, "Status" indicates if and to what extent it was available to mobilise and "Dynamics" indicates if this capital changed during time.

Financial capital (Relevance +++, Status +, Dynamics+):

As already stressed, Mangiocarnebio was set up in response to the difficult economic situation of the organic livestock sector in the area.

The foundation of Mangiocarnebio was possible thanks to the funding of the PROBER association. Farmers pay an annual subscription, in accordance with the farm size and technical services assistance.

One of key actions implemented through Mangiocarnebio to date has been the guarantee of a premium price to organic farmers, which is the most competitive compared to other market outlets³. The price that the association is paying to the farmers is about 5-5,50 €/kg, which

³ Of interest is that 72% of the finale price is retained by the farmers, 5% is related to the costs of logistics 8% for administration, 4% to the slaughterhouses and 11% for meat cutting activities. Premium price (+): a significant

corresponds to more than 30% than conventional beef. Furthermore, some costs related to production and marketing (logistics, supplies, advertising) are reduced and paid by the association.

It is apparent, however, from the case-study findings that, income disparities are emerging. Some breeders, for example, explained that Mangiacarnebio would not provide sufficient financial benefits to sustain their businesses. Instead, Mangiacarnebio still represents only a very marginal part of farm income. They also criticised it for the lack of regularity in the supply. In this way, they said that they are obliged to keep the cattle unsold until when they have found new buyers, getting very low prices as the cattle is already over size. Similarly, another farmer complained about the efforts they have face to comply with the requirements of PROBER, in terms of weight and age of the cattle:

“PROBER requires an average weigh of 550 kg; reaching this weight requires a lot of efforts. I’m not saying that I wouldn’t try to do it, as they (PROBER) provide a good incentive for us. But I think that if they (PROBER) were going to ensure a more stable market for my beef, it would be better for me!”

Despite the criticism, PROBER prefers to buy regularly cattle heads from those farmers who are able to guarantee for high quality produces.

Physical capital (Relevance: + , Status: 0, Dynamics: 0)

The relevance of physical capital mobilized through Mangiacarnebio is rather difficult to estimate. The challenge of Mangiacarnebio has been mainly related to further reduce distance between production and consumption, by providing well-developed consumers linkage (the web-site and the logistic planning).

Further, like in many other remote areas, processors plants which are in compliance with the EU hygienic requirements are very few (is not easy) and very dispersed. Hence one of its key actions to date has been the engagement of a slaughterhouse and two meat cutting plants located in the area.

Surprisingly, many farmers who reject the idea to develop some kind of tourist activities. A farmer said that:

“There are people who are breeders, and those people who aren’t. And there are too many farmers trying to be touristic operators. Instead my job is to be a breeder, and I’m not interested, neither time, to do something else”.

Natural capital (Relevance: +++, Status: +++, Dynamics: ++)

Promoting sustainable production and land use practices is the clear goal of Mangiacarnebio. All farmers involved in the project come from a deep commitment to environmental sustainability of agriculture production. Livestock farming is based on the use of natural grasslands: the cattle

premium price to breeders is granted by the initiatives. The prices that the association pays to farmers is about 5-6 €/kg (over 30% more that the conventional beef). This means that the valued added retained by farmers corresponds around the 72% of the final prices.

is raised on upland pastures from spring to autumn, the calves are weaned at 6 to 8 months and are slaughtered at 18 to 20 months of age.

It is worthwhile to note the large variety of bovine breeds, including Limousine, Bruna Alpina, Friesian Holstein, Simmental and crossbreeds, Romagnola, Bruna Padana and Chianina (the last ones are autochthonous breeds). However, there was also evidence, during the few last years of a progressive substitution with Limousine breed, mainly driven by the growing demand for high quality beef.

Human capital (Relevance: ++, Status: -, Dynamics: +)

PROBER has always put a strong emphasis on transferring knowledge on organic methods, providing a very good level of extension services.

However, most of the farmer members have no particular skills in processing and marketing their produces, as over time, they have mainly focused on improving the agronomic techniques and breeding methods. In addition, many farmers are often not skilled in working with computers and internet. There is greater value for such farmers to join the Mangiocarnebio network, as it provides all the logistic and marketing instruments as an interface with the market. Currently, many farmers are glad to delegate to PROBER marketing tasks as they want to focus more and more attention to their farming activities. Where farmers already have established well-developed marketing channels, this may equally be an incentive to participate in the initiative.

Social capital (Relevance: +++, Status: -, Dynamics: 0)

Bonding capital

As it has been stated above, the attitude of farmers to formally cooperate has always been rather low in this area.

Even incorporating the potential for collective action, a social structure still lacking “horizontal” ways of integration and coordination between producers are rare. Asked which kinds of connectivity is established among members, a farmer explained:

“I know some other farmers who are involved in Mangiocarnebio, but only because they were already friends of mine...even before that...I have never met the others” (A farmer, male, Loiano). Despite the shared experiences of organic farming, several farmers described only little contacts with other farmers involved in the initiative, and even, they do not know each other.

In a context like this, it is evident that the precondition for the development of Mangiocarnebio project has been the existence of “institutional initiators” - the PROBER staff - and a pressing collective problem to solve - valorizing organic beef-. The top down political intervention in facilitating the formation of business network has the risk to create a lack of internal cohesion among the participants to the initiative. The potential of previous and informal social structures may easily be overstretched.

Bridging capital

Farmers belonging to this area seem to be very helpful in supporting local food initiatives. One interesting example is represented by “The route of the bread”: from the spontaneous initiative

of ten organic producers, a parallel network was established in some Municipalities specifically oriented at creating a local wheat chain, and involving the local backers, under a common label.

Another example is the emergence of popularity of farmers' field school (*fattorie didattiche*). A young breeder, involved in these kinds of activities, explained how much effort and time is required to host children in the farm.

More in general, it is evident that an increasing social bridging capital between local producers and local consumers has occurred, as farmers are much more aware to comply with the consumer demand.

2.7 Impact assessment

It is difficult to give a precise assessment of the impacts of Mangiocarnebio initiative, as it is a relatively young initiative, established with the purpose to create a common marketing strategy for organic beef in the Bologna mountains.

Economic performance (+)

The first and the most important impact is that farmers can receive a price premium. The economic impact also relates to the reduction of transaction costs of small/micro size farms. This was particularly true for those members who better than others could establish durable marketing relations and programmed sales. Further, several farmers perceived as good the feedback from the web-site:

“Consumers started to call me. They are interested in buying directly beef from my farms”

“Once, I received a phone from a person who saw our face in the web-site. She was very interesting in visiting our farm...but we couldn't arrange the visit. You know... time is valuable for us...”

However, all actors involved in the project recognize that although the box scheme is useful for the marketing of organic beef, there is a need to increase beef demand and therefore other sites of consumption nearby have to be found. By increasing the market it is possible, to some extent, to ensure more stable marketing relations and programmed sales to all farmer members.

This experience cannot be repeated at a very large scale, but it can be replicated in many other contexts.

Social- cultural performance (0)

The challenge of Mangiocarnebio also relates to the social differentiation of actors involved. Direct selling is mainly oriented towards citizens, rather than local consumers. There may be great value for such consumers to join a network in order to establish contacts and support a local rural community.

Environmental performance (+)

The principles and the ideas of Mangiocarnebio should be leading the development of a sustainable food system that is ecologically responsible. This has required a more strict selection of the farmers admitted to the certified supply chain.

Further, as the delivery system is more efficient, it can also minimize food miles. There is a clear reduction of food miles. Food miles have been estimated as around 300 km/cattle head

Educational performances (+)

Generally speaking, the PROBER technical staff provides to its members technical support and extension services for the implementation of product certification schemes and traceability systems. All of the farmers I met showed their enthusiasm towards the initiative, and they reveal that the PROBER technical staff has significantly supported the improvement of agronomic techniques and breeding methods, according to organic criteria.

Further, as most of the farmers had no particular skill in processing and marketing their produces, or neither in working with computers and internet, the PROBER technical staff has been able to providing all the logistic and marketing instruments.

Political performance (+)

PROBER plays a key role on promoting organics and lobbying local and regional authorities for the improvement of consumers' awareness.

Several farmers highlighted the importance in providing a collective voice for their interests:

“I saw Mangiocarnebio as a good way of bringing the businesses together in order to promote this remote area. To me it should further improve the advertising about consuming local beef in the newspaper, or better in the local manifestation”.

2.8 Some conclusive remarks

The experience of Mangiocarnebio reveals some critical issues.

A central innovative issue in this case study has been the setting up of a new organisational form for organic marketing. This case study shows an high potential of scaling up, but in terms of replication in many other contexts, and as such it represents a feasible option for countering the loss of farmers' bargaining power, that have occurred in recent years.

Looking at the contextual factors that might enable the collective action in this particular local context, it clearly emerge that the precondition for collective action appears to be the existence of an institutional initiator and a pressing collective problem to solve. Up to now, Mangiocarnebio, however, only sporadically has functioned as a platform for collective action of the direct participants. For several members selling through Mangiocarnebio still represents only a marginal part of farm income. Surprising is how a relatively small number of farmers had been involved in the collective branding and marketing. They are more focused on the production and do not have time to build up the skills to be involved in a collective marketing strategy.

However, an increasing social bridging capital between local producers and local consumers has occurred. As the market of organic beef selling through box-scheme is still too small, members are increasing required to gain reputation among consumers and fulfil the requirements of the market of high “eating quality” beef.

In moving beyond temporary networks built on a single common purpose towards more sustained forms of cooperation, collective initiatives face the lack of farmers' participation in

decision making processes. The Mangiocarnebio case study highlights that the intervention by external agencies (in this case, PROBER organic association) have to work in facilitating and supporting local business networks, which, if ignored, may also jeopardise the latent social structures for future collective actions. The external intervention is also likely to heighten the belief that members should receive much more individual benefits, leading to a marginalization of collective objectives.

This poses an ongoing challenge for developing self-organizational capacity of the small-scale local breeders and increasing their sharing strategic visions.

3. Satellite case to Mangiocarneblio: The Waterland beef case

3.1 Introduction

3.1.1 Question to be covered in the satellite case

A central innovative issue in the 2nd Italian case study, Mangiocarneblio, has been the setting up of a new organisational form for organic marketing, based on a box delivering system managed collectively. The project “Waterland beef” promoted by a group of Dutch breeders shows many similarities with the Mangiocarneblio initiative. Both represent an effort to organise members’ production under a private trademark to be used for collective marketing. The common aim is the development of new market channels capable to grant farmers higher prices and a higher added value.

The two initiatives are typical examples of COFAMIs involving small-scale farms which have been started up by institutional initiators (PROBER and WLC). Furthermore, they show a high potential for scaling up, either in terms of replication in other contexts or in terms of number of farms, and represent a feasible option for countering the loss of farmers’ bargaining power and for valorising extensive farming systems in less favoured areas.

However, actually the demand generated by the two COFAMIs is still very small. New ways to stimulate growth of respective market segments are needed to allow the initiatives to function as a stable platform for collective action of the farmer participants. How to upscale and professionalise direct selling when the latter is managed by organised groups of small-scale farms is the central question emerging from both case studies. The following questions refer to the possibilities for the actual development of these type of projects:

- Which are the conditions for the success of this kind of initiatives? How can the effectiveness of marketing strategies based on short market circuit be improved, increasing the sale volumes?
- How can the self-organisational capacity of the local farms be enhanced, as the marketing approach chosen by these COFAMIs requires new skills, entrepreneurship and attitude to cooperate and to take risks?

Success can be measured by the share (and its growth) of direct sales through the collective marketing activity compared to sales through “conventional” and individual channels, which are not able to assure a higher price.

Due to the similarities existing with “Mangiocarneblio”, the satellite case “Waterland beef” helps to reflect on the results of the main case and adds to its interpretation by giving complementing evidence.

Both case studies highlight that intervention by an external organisation or a few individual initiative undertaking pioneers has been fundamental for gathering the small group of farmers round a common project. Their leader role is still important for the management and the development of the collective business. This poses an ongoing challenge for developing the self-

organizational capacity of small-scale local farms and for the sustainability of the initiative over time, in particular when the stimulative role of the pioneers is declining.

3.1.2 Material used

Findings of this report are the results of a research carried out by Eugène Grave in July 2007 (Grave 2007). Her study aims to analyse the use of origin labelling for beef products through the case of the collective brand “Waterland beef”, that has been established by a group of Dutch beef farmers located in the small region of Waterland, in the Province of North Holland.

Most of the informations related to the case study have been gathered by interviewing farmers who participate to the initiative and external stakeholders involved in the project at different level. Even if the goal of this specific research is different from that of the main case study, the methodology used is very similar and many evidence reported in the study allows to highlight those factors which limit the upscale of the initiative, which is the focus of our attention in this satellite case.

3.2 General description of the case

“Waterland beef” initiative is driven by a cooperative of 31 farmers situated in Waterland, nearby Amsterdam. The cooperative has registered the trademark with the aim to identify beef produced by the members in compliance with a specific Code of Practice. Beef retailed under the collective brand is sold locally mainly through one butcher. Waterland is a protected landscape area characterised by small pasture plots intersected by a myriad of small channels.

Both beef farmers in Waterland and those participating in Mangiocarnebìo project (mountainous rural area of the province of Bologna, North of Italy) have been pushed to join respective initiatives by the expectation to get better prices through the valorisation of their product. In both areas natural constraints and limitations inherent to landscape preservation decrease productivity and threatens profitability, but may offer at the same time opportunities for marketing strategies based on differentiation and sustainable and traditional production practices. Looking at the characteristics of this COFAMI and at its development in time many similarities with the main case may be detected.

Localisation in a less favoured area: The area of production is characterized by its geography and its high environmental and cultural values (Waterland). Since the early Middle Ages the peat lands, that are typical of this area, have been cleared by human activity by means of watercourses, banks and dikes in order to contain water flows and to protect the pastures from the sea. Still today the lowest soils are often accessible only by boat and they can be completely flooded during winter. Despite those disadvantages, agriculture has continued, running the same extensive breeding activities as before. Part of the land is owned by foundations of nature and landscape protection that rent it to the farmers, who are engaged in nature protection schemes. Farming activity in this area has to comply with strict rules for nature protection.

Initiative promoted by institutional initiators: As in the case of Mangiocarnebìo, the precondition for collective action was the existence of an institutional initiator and a pressing collective problem to solve, as local farmers had the same difficulties in finding remunerative outlets for the beef they produced. The Waterland beef initiative has been financed by national funds provided by the WCL programs (valuable cultural landscape), which have been

established by national authorities in order to improve working conditions in rural areas, to diversify activities on farms and to promote sustainable farming through nature and landscape management. The WCL project helped to create the foundation for the development of regional products in Waterland (OSPW: Stichting Ontwikkeling Streekeigen Producten Waterland). At the beginning few employees of this regional foundation worked at the project, taking contact with local farmers and exploiting all formalities to set up a controlled supply chain for the marketing of the nature friendly lamb and beef produced in the area. In 1997 the “Waterland keurmerk” was registered as a private trademark by the OSPW, and in the subsequent year the OSWP was transformed in the Waterland Cooperative. Still today, the cooperative organises the production, improves and controls the code of practice, selects each week the cattle for slaughtering and negotiates the prices with the customers. The board is composed of five farmers who are also members of the cooperative.

Product differentiation based on geographical indication not officially certified: The brand “Waterland Keurmerk” has been registered by the cooperative as a private trademark. This means that - in theory - the cooperative can not prevent anybody to use the geographical indication “Waterland” for its own brand associated with a beef product. For this reason, the legal basis for the protection of the generic name “Waterland” is rather weak. Nevertheless, the use of a simple private trademark instead of a collective trademark like a PDO or an organic certification (as in the case of Mangiocarnebìo) allows the producers to have more flexibility as the control system and the compliance with the Code of Practice are concerned. The latter can be changed easily and without any costs for registration, adapting the rules of production to the needs of producers. Controls over production are run by the cooperative itself, due the fact that the use of a private trademark does not require a certification by an independent third body.

The Code of practice is mainly related to cattle feeding (use of homegrown grass and hay), the grazing period for cows and calves (at least five months during the year), the allowed cattle breed and the type of stables (deep liter stable). The area of production is unclearly delimited, being not really homogeneous and larger than the current region of Waterland. The actual criterion for delimiting the area is the presence of peat soils. As the initiative was set up within the WCL project, the code of practice prescribes that part of the farm land must be within the nature protection schemes and farmers are required to become member of local nature protection foundations.

Different specializations and attitude to invest in the initiatives of participating farmers: Farmers participating in the project present different degrees of specialization and diversification. Some run other non-agricultural activities next to livestock farming. Only a few farmers are specialised beef farms and almost all combines different enterprises (sheep and lamb breeding; care-farming, agro-tourism; liveries for horses and activities linked to horse riding). Cattle sales through the Waterland beef circuit are not the only source of income and only for a few of them it presents the major part of the income.

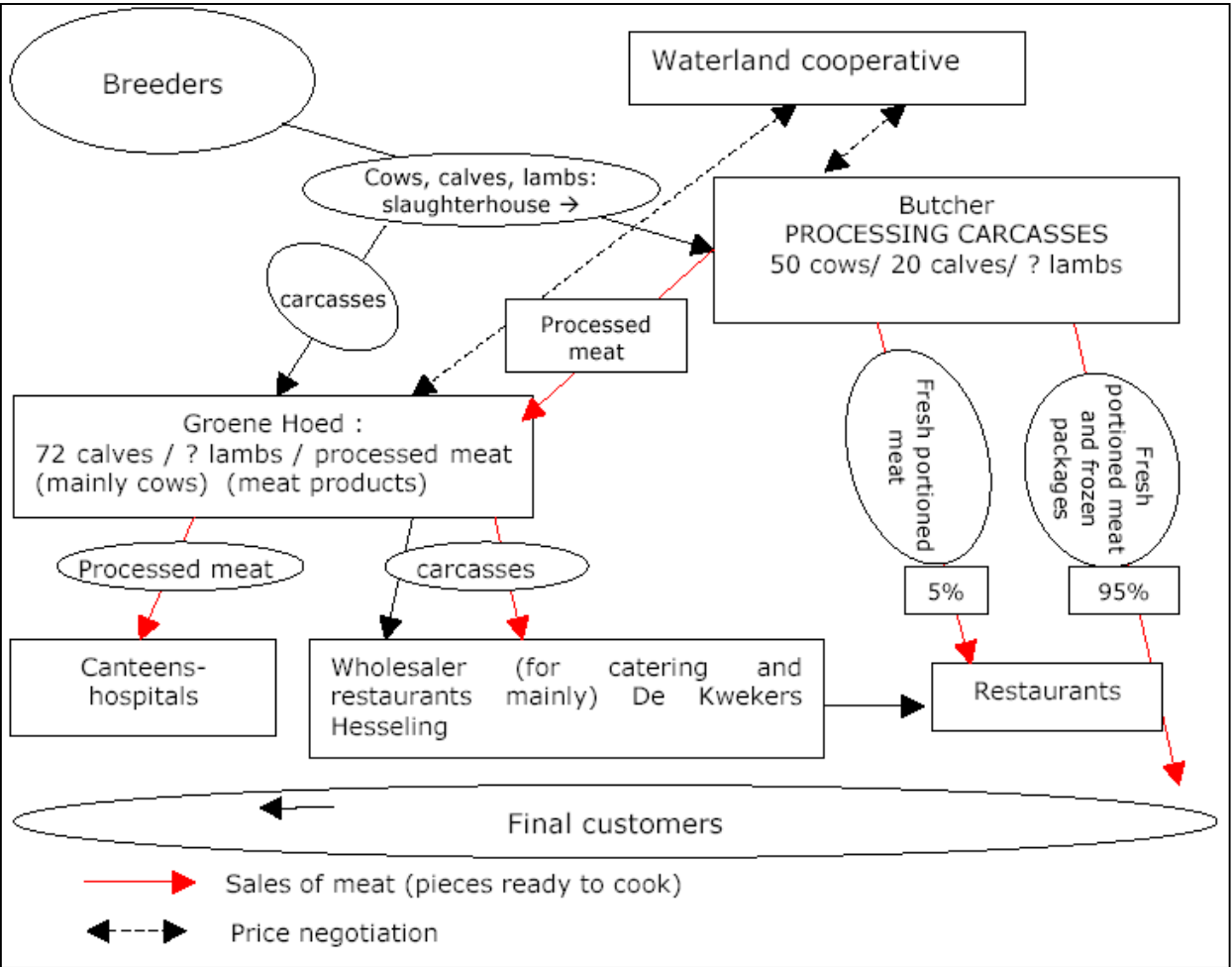
The cattle breed used under the collective mark is a crucial factor affecting the possibilities to actually differentiate the product. Despite an autochthonous Dutch breed is commonly recognized as the most suitable for this purpose, more specialised beef breeds have been chosen and listed in the code of practice (i.e. Blonde d’Acquaitaine). The decision was largely influenced by the main customer of the cooperative and by the low availability of calves of

autochtonous breed. Still today some farmers use other breeds than Blonde d’Acquaine, mainly because they are used to raise these cattle breeds. Differences in farm specialization are causing different propensity to invest in adaptation of the production practices aiming at an increase of the image and reputation of the product.

3.3 Analysis of specific results

Until now the Waterland cooperative has licensed the use of the label to only one butcher, who in addition uses his own brand “Waterlant’s Weelde”. Most of the beef marketed through the cooperative has been sold to this trader who develops sales in his butcheries and by a webshop where consumers from the area can order and be delivered every week. Other customers are restaurants and wholesalers, but the whole supply chain is still focused on this single trader and until now the efforts to develop a network among other small retailers have failed. The limited market is the crucial issue that does not permit to upscale the initiative, obtaining a deeper involvement of the participating farmers. Since a few years the cooperative also works with *Groene Hoed*, a regional organization which manages and promotes the sale of regional products for the farmers of North Holland, but the volumes of meat product labelled “Waterland Keurmerk” are still low compared to the expectations at the beginning.

Waterland beef: sales organization.



Source: E.Grave; July 2007

When the brand was registered (1997), the objective was to sell at least 5 cows per week and from 3,000 to 4,000 lambs per year. Today the result is an average of 1 cow and about two lambs sold per week. Due to these low volumes, not all farms supply animals through the cooperative every year. Some of them provide only cows or only calves, and many not more than two animals per year.

Once a year the cooperative negotiates and fixes the prices with the licensed butcher and Groene Hoed. Animals delivered are directly paid to the farmers with an average premium of 0,50 cents/kg of carcass weight compared to the market price. Farmers have to give back a fixed contribution to the cooperative of 0,10 cents/kg.

3.4 Conclusions for a comparative analysis with the main case

The problem of increasing the sales within the Waterland beef circuit reveals some hidden problems which emerges also from the analysis of Mangiocarnebio case study. In both cases the adopted differentiation strategies have not produced the expected results as they have not been supported by effective marketing and promotional activities.

The dynamics of its development seem very similar. The intervention of institutional initiator has been fundamental for the start up of the project but its development is affected by a lack of entrepreneurship and perspectives among the involved producers.

A particularity of the Waterland beef circuit, with respect to Mangiocarnebio, is that the former is strictly focused on only one retailer who is the only actor having direct contact with final consumers. Being the only licence-holder, he covers *de facto* a dominant position within the supply chain. However this position has been the result of the inability to develop contact with other potential customers.

Many farmers participating to the Waterland beef initiative blame the cooperative for its passive marketing approach. Of course, new opportunities cannot be found if no one looks for them. Board members complain the lack of resources to engage marketing experts in order to increase the possibilities for establish new market channels. More in general the basic problem in such situations seems to find leaders who were able to motivate the group and to mobilize competences and internal resources to the benefit of the project

As in the case of Mangiocarnebio, a limiting factor is the heterogeneity of farms participating to the initiative in terms of size; specialization and diversification of their activity. Among the members of the Waterland Cooperative there are a lot of hobby-breeders, who run livestock farm as a second or third activity, and other specialised farmers who have developed their own commercial networks. The heterogeneity of the farms may imply a different degree of expectations of the single farmers that affects the cohesion of the group. In this case the risk is the fostering of a sort of vicious circuit: if the sales volumes do not increase, farmers' involvement in the initiative and their willingness to invest or to risk gets even weaker.

Many experiences demonstrate that a precondition of success is the high specificity of the product that must be perceived and clearly visible to the consumers. For newly invented local quality products a crucial issue is to capture the attention and to enforce the image among consumers, since they do not rely on an already established tradition or reputation. This requires a lot of investment of the farmers in order to adopt those productive practices that grant a high

homogeneous quality standard. A weak cohesion, a lack of skills in planning and the heterogeneity of interests of farmers may create serious difficulties to the enforcement of product specificity and quality standardization. Furthermore, product certification or the indication of the origin may not be enough if they are not support by promotional activities.

4. 2nd satellite case study: Parmigiano-Reggiano cheese

4.1 Introduction

4.1.1 Leading questions related to the case study

The Parmigiano-Reggiano cheese production system is an outstanding example of a mature collective marketing initiative focused on the valorisation of a high quality cheese based on deep rooted artisanal skills in cheese making and on the preservation of strong links between the local natural conditions and the final product quality. A collectively approved strict product specification defines the boundaries and the space of manoeuvre within which the actors of the chains can move and apply their production techniques. The long history of this PDO product makes it an interesting case for comparison with other COFAMIs which are driven by similar marketing strategies.

The present analysis is primarily focused on two leading questions:

- how does a changing context influence the long-term continuity of a territorial production system?
- to which extent do farmers exert a control over the food supply chain?

4.1.2 Material used

The main findings of this report are the results of ongoing and previous research carried out by CRPA in collaboration with the Consortium of Parmigiano-Reggiano cheese. In particular data referring to the structure of P-R supply chain derives from the market monitoring service which is managed by CRPA since 2004 on behalf of the Consortium of P-R (www.crupa.it/sipr) The evaluation of the role of cooperation within the production system of the Parmigiano-Reggiano cheese has been the theme of a specific survey carried out in 2005 based on the results of 300 interviews to local farmers.

Before entering into the details of the dynamics of the production system a short description will be given of the structure of the supply chain

4.2 General description of the case

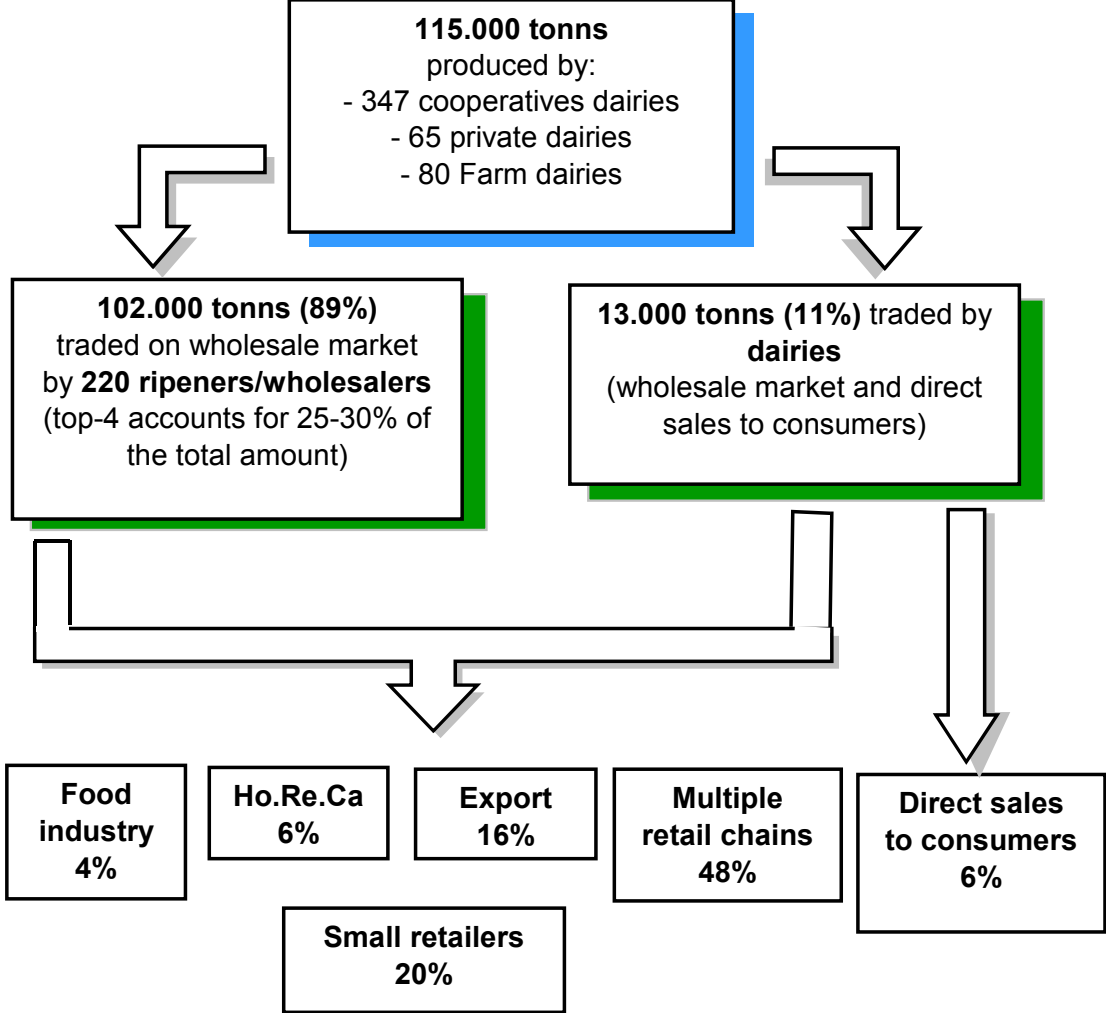
4.2.1 The supply chain of Parmigiano-Reggiano cheese.

Parmigiano-Reggiano cheese is produced within its officially recognized PDO area of production which in the north of Italy include the Province of Parma, Reggio Emilia, Modena and a small part of the Provinces of Bologna and Mantua. Although being a high quality PDO product which in general makes reference to a niche market product, P-R production (110.000 tons) represents more than 10% of Italian cheese production and around 17% of the milk processed in Italy. As the PDO cheese market is concerned, it accounts for 1/4 of the total origin labelled production and 40% of the total turnover of all PDOs cheeses in Italy.

Milk for P-R is produced by 4.870 dairy farms located in the area raising a cattle herd of 370 thousands heads and in 445 cheese dairies, where the P-R cheese production takes place. Most of the farms join cooperatives cheese dairies that collect and process the milk delivered by the members. This way of production organization started to appear between the end of 19th century

and the beginning of the 20th and, going through later modification, came to be a characteristic feature of the production system. Cooperative initiatives were promoted by farmers to defend their bargaining position against cheese making businesses, who were responsible for finding sales outlets for the finished P-R.

Graph 1. – Parmigiano-Reggiano supply chain: actors involved and market flow



During years, the continuous growth of production raised problems for the organisation of the ripening phase, and a progressive split occurred between processing and maturing activities, due to the increasing amount of capital investment needed for ripening cheese over a period of two years.

Still today only a minority of cheese dairies is prepared to run the risk involved in cheese ripening through the full 18-24 months of its maturing period. Around 89% of the production is sold by dairies when the product is 10-12 months aged and it is not ready for being placed on consumption market.

Purchasers are firms specialised in ripening and packaging activity who assume the technical and economic risk of the maturing process. They are also wholesalers who trade the finished product on the wholesale market. A common feature to them all is that they do not only trade P-

R cheese but both hard cheese Parmigiano-Reggiano and Grana Padano and many other type of cheeses.

Only 11% of the production is ripened by the cheese dairies and marketed through shorter market channels. In particular:

- Around 5% is traded to small and multiple retailers or, in some case, exported on foreign markets

Purchasers within large-scale distribution generally buy to a limited extent directly from the cheese dairies, as they are not able to deliver large quantities and to provide for additional service such as packaging. Distance between area of production and the sale points is an enabling factor to expand direct sale to small retailers. Among traditional retailers, especially if located far from the area of production, trade supply by wholesalers remains important.

- Around 6% is sold by dairies directly to consumers in stores usually located beside the cheese dairy

Possibilities of increasing the share of direct sales are limited by the relatively small size of the area of production compared to the whole P-R market. Moreover, cheese dairies have not capital and human resources for developing short market channels far from the area where they are located (i.e. opening new stores in different cities). The share of direct sales is strongly influenced by the proximity of the cheese dairies to urban centres, mainroads or tourist centres.

4.2.2 Market characterisation.

- The relevant market for Parmigiano-Reggiano is the market of “grana” (hard) cheese, which is mainly used grated as ingredient of different recipes. Its main competitor is Grana Padano, a lower priced PDO cheese whose characteristics are similar.
- National market of hard cheese is mature, with a limited yearly growth rate. In this context, the main advantage for competitors (Grana Padano, and other hard cheese) is the lower price and the lack of knowledge by consumers about the differences existing between the products. Exports could give further opportunities to expand the market, but they are constrained by the increasing competition of similar cheeses and counterfeit products on foreign markets.
- Within the large market channels, marketing strategies based on product differentiation; promotional sales and pricing policy are completely out of the farmers’ control. Private labels are detained by maturing/wholesalers firms which in most cases act independently with respect to cheese dairies.
- P-R is sold in super and hypermarket (50%of the total production) under different private labels and at very large range of price. Differences concerning quality are not always so clearly mentioned in the packaging. This is due to the fact that maturing and packaging firms cannot be compelled by the Consortium to adopt additional selection brands, corresponding to the different ripening periods.
- During price crises due to over production, big multiple retailers enhance promotional sales based on discounted prices, increasing the lack of awareness concerning the “real” value of the higher quality cheese.

Its long-term continuity is threatened by the periodical market crisis which in the recent past has driven the structural changes of the supply chain. The weak capacity to prevent price crisis is due to the lack of a governance of supply, which is extremely rigid because of the strict specialization of the producers and the long maturing period required before placing the products on the final consumers' market (two years)

Most of cheese dairies still sell the product to ripeners and wholesalers when the cheese is 1 year aged and it is not yet ready for consumption. This entails inability by producers to rapidly react to the changes of demand and creates the conditions for the cyclical falls of prices.

During the last decades several market crises gave more strength to the concentration process which is involving cheese dairies. The great increase of the average size of cheese plants has been promoted by the need of reaching more efficient operative sizes. On the other hand, process innovations aimed at reducing processing costs and making supply more flexible, are limited by the strict PDO product specification, which is rooted in an ancient tradition and which make the Parmigiano-Reggiano cheese a distinctive product, commonly recognized as top-quality hard cheese.

Concerning the possible solutions to market stability, still today producers and local policy makers are debating about the suitable institutional tools for improving vertical coordination between the actors of the supply chain and for enforcing producers' marketing capabilities countervailing the contractual power of big retailers and wholesalers.

Second degree cooperatives (aggregating cooperative cheese dairies) have been created in order to control all the stages of the supply chain, going from milk production down to the long maturing period (two years in average). Their counterparts are mainly multiple retail chains who control large part of the final market. In the past some of these initiative failed because of difficulties to cope with the risk involved in this activity and a lack of managerial quality. Actually an important one is still operating controlling about 20% of the market.

The Consortium of Parmigiano-Reggiano cheese, whose task is to promote the collective brand and surveil on its correct use, has no marketing functions in selling the product. This means that-according with its legal status - it cannot place products on the market neither by means of a delegation to sell on behalf of the members, nor through the promotion of collective agreements with wholesalers and retailers. This is a limiting factor for the promotions of initiatives arising from the bottom aimed at assuring a more equal distribution of risk among the actors of the supply chain.

Looking at the structural development of the production system in the last decade, some evidences may be detected proving the difficulties of the cooperative enterprises in adapting to the market changes. In particular, cooperative cheese dairies have lost important production shares in favour of private dairies, due to the fact that farmers may find it more convenient and less risky to deliver milk to private producers. In other words, participating to a cooperative enterprise may not always offer financial advantages for the farmers if the cooperative cheese dairy has not the resources and capabilities to offer a better price than private dairies.

This phenomena may affect in the long period the social and economic cohesion within the productive system as in cooperative dairies farmers are not merely milk suppliers but they are directly involved in the management of the cooperative.

4.3 Analysis of specific results

4.3.1 Structural change of cheese dairies

For decades cooperatives have been the fundamental organisational structure on which the production of Parmigiano-Reggiano is based. Cooperative cheese dairies historically had permitted to reach a greater scale of production compared to single farm dairies. The main problem for cooperatives today is the low availability of capitals and adequate capacities in order to manage the ripening process and the sales of finished product. Excluding the case of a big consortium that ripens and directly trades around 20% of the production - supply is still quite fragmented among a relatively great number of producers.

The trends present inside the P-R production chain are determining progressive erosion of the production share of cooperative dairies on the total output of Parmigiano-Reggiano cheese and an increase in private dairy production.

The overall number of dairies in the last twelve years has diminished by 33% passing from 733 in 1993 to 492 in 2005. The concentration rate of cheese dairies over this period of time, expressed by the closing down of dairies or their merging into existing units, has been at least 20 dairies/year. This decrease has affected both dairies in the plains and those in the mountains, but the most remarkable concentration has involved cooperative dairies, the number of which diminished to 347 units in 2005 with respect to the 606 that existed twelve years before.

Distribution of P-R dairies per type (1993 – 2005)

	1993		1998		2005		Var. % 2005/1993
	n.	%	n.	%	n.	%	
Coop. dairies	606	82,7	491	80,2	347	70,5	-42,7
Privately owned dairies	92	12,6	78	12,7	65	13,2	-29,3
Farm dairies	35	4,8	43	7,0	80	16,3	128,6
Total	733	100,0	612	100,0	492	100,0	-32,9

Source: CFPR data processed by CRPA

The decrease of privately owned dairies from 92 to 65 units has been lower (-29%), whereas the strong development of farm dairies represents one of the new elements in the production chain's recent evolution. On-farm dairies have more than doubled.

The increase of farm dairies has led the overall number of private dairies to account for more than one third of the total number of dairies in the area of production, whereas the share of cooperative dairies has diminished from 83% to 70%.

Average size of dairies per type (q. of milk processed)

	1993	1998	2005
Coop. dairies	19.336	26.560	37.130
Privately owned dairies	15.279	27.530	45.508
Farm dairies	8.936	12.182	17.575
Total	18.330	25.673	35.057

Source: CFPR data processed by CRPA

The dairy sector evolution has also changed the distribution of the market shares because of the considerable increase of milk delivered to private dairies. These results came about because of

the increased number of farm dairies and the larger size of privately owned dairies with respect to the past. It is worth noticing that the volume of milk processed on average in farm dairies has more than doubled, even if it still remains considerably lower with respect to the other operators.

Following a constantly growing trend, the overall volume of milk delivered to privately owned dairies has therefore increased from 170,000 tons in 1993 to approximately 436,000 tons in 2005, with a 150% increase. In the last five years, the milk delivered to privately owned dairies and the volumes of milk processed directly on the farms witnessed a yearly increase of over 11%. Instead, the amount of milk delivered to cooperative dairies, after a period characterised by a slow increase, stabilised around 1.3 million tons from 1998 onwards.

Distribution of production per dairy type (1993 – 2005)

	1993		1998		2005		Var. % 2005/1993
	.000 q	%	.000 q	%	.000 q	%	
Coop. dairies	11.718	87,2	13.041	83,0	12.884	74,7	10,0
Privately owned dairies	1.406	10,5	2.147	13,7	2.958	17,2	110,4
Farm dairies	313	2,3	524	3,3	1.406	8,2	349,2
Total	14.436	100,0	15.712	100,0	17.249	100,0	28,4

Source: CFPR data processed by CRPA

The milk processed by cooperative dairies in the early 90s accounted for 87% of the total destined to the production of Parmigiano-Reggiano cheese. In 1998 this value had decreased to 83% and in 2005 to 75%. Symmetrically, the system of privately owned dairies has reached around 25% of the milk produced in the production area, starting from a share that only ten years ago was below 13%.

4.3.2. Perception of young farmers of cooperatives

From a survey carried out in 2005 among a sample of 300 local farmers⁴, it emerges that an important factor explaining the recent increase of private dairies is linked to the milk payment system they adopt which differs from the system used by cooperative dairies.

Within the cooperative dairies, farmers are the main shareholders and assume all the risks of the entrepreneurial activity. As a consequence, the price of the milk they deliver is established at the end of the year and depends on the result of the final balance of cheese sales.

How are the prices paid by private cheese dairies compared to those of coop. dairies?

	<i>Coop. members.</i>		<i>Private dairies suppliers</i>		<i>Total</i>	
	<i>n.</i>	<i>%</i>	<i>n.</i>	<i>%</i>	<i>n.</i>	<i>%</i>
Lower but with payments in advance	183	74,1	41	77,4	224	74,7
Similar	42	17,0	8	15,1	50	16,7
Higher but without payments in advance	3	1,2	1	1,9	4	1,3
Don't know/don't answer	19	7,7	3	5,7	22	7,3
Total	247	100,0	53	100,0	300	100,0

Source: CRPA.

⁴ C.Montanari; K.de Roest, November 2004, "Il ruolo della cooperazione nella produzione di Parmigiano-Reggiano: il punto di vista di 300 giovani allevatori del comprensorio" Regione Emilia-Romagna

In the case of privately owned dairies, farmers play the role of simple milk suppliers and can rely on payments in advance. Crucial issue is that in both cooperative and private dairies are price-takers not being able to influence cheese price on the wholesale market. This means that the advantage of becoming supplier of a private dairy may exceed the benefit arising from the membership in a cooperative enterprise. The need of monetary liquidity may induce farmers to abandon cooperative cheese dairy. This may act as a disruptive factor for the cooperative organisations within the P-R productive system, especially during market crisis.

Which milk payment system do you prefer?

	<i>Coop. members.</i>		<i>Private dairies suppliers</i>		<i>Total</i>	
	<i>n.</i>	<i>%</i>	<i>n.</i>	<i>%</i>	<i>n.</i>	<i>%</i>
Lower prices with payments in advance	182	73,7	41	83,7	223	75,3
Higher prices without payments in advance	58	23,5	7	14,3	65	22,0
Don't know/don't answer	7	2,8	1	2,0	8	2,7
Total	247	100,0	49	100,0	296	100,0

Source: CRPA.

Another much debated issue is the decision-making process that characterises the management of cooperative dairies, based on the criteria one member- one vote. This implies that the management of the dairies is the result of the mediation between the interests of the single members, each of whom has the same decision power regardless of the farm size and volume of milk delivered. This can give rise to conflicts, that are likely to be greater when the differences in the age of the farmers or in size of their farms are larger.

How should be the decision making process within co-operative cheese dairies?

	<i>Herd size of farm</i>						<i>Total</i>	
	<i>25 –50 cows</i>		<i>51- 75 cows</i>		<i>more than 75 cows</i>		<i>n.</i>	<i>%</i>
	<i>n.</i>	<i>%</i>	<i>n.</i>	<i>%</i>	<i>n.</i>	<i>%</i>		
Based on the criterion one member one vote	62	71,3	39	48,8	23	28,8	124	50,2
Bigger farms should have a more than proportional weight in decisions	13	14,9	31	38,8	42	52,5	86	34,8
The weight of the vote should be proportional to the quantity of milk delivered	12	13,8	10	12,5	15	18,8	37	15,0
Total	87	100,0	80	100,0	80	100,0	247	100,0

Source: CRPA.

Usually conflicts arise both to different exposure to financial risks and to different needs of monetary liquidity among the members. The equality criterion based on the principle of “one head one vote”; is often perceived as a factor of inefficiency affecting the capabilities of investing, and may become the reason of the withdrawal from the coop. Many young farmers may prefer to deliver milk to private processors relying in this way on quick and advance payments, instead of remaining in a cooperative that are not able to grant actual advantages.

On the other hand, with respect to the past, today with the increase in herd size farmers may opt for processing the milk by their own, if they feel frustrated by the participation in a cooperative dairy.

Most of young farmers interviewed (87%) are convinced of the weak contractual power of producers with respect to wholesalers and big retailing chains.

Do wholesalers have dominant market power?

	<i>Coop. members.</i>		<i>Private dairies suppliers</i>		<i>Total</i>	
	<i>n.</i>	<i>%</i>	<i>n.</i>	<i>%</i>	<i>n.</i>	<i>%</i>
Yes	220	89,1	43	81,1	263	87,7
No	21	8,5	3	5,7	24	8,0
Don't know/don't answer	6	2,4	7	13,2	13	4,3
Total	247	100,0	53	100,0	300	100,0

Source: CRPA.

The low availability of capitals and adequate managerial competences are considered the main constraints limiting the possibilities of the cooperative dairies of managing the ripening process and the sales of P-R cheese to multiple retailers. This is the reason why more than half of members of cooperatives believe that cheese dairies would not be able to enter into cheese maturing activity, which is the necessary step towards the direct marketing. Milk payments would be too delayed if cheese was ripened by dairies for a period of more than 24 months.

Should dairies ripen cheese by their own?

	<i>Coop. members.</i>		<i>Private dairies suppliers</i>		<i>Total</i>	
	<i>n.</i>	<i>%</i>	<i>n.</i>	<i>%</i>	<i>n.</i>	<i>%</i>
Yes	104	42,1	30	56,6	134	44,7
No	141	57,1	17	32,1	158	52,7
Don't know/don't answer	2	0,8	6	11,3	8	2,7
Total	247	100,0	53	100,0	300	100,0

Source: CRPA.

One solution could be a gradual approach to the final market establishing partnerships with other cheese dairies in order to reduce the risk of the single cheese dairy. However in general dairies, which are competitors on the same market, are reluctant to work together.

As the specific case of P-R is concerned, during its long history various attempts have been made by cooperatives to enter in the cheese maturing and marketing business. A significant example has been an aggregation of dairies (Consortium) which ripened and commercialised cheese delivered by cooperative dairies and processed their cream into butter. Reaching a large market share this consortium actually acted as countervailing power to private cheese maturing firms and wholesalers in period of price crisis, preventing a too drastic price fall. In the 90's the firm became P-R market leader, but unfortunately ran bankrupt. That experience is still mentioned by many farmers who are reluctant to engage in collective action at a large scale.

Possibilities of developing a network of small sales points for the direct sales are limited by the large investments and by the specific competence that would be required. Moreover the strengthening of the existing short market channels would partially improve the position of

producers on the final market, due the fact that only a small share of production could be marketed through direct sales in the cases of the medium or large cheese dairies. Only big retailer chains have the capabilities of reaching the large share of consumers that could not be caught by dairies, due the fact most of Parmigiano-Reggiano cheese is consumed outside the area of production.

A final remark regards the view of young farmers on cooperative cheese dairies. The growing size of their farms makes them more vulnerable to financial risks. For these farmers a small production cooperative, which is the basis of the P-R production system, may become more a constraint than an opportunity when the decision making process is too slow. With respect to the older farmers a cultural change has altered the relationship of the young dairy farmer with its cooperative who considers the cooperative merely in terms of costs and benefits and where the principle of one man one vote is considered to be an obstacle to further growth. We should remember that this view still is shared by a minority of young farmers, but as their position is gaining adherence the risk is that it may compromise the social cohesion of the P-R production system in future, which guarantees the compliance of farmers to the production specification without high costs of control.

5. Conclusions

The question posed in the ASPROCARNE main case is to which extent this producers' organisation has been able to increase the bargaining power of their members by pooling cattle supply by means of contractual agreements and strategic alliances with market partners for the collective sale of the cattle.

One of the specific results coming out from the analysis is that up till now the beef volumes marketed collectively through ASPROCARNEs have not been so high as expected, although the organisation has been able to provide its members with several marketing tools aimed at differentiating and qualifying their product. Large part of the cattle traded by the organisation is limited to butcher shops and the access of its own quality label in the shelves of the large multiple retail companies is blocked by the prevailing tendency among multiple retailers chains to adopt their own labels and product certification. Furthermore, there are no possibilities for the organisation to assume the role of trading counterpart of this large multiple retailers, who instead impose both product specifications and contractual conditions.

The most limiting factors are linked to the structural characteristics of beef sector in Italy which affect the contractual positions of the actors involved in the supply chain (farmers; slaughterhouses and final retailers). At one side a myriad of small to medium sized producers and slaughterhouses, at the other side an increasing concentration of multiple retailers in large companies.

The comparison with the Swiss case represented by the Swiss Association of Breeders of Suckling Cows (SVAMH) is useful for highlighting the differences related to the contextual factors which has affected the specific results of the two initiatives. In particular it helps to reflect on the results of the main case, adding to its interpretation and contrasting features.

Both ASPROCARNE and SVAMH represent large-scale initiatives, including a broad range of beef farmers quite widespread on a wide territory, who do not express specific traditions of agricultural production and are focused on generic beef quality. The market context is quite similar, as the quality labels they have promoted must compete with a great amount of other private labels within the relevant market of beef certificated on voluntary base.

In particular, the Swiss breeders associations now accounts for 3,395 members who are suckler cows farmers complying with particular standards regarding meat quality, feeding – which is based on pasture - and animal welfare. To be noticed that only a minority part of the members are organic certified farms. In order to distinguish their product, the association has created its own private brand (“Natura beef”).

The interesting result emerging from the case of SVAMH, contrasting with the Italian main case, is the partnership which they managed to establish with the most important operator on the Swiss retailing market (COOP), who now retails 80% of the beef labelled by the association. In this strategic alliance SVAMH actually plays the role of the contractual counterpart of this big client. COOP negotiates with SVAMH the price and volumes at a regular annual meeting, ensuring a premium price on “Natura beef” that on average is 15%-20% higher than unlabelled beef. Main advantage of this partnership is safe and regular outlets for cattle produced by the members, visibility of the brand and satisfactory prices.

The success of the initiative has enforced the degree of collectivity and the sense of belonging to the association and to the brand. Furthermore, the services the association provides to its members, including technical advice, maintenance of a herd-book and social networking, plays an important role in helping to develop a sense of unity within the organisation.

At the contrary, within ASPROCARNE several marketing initiatives have been developed, corresponding to different product specifications, which have generated clustered subgroups of beef farmers creating a complex configuration of interests. Some of them have found the opportunity to qualify production and to improve market performance, but many others adhere to the organisation mainly for obtaining generic support of administrative and technical nature. The large number of members – who are driven by different targets and interests – limits the possibility to establish a highly shared marketing strategy and the prevalence of individualistic attitudes may in part explain the difficulties in expanding the volumes marketed by the organisation. In other words, the degree of trust and coherence within the social base is strongly affected by a deficit of bonding social capital.

The reason of the different results - despite of the many similarities (missions, type of joint activity, relevant market, potential benefit of collective actions) between the two case studies - may be found looking at the time-line of their development and at the characterisation of the main stages.

SVAMH is an older initiative that dates back to the end of the '70s and it is quite clear from its early beginning that this experience started up from the bottom, answering a specific need coming from the producers involved. Its foundation is the consequence of a specific public intervention aimed at analysing the feasibility of developing a suckling cow system for beef production in Switzerland. At the beginning, a research project involved few pilot dairy farms motivated to convert from milk to beef production, experimenting suckling cows breeding on grassland. At the conclusion of the trials the participating producers asked assistance to carry the work forward on a commercial basis. In 1977 the SVAMH was founded with the objectives of finding solutions for marketing the product.

The origin of ASPROCARNE, that dates back to 1985, is different, as it is an organisational form which arises under a specific legislative framework which was introduced by the EU in 1978 (Reg. EC 1360/78) and subsequently implemented by the Italian State. In Italy the rapid growth of producers associations, aimed at concentrating agriculture supply, was mainly due to the immediate advantages that were indirectly submitted to their adherence in order to stimulate their development. In general among the members who adhered there was a lack of awareness about the real mission of these associations, whose role in that period was mainly of supporting beef policy measures promoted at regional or national level. These dynamics drastically increased their size but limited their effectiveness, as only in very few cases these associations actually disposed of the product for collective marketing

As a consequence the organisation has found difficulties to gather a large number of farmers around the projects it put in place. For this reason, for example, it was not able to exploit the strategic advantage towards multiple retailers and slaughtering industries, an opportunity which could have been exploited through the traceability system established in 2000, immediately after the 2nd BSE crisis outbreak. This tool was not strongly supported by the largest farmers who,

later, preferred to adhere individually to the certification systems promoted by multiple retailers. Starting from the two BSE crises the beef market segmentation managed by big retailers rapidly increased, and all the attempts to enter into the big retail market failed due the fact multiple retailers chains had already adopted their own private label, controlling the supply chains and addressing the single farmers individually. Not negligible results ASPOCARNE achieved within the network of local butcherries, but the possibilities to scale-up the initiatives through small retail market are limited.

In the case of SVAMH the first strategic alliance with big retailers was set up in 1980 (!), a few years after the registration of the brand. The steady growth of the number of the cattle traded under the collective brand came with the increase of new members, strongly motivated to participate to the project. Starting from 1993 COOP became the most important customer of the association.

It is important to stress the different timing of the respective stages of development. Because of the lack of cohesion, in the crucial period of BSE crisis the members of ASPROCARNE were not able to approach collectively the market, despite the fact that large retailers chain were looking for strategies aimed at restoring consumer confidence on beef products. At the contrary, in the same years, SVAMH had already built up a partnership with the main national retailing operator and the crisis enforced this alliance. Demand for the beef supplied by the association increased as consumers perceived it as a safe and natural product. This permitted the association to negotiate with its customers satisfactory price conditions.

The exclusiveness of the brand assumed by the retailing operator now makes this partnership a sort of bilateral monopoly that entails advantages for both contractual parties. In fact, the association has maintained the ownership of the label, and its product plays a leading role within the environmental friendly beef line created by the retailers.

The 2nd Italian main case and its satellite case, which refers to an initiative promoted by small group of Dutch farmers, are very similar in characteristics and results.

The two initiatives are typical examples of COFAMIs which have been started up by an institutional initiator involving few small-scale farms located in less favoured areas. The aim of the joint activity is the development of direct sales systems able to grant higher price than conventional market channel. In one case the solution has been found in the on-line sales system through a dedicated website, while WaterlandBeef is directly delivered by farmers to licensed butchers. From the analysis of the two case studies, a common limiting factor to the development of these initiatives - in terms of sales volume - can be detected. In both experiences there appears a lack of strong involvement of the participants and a common entrepreneurship which would be important in order to give initiative new strength and to exploit all possible synergies for enlarging commercial contacts. In particular it seems that individual resources and skills are not managed, or channelled through and made available to the COFAMI

Farmers are exclusively focused on production, did not participate to the management of marketing activity, and their involvement in the project seems to be characterised by a quite passive behaviour. In the case of Mangiocarnebio the external institution, who played the role of initiators is still in charge of the logistics and in marketing activity. In particular there is

evidence of a lack of human and financial resources to engage in effective marketing and promotion.

Low volumes traded are not sufficient to grant stable and regular income to the farmers involved, and this may affect the willingness to invest in the project, at the detriment of the high quality standardisation of the products. Furthermore among the members of the Waterland Cooperative there are a lot of hobby-breeders, who run livestock farm as a side activity, while some producers who participate to Mangiocarnebio project, are mainly focused on milk production. The heterogeneity of the farm enterprises may imply a different degree of expectations of the single farmers, and makes it hard to enhance the specificity of the products.

One particular experience that may be compared to the previous, is represented by The Consortium LA GRANDA. Some descriptive details of this initiative have been reported in the analysis of the 1st main case study, as these farmers are involved as a subgroup of organic beef farmers in ASPROCARNE.

Within the network relations based on ASPROCARNE labelling system, the Coop LA GRANDA represents a successful case of a short marketing circuit. The conditions of success of this initiative are 1) the leading role played by its leader, and 2) the exclusive characteristics of the product, that is clearly focused on the niche market of high quality beef obtained from one of most well-known autochthonous Italian breed.

The role of a leader has been fundamental for gathering a selected group of small farms, motivated by the risk to stop the activity due to the competition exerted by intensive beef farms and to the inadequate prices obtained by the sales on a undifferentiated generic market.

Furthermore, he has been able to gradually develop alternative market channels establishing at the beginning exclusive sale license system with local butchers and subsequently increasing considerably the volume of sales through the opening of a sale point in an exclusive agri-food retail centre in Torino. The cooperative now can rely on different short market channels, all based on the direct sales to final consumers - through the on-line sales and the retail point – or to other customers, such as butchers and restaurants.

Farmers have similar production structures and represent the traditional beef farming system of the territory focused on the local typical beef breed. Cohesion within the group is also the result of the strict selection of the participants to the projects that is exerted by the very restrictive code of practice they must comply with. This factor has enforced the bonding social capital creating a strong identification in the project.

The use of Piemontese breed has enabled a strong differentiation strategy that is enhanced by a complete traceability system and by a set of rules of production which actually improve beef final quality. Visibility of the brand and the perception of exclusivity by consumers have been strongly supported by Slow Food, that recognised the validity of the enterprise for the valorisation and preservation of the typical beef farming system of the region.

References

www.prober.it/mangiocarnebio/

www.aiab.it/

www.alimentapress.it/

www.biobank.it/

www.ermesagricoltura.it/wcm/ermesagricoltura/news/2006/02/15_mangiocarnebio.htm

www.helpconsumatori.it/

www.largoconsumo.it

www.informacibo.it/mangiocarnebio

www.newsfood.com/

Grave, E. (2007) *The use of Geographical Indications in the Dutch beef sector: the Waterland beef case*, Thesis Rural Sociology Group, Wageningen University

www.asprocarne.com/

ASPROCARNE PIEMONTE s.c.c., *Relazione del consiglio di amministrazione sulla gestione dell'esercizio 2005*

ASPROCARNE PIEMONTE s.c.c., *Relazione del consiglio di amministrazione sulla gestione dell'esercizio 2003*

De Roest K., Montanari C., Torelli F. (2005) *Più collaborazione tra caseifici per concentrare l'offerta*, *Agricoltura*, Maggio 2005

Montanari C. de Roest K. (2005) *Parmigiano-Reggiano, cresce il peso dei caseifici privati*. *Agricoltura*, Gennaio 2005

Damary P. (2006) *Anticipating the implications of scaling up. Natura Beef*, in "Nourishing Networks. Fourteen lessons about creating sustainable food supply chains" (pp. 69-78), Rural Sociology Group, Wageningen University.