COFAMI
Encouraging Collective Farmers Marketing Initiatives

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1. Introduction to COFAMIs in The Netherlands

1.1 Long and strong cooperative tradition

The Netherlands has a cooperative tradition in agriculture that dates back to the mid 19th century when farmers in the western parts of the country, who were primarily involved in horticulture and depending heavily on market outlets in the UK, reacted to a critical decrease in farm prices by pooling their produce and offering it to interested wholesalers through cooperative auctions In particular at the end of 19th century during the international agricultural crisis, farmers all over The Netherlands started to create cooperatives, often actively supported by local notables (Bieleman, 1992).
Today cooperatives in The Netherlands are dominant in most agricultural markets, as illustrated by the following data. In the dairy sector cooperatives process and sell 84% of total national milk production. For the fruits and vegetables sectors these percentages are 67 respectively 85. In arable production cooperatives dominate the processing and marketing of sugar beets and starch potatoes (63% and 100% respectively). Further, cooperatives are active in non-food products as flowers and flower bulbs (50%) and ornamental plants (97%) (Maas,1994). In beef and pork processing the cooperative market outlets have also existed for a long time, but cooperative slaughterhouses have faced great difficulties in last decades and only a few of them succeeded to survive, by merging with private slaughterhouses. Finally, cooperatives are of great importance for the collective supply of inputs to famers: (e.g. fertilizers, chemicals, machinery, credit, accountancy, insurances, etc).
The strong cooperative spirit in Dutch agriculture The Netherlands shows in the fact that about every two out off every three farmers are members of at least one cooperative, and on average a farmer participates in 4 different cooperatives at the same time. This includes membership of a local cooperative bank (Rabo bank).

The Dutch national cooperative movement has been characterised by continuous processes of scale enlargement. In 1949 there were about 3,500 cooperative organisations in agriculture with a total of about 600,000 members. In 1992 these numbers are reduced to 1048 cooperative organisations with a total of 311,000 members. The number of cooperative banks decreased in the period 1949 -1992 from 1,322 to 744, the number marketing cooperatives from 1,160 to 60, dairy cooperatives from 426 to 13, whereas the number of cooperative auctions decreased from 187 to 29 (Maas, 1994). This scale enlargement and consolidation clearly reduced farmers' direct influence on the management of their cooperatives. Formally farmers' control on decision making is still guaranteed, through their representation in the regional boards, but this system of indirect democracy has not stopped the process of 'distantiation', both physically and mentally, between members and managers of cooperatives. As the formal owners of the cooperative, farmers still have final decision power, but in practice operational as well as strategic decisions are taken by professional managers. Ongoing 'privatisation' tendencies within the established cooperatives are further undermining farmers' influence on the decision making processes; many cooperatives today are shareholders of private companies and therefore wish to enlarge opportunities for external capital mobilisation and, more generally, to increase 'market responsiveness'.

1.2. Innovative types of COFAMIs

Building on this cooperative tradition and ongoing dynamics in the national cooperative movement, different types of innovative collective marketing initiatives have developed over the past decades.
In the first place some classic *producer organisations* (POs) have been created by the members of established cooperatives. Secondly, some , but also high-quality food producers,

1.2.1. Producers Organisations

Some members of well-established cooperatives auctions, in particular large and strongly specialised greenhouse owners, have set-up their own POs, for a number of reasons:1) to become more directly involved in negotiations with their regular buyers, circumventing the by now superfluous passage through the auction, 2) to implement more demand-driven quality assurance programmes, 3) to organise sorting and packing collectively in order to increase economies of scale, and 4) to increase farmers' role in product marketing (Bijman et al, 2001; Bijman 2003; Spliter et al, 2003). Since the early 1990s at least 70 of such POs have been created, some operating to completely independently from the 'incubating' cooperatives and some making use of the conventional cooperative services (storage, logistics, administration, etc.).

New producer organisations are mostly active in (glasshouse) vegetable production. They differ a lot in scale (number of producers, total production area, turnover, etc.) and market orientations (national versus international). These PO's can be considered multiple purpose collectives aiming to realise economies of scale and scope in the fields of *organisation* (pooling of produce, collective use of storage facilities etc., reduction of transaction costs by eliminating intermediaries, access to EU subsidies[1]) and *marketing* (introduction of collective quality brands, better communication with buyers, ability to penetrate new markets), and *financial results* (increased power through collective purchasing of inputs, access to (European) subsidies, collective investments in the development of new marketing concepts) and *logistics* (scale efficiencies by collective sorting, packing and transport, improved quality control by creation of own distribution centres).

1.2.2. Niche Quality Food production

The second type of innovative collective marketing initiatives is characterised by collective responses to the demand for alternative food qualities. Firstly, this includes a range of initiatives in organic food production, where established cooperatives have abstained from investing in marketing and processing, expressing a lack of confidence in the market opportunities for organic food as well as fear for a possibly negative impacts on consumers' perceptions of the qualities of conventional food.

In the 2000's, however, established cooperatives have invested in organic milk, either through buying up medium-sized collective and private processers, or by setting up processing facilities themselves.

Secondly, there are new collective marketing initiatives in alternative food qualities that are based on the geographic *origin,* introducting quality labels for regional origin and thus to differentiating in terms of additional product qualities. There are more than 10 of such initiatives in The Netherlands, and most of them are diffuse regional networks of farmers, small scale processors, regional shops, and traders around broad product assortments. They aim at reconnecting food production with surrounding urban centres and the tourist sector. They draw, more or less explicitly, attention to artisan production and processing techniques. Products might be certified by the national organisation of Regional Typical Produce (SNP), including criteria for regional typicality and sustainability of production methods, as way to guarantee product distinctiveness and to maximise value added creation at farm- and regional level.

Since established cooperatives draw on large numbers of producers of highly standardised produce (Bijman 2001), they have difficulty in dealing with new niche markets. Over time they may incorporate products /markets that have been develop by entrepreneurial producers.

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[1] In fact, the opportunity to obtain EU subsidies for the creation of new food producer associations, under the regulation EG 2200/96, has been one of the main reasons behind the rise in , next to the insatiffaction among many of the large growers with the services offered by the established (large) coopertive auctions.

1.2.3 Direct producer-consumer relations

The third category of collective initiatives centres around (re-)establishing close relations between producers and consumers. Again, a range of different initiatives can be witnessed. A rather small group promotes the principle of Community Supported Agriculture (CSA) through active consumer information on food qualities, production methods and different types of consumer participation in farm activities (provision of (voluntarily) labour inputs, professional skills, financial resources, etc.). CSA farmers exchange experiences within a network that aims to promote the CSA principles in cooperation with (alternative) consumer and environmental organisations, amongst others by looking for alternative (that is to say: non family-based) organisational structures that might strengthen the economic sustainability of CSA principles (Wagemans, 2004). There are less than ten well-functioning CSAs in The Netherlands (Otters 2008).

Organic farmers' markets are another example of collective action with the objective to create closer relations between food producers and consumers. Participating farmers, small-scale food processors and traders cooperate in providing a broad assortment of organic produce and engage in collective promotion. A national organisation for organic farmers' markets is supporting the promotion activities and is also involved in quality monitoring and the mobilisation of civic and public support (www.boerenmarkten.nl).
Other initiatives, in recent years, are the outcome of collective action by multiple actors through which organic farmers are supported by national environmental organisations and Health Food Shops in promotion campaigns under slogans as Adopt a Cow, Adotp a Chicken, or Adopt Apple tree. These promotion campaigns challenge consumers to pay an annual contribution for which they receive in return regular (electronic) information about products and production methods, invitations to visit farms during open days and a certain amount of organic produce. This type of collective marketing currently involves about 10,000's consumers.

A last category of collective initiatives that strengthen producer-consumer relations are networks between farm shops to exchange farm-house products. In almost every region of The Netherlands such networks have popped up over the last decade. Many of those farmers opt for the combination of organic production methods with 'farm-based' quality. Since 2005 about 40 farm-shop holders from different regions have founded a national cooperative with the objective to invest collectively in promotion, product development, quality control, and mobilisation of public support (www.boerderijwinkels.net).

E-commerce is a relatively new field of collective action that further supports direct producer-consumer relations, as is demonstrated in detail in one of our case-studies.

1.2.4 New rural goods and services

The fourth category of innovative initiatives relates to new rural goods and services. Again, a range of sub-categories can be distinguished.

In the 1990s several farmers' groups collectively invested in windmill parks, overcoming rural spatial planning restrictions. Many farmers saw energy production as an attractive side activity, but rural planning regulations could be rather restrictive in the sense that single windmills on farms yards were more and more perceived as "horizon pollution". This stimulated in particular farmers in coastal (most windy) provinces to invest collectively in wind energy. Sometimes energy companies are participating shareholders, other times farmers collectives have long term agreements with companies on energy prices and use of infrastructure (see e.g. www.windparksvdw.nl).

More recent farmers' initiatives in the field of energy production include fermentation of biomass. Since intensive animal husbandry (pork, poultry, veal) struggles with manure excesses due to environmental policy restrictions, all kinds of initiatives have been taken. Collective actions concentrates on investments in technology development, bargaining with policy administrations (e.g. planning permission for plant location) as well as negotiating favourable contracts with energy companies.

Tourism is a service good with an long tradition of collective marketing. Nationally there exist several organisations actively promoting and marketing leisure activities at farms (www.vekabo.nl; www.svr.nl; www.hoevetoerisme.nl; www.eceat.nl). In particular VEKABO and SVR are characterised by a strong agricultural background. Also at the regional and local levels a continuously increasing number of initiatives (estimated at 50 to 100 today) can be witnessed. They are predominantly young farmers with tourism as a side activity, but increasingly a broader range of rural SME's is involved in collective rural tourism initiatives: leisure, catering, artesan products, art, antiques etc. Collective promotion, marketing and product development (e.g. itineraries) are the main activities. These are usually supported through web-sites (see e.g. www.boerlevaer.nl; www.banket.org; www.debuorkerij.nl; www.hotel-boerenkamer.nl).

Provision of *health care facilities* is a third category of farmer driven collective marketing activities in the field of new rural services. Care provision at farms is expanding rapidly in The Netherlands, often driven by farm-women with (former) professional experience in the health sector. There is a growing recognition in Dutch society of the health potential of the agricultural environment (Oostindie, 2004). At national level the foundation Agriculture and Care has been established to promote the broad spectrum of care-facilities that now a day's can be found at farms. Also at regional level collective action has been started to facilitate regional coordination between care-farms' supply and care patients' demands (www.landbouw-zorg.nl; www.landzijde.nl; www.zorgboerenfryslan.nl).

A final category are the *agri-environmental cooperatives*. These emerged as collective farmers' responses to generic agri-environmental policy schemes implemented in the 1990's. According to these farmers generic regulations did not suit their specific ecological conditions and farming methods. In many regions farmers started collective actions with the objective to develop more territory-specific institutional arrangements that could achieve the very policy goals of agri-environmental schemes in more cost-efficient and stimulating ways. The total number of such agri-environmental cooperatives is estimated at more than 200 (Oerlemans et al, 200?). In the course of time agri-environmental cooperatives frequently broaden their scopes on rural/ regional development and get also in collective marketing activities in fields like agri-tourism, regional typical food production and care-facilities as well. At the national level agri-environmental cooperatives have joined forces in the farmers' organisation *Natuurlijk Platteland (Natural Countryside;* www.innatura.org).

1.2.5. Collectives initiatives on region branding

The fifth and final category of innovative collective initiatives concerns region branding. Instead of primarily chain-based or rather selective territorial network creation, the central idea of this newly emerging type of collective marketing is sustainable rural/regional development in a broad sense by means of new partnerships with non-farmer rural entrepreneurs, rural dwellers, civic organisations, public organisations etc. Some agri-environmental cooperatives have developed into region branding initiatives by broadening the initial purposes of the collective action. Other initiatives have their roots in existing rural/regional tourism operators or territory-based policy schemes initiated / subsidised by the national government or the European Union. The major driving forces for the ongoing expansion in territory-based collective action among rural entrepreneurs are the growing societal attention for regional identity and the preference for multifunctional agriculture as the guiding principle for sustainable rural/regional development with explicit reference to region branding (see e.g. www.duinboeren.nl; www.denhaneker.nl; www.waddengoud.nl;; www.vechtdalproducten.nl; www.groenewoud.nl).

1.3 Selection of the main cases and satellite cases

The two main cases selected for the Dutch part of the COFAMI-project, one on region branding and the other on direct selling through the internet, both represent rather new developments to farmers The Netherlands, and to some extend to farmers in other EU countries as well. Interestingly, both cases build on groups of pre-existing cofami's and in a way illustrate how farmers groups can become involved over time in larger-scale organisations and networks, that offer new opportunities.
It can be argued that the emergence of these 'compound' cofami's are linked to the high population density of The Netherlands, i.e. the proximity of urban centres to rural areas, which calls for the supply of rural services and home-delivery of fresh organic food.

In the case of region branding, the initiative goes beyond the (vertical) supply chain relationships, covering all kinds of rural products and services, including landscapes. In the case of direct selling of regional organic products through the internet, the emphasis is almost exclusively on vertical relationships but the marketing concept is very modern.

The advantage of selecting such early stage initiatives is that the fast learning processes, that are typical of this stage, can be directly covered by the study. The disadvantage is the unpredictability of the further course of the initiatives and uncertainty about their chances of success, which makes it hard to draw conclusions on best practices for interested rural entrepreneurs elsewhere. Still, a lot can be learned from the typical obstacles and struggles, and about the complex process of collective entrepreneurship in general. Moreover, the satellite cases make up for part of this disadvantage.

Region branding for rural areas may be typical of more densely populated areas, where rural space has become a scarce good. But the phenomenon may spread to many areas in Europe, in the same way as the concept of city branding has been adopted by city councils all over the world.
The Groene Woud case has been selected as a Dutch case to study for the COFAMI project because it is the only region branding project in The Netherlands that is organised in a rather professional way and with some evident impacts, at least in terms of concept awareness and the involvement of a broad variety of parties: representatives of several types of rural entrepreneurs, of farmers organisations, public administrations (including those of nearby urban centres), and universities.

The second Dutch case study, the Van Eigen Erf foundation, is about direct selling of organic products through the internet. In Europe there are already many of such examples of direct selling of organic products from farmers to consumers – for example the Swiss Biodirect, which is also selected as a COFAMI main case – but the VEE is quite unique in that it seaks to integrate separate regional initiatives at the national level. The aim of the umbrella organisation is to improve the internet service, reduce accounting and distribution costs, and to enlarge the assortment.
In a sense the case shows the traditionally strong emphasis on logistic efficiency in the Dutch agri-food sector. We expect also in this case that the VEE initiative – even though its feasibility still remains to be proven – indicates a trend that may appear in other European regions in due time, and that it represents an example of complex collaboration between farmers at different scale levels.

The satellite cases have been chosen for their match with the main cases in terms of complementarity.

Region branding is a relatively new phenomenon in The Netherlands and certainly a new field of collective action for farmers. Some other EU regions have a longer experience with branding. This goes for the Irish Fuchsia Brand, for instance, which has been an source of inspiration to start region branding in the National Landscape Groene Woud. As an already mature region branding initiative Fuchsia Brand allows to identify some crucial success factors and gives an impression of the commercial potentials of cofami's with a strong territory-based strategic orientation.

Another satellite case concerns the EU *Lifescape Your Landscape* project which unites 14 European regions with high landscape values in the UK, Belgium, Germany, France and The Netherlands. Transnational learning with regard to region branding is part of the wider project goals, that further include activities aiming for attaching local people to the richness of their landscape (e.g. through primary school programs) and new ways to support nature and landscape management. The *Lifescape Your Landscape* project comprises a collection of region branding 'nurseries' in which cafami's are playing a role. One on the project milestones has been a recently published Guide with a broad list of key issues, recommendations tips and questions of importance to region branding.
As a second satellite for Groene Woud, the available material offers a broader picture on how COFAMIs are being embedded in newly emerging territory-based public-private partnerships.

Aarstiderne in Denmark and *Riverford* in the UK have been selected as satellite cases to the main case VEE, because they are successful and more mature E-commerce businesses and can therefore help to deepen insights into organisational and other success factors of relevance for up-scaling and professionalising the direct marketing of organic food.
Additionally the EU *Alimenterra* project has been selected, as a third satellite case. One of the interesting aspects of this project is its attention for inter-regional product exchanges as a way to support direct marketing of regional typical food products (not exclusively organic), originating from different European regions, in Spain, the UK, Italy, France and The Netherlands. Obviously, at a European scale the organisation of inter-regional product exchanges will be confronted with similar (or perhaps even more) critical challenges as faced within VEE. Therefore, *Alimenterra* is an interesting 'field laboratory' of ongoing experiences with inter-regional cooperation around direct marketing of high-quality regional food products and offers a futuristic mirror to the VEE partcipants.

2. Case study - region branding initiative Groene Woud

2.1 Introduction

Groene Woud is a rural area surrounded by three relatively large urban centers in the province of Noord-Brabant, in the south of The Netherlands, with a total population of about 1.5 million inhabitants (including the urban centers). The Groene Woud area recently has been recognised by the Dutch Ministry of Agriculture as a “National Landscape”, which covers about 35,000 ha and includes 7 valuable nature areas (De Kampina, De Oisterwijkse Bossen, De Vennen, De Mortelen, De Geelders, Het Dommeldal, and De Scheeken) and 14 villages.

Next to farmers, national and regional nature management organisations and rural estates are major landowners. These public an private nature organisations have purchased growing amounts of nature areas over the last decades. The origin of rural estates goes back to the late 19th century, the heydays of regional textile industry, when so called “textile barons” invested their money in uncultivated lands. Today most of these rural estates are possessed and managed by private foundations. Together the various rural landowners contribute to a cultural landscape that is highly valued and increasingly perceived as a resource to be safeguarded and strengthened by pro-active policy interventions, as also expressed in the recent recognition as a National Landscape.

From 1980 onwards, regional agricultural production is confronted with growing societal resistance against the negative side effects of intensive animal husbanday, notably large hog farms, such as environmental degradation through ammonia emissions, oversupply of nutrients to soils and groundwater, and negative impacts on the traditional landscape. The massive outbreak of food and mouth disease in 1997 dramatically affected the region’s economy and societal reaction against massive animal destruction induced a new flow of policy attention towards industrialised animal production, including the animal welfare aspect. Thus, the Groene Woud area become a so-called “reconstruction area”, where intensive husbandry should be transformed in order to contribute to the multiple policy objectives: decreasing vulnerability to animal diseases, strengthening of regional nature and landscape values, and improving water management.

2.2 Data collection

The case study analysis started with an inventory of internet sites , in order to get a first impression of ongoing activities, networks, participating rural entrepreneurs, and development of local projects. This was followed by a total of 10 interviews with key-persons. They were selected by applying the snow-ball method, and included participating farmers, public officials, process-facilitators, researchers, and involved scientists.
The following websites and documents were consulted for information on participating actors and ongoing process dynamics:

Websites:
www.GroeneWoud.nl
www.duurzamemeijerij.nl:
www.duinboeren.nl
www.mortelenboeren.nl
www.landvanhilver.nl
www.bureaupredium.nl
www.ruurhoeve.nl
www.jamirapaardenmelkerij.nl
www.denegermannen.nl
www.kommmaarachterom.nl
www.Pergamalandjuweel.nl

Documents:
- Witteveen-Bos (2006)
- Provincie Noord-Brabant (2007)
- Woudlopers (2206-2007), digital news letter Groene Woud Foundation
- Overbeek et.al (2006)
- Sonneveld (2006)

2.3 Main objectives

The main objective of the farmer-driven initiative “Groene Woud” is to actively develop, promote and stimulate collective action among rural enterpreneurs and other stakeholders in the field of region branding. The key initiator, a strawberry producer and former representative of the regional farmers organisation (see also paragraph 2.7), holds that existing sub-regional collective marketing initiatives lack the scale and professionalism to develop effective region branding and to adequately respond to ongoing dynamics in rural markets and rural policy making.

Involved rural entrepreneurs belong partly to such sub-regional cafami's but commit themselves as individuals to the Groene Woud project to avoid that practices, agreements and organisational aspects as developed within the sub-regional initiatives restrict the opportunities to develop prossionnal branding for the region as a whole. At this moment the participants constitute a closed group in the sense that new rural entrepreneurs cannot join the initiative for now. Although there is a list of requests for participation, it is decided not to complicate group dynamics by newcomers that could lead to repetition of discussion topics and (potential) conflicts and frustration among the early participants. Other rural entrepreneurs might be invited to participate in project activities in line with the overall philosophy and get access to ongoing activities through the digital newsletters, but they will have to postpone participation till decision-making on quality criteria for region branding and the selection of the most appropriate organisational model will be finished. After that, new candidates will be invited to participate under the conditions that they are willing to fulfil these quality criteria and to pay an entrance fee, as a compensation for investments in time, energy and ideas by the early participants.

2.4 Participating farmers/ rural entrepreneurs

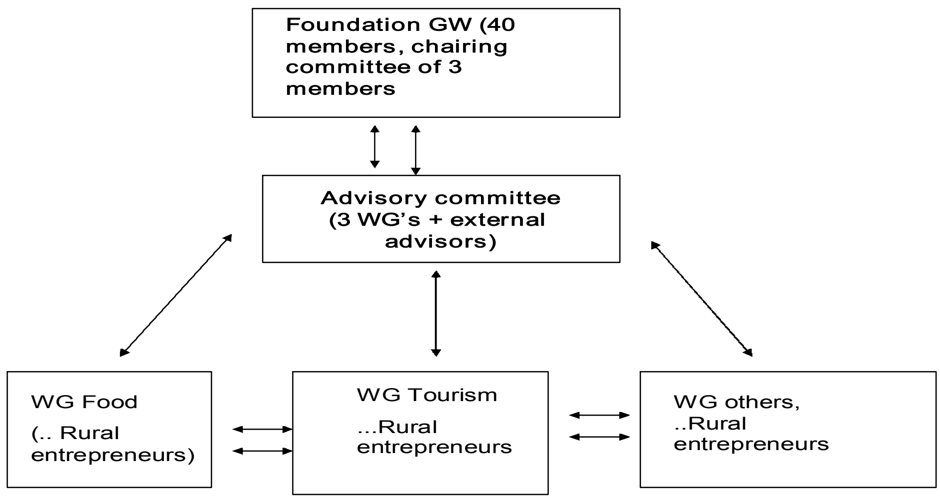
Historically, agriculture in the Groene Woud region is dominated by small-scale mixed family businesses that have to deal with relatively poor sandy soils. During heydays of agricultural modernisation, the three decades after WWII, many of the small-scale farmers specialised in pork, poultry or dairy production through intensification of land-use, application of modern technologies and upscaling. Besides intensive animal husbandry, vegetable production and arable farming are of some importance. Pluriactivity has a long tradition in the region for a number of reasons: relatively large catholic families (in comparison to protestant families in the North), availability of off-farm employment opportunities in nearby urban centers (e.g. textile industry), and according to some an active policy of the Catholic church to prevent rural people from moving to urban centers and 'get lost' in socialist ideologies. More recently an expansion can be witnessed of other gainful activities at farm enterprises such as direct marketing, on-farm processing, provision of health care, agri-tourism, leisureservices etc. This expansion can be seen as active farm-family responses to newly emerging markets for rural goods and services on the one hand, and agricultural price-squeeze tendencies and increasingly limited expansion opportunities for agricultural production on the other hand. Although no data are available at National Landscape (Groene Woud) level, the frequency and total impact of these new (off- and on-farm) activities probably surpasses national averages, because of the proximity of urban centers.
These tendencies explain partly the emergence of sub-regional cafam's in direct food marketing, agri-tourism, health care-provision by farms, and nature and landscape management by landowners. At the same time it is important to realise many farmers who participate in these new COFAMIs also depend on market outlets as provided by conventional (processing) cooperatives. Being the cradle of the Dutch cooperative movement, multiple membership of cooperatives is highly typical of the Groene Woud area.

2.5 Organisation and network relations

Internal organisation

Figure 2.1 gives an impression of the formal organisation of the Groene Woud project as it was recently structured (see changes below). The foundation is headed by a board of 3 persons, who have been selected by the Chairman, mr. Van Beerendonk (see also 2…). The board is supported by an advisory committee with representatives of rural entrepreneurs, who participate in three working groups, and are supplemented with external advisors, such as the hired process facilitator mr Van de Veer. The advisory committee coordinates ongoing activities of the working groups *food*, *tourism* and '*other forms of rural entrepreneurship',* each group having 15 to 20 members. Working group participants meet twice a month during the case study period to discuss opportunities, ideas and plans for collective action around region branding. At the moment, they are being challenged to transform their ideas into a business plan, which was planned to be ready in Summer 2007. Meanwhile, there is a pilot project with 5 participants of different working groups to experiment with the commercial use of a Groene Woud logo for region-branding. Experiences will be integrated in the steps towards more specific and identity-inspired product quality criteria for region-branding.

Figure 2.1: Internal network relations (old structure)



The current organisational model of GROENE WOUD strongly relies on relations based on personal trust. Participants signed a contract in which they express their personal commitment to contribute to region branding. The decision to formalise ongoing collective action by creating a foundation is based on pragmatic considerations. At the time of the organisation of the first Regional Festival this formal body allowed the participants to access public support and thus reduce the financial risks incurred by its principle organisers.

Currently GROENE WOUD is still searching for the most appropriate organisational model to professionalise region branding. The traditional cooperative model is the preferred legal entity, over other options like a shareholder company or a franchising company.
In this process the large personal network of key actor Van Beerendonk is of great importance; he succeeded to actively involve regional knowledge institutions in the mobilisation of relevant knowledge around organisational models that might help GROENE WOUD for its further development (see below).

External relations

Figure 2.2 gives an impression of the external relations and illustrates that GROENE WOUD participants have rather strong relations with regional rural policy makers, knowledge institutions and – although with more variety - environmental organisations. The relationship with the regional farmers organisation ZLTO, traditionally a powerful actor in rural policy processes, has a more dualistic character. The GROENE WOUD chairman is a former ZLTO board member, but his view on the role of agriculture in rural development is disputed within the regional farmers organisation. This would apply in particular to the role of many farmers with mid-sised enterprises who are not able or willing to move to production locations with agricultural expansion opportunities or to develop new income opportunities through diversification. Be it as it is, ZLTO, with is longstanding expertise on spatial planning, environmental regulations, project development and financial assistance, is not directly supporting the GROENE WOUD Project.

Figure 2.2: external network relations

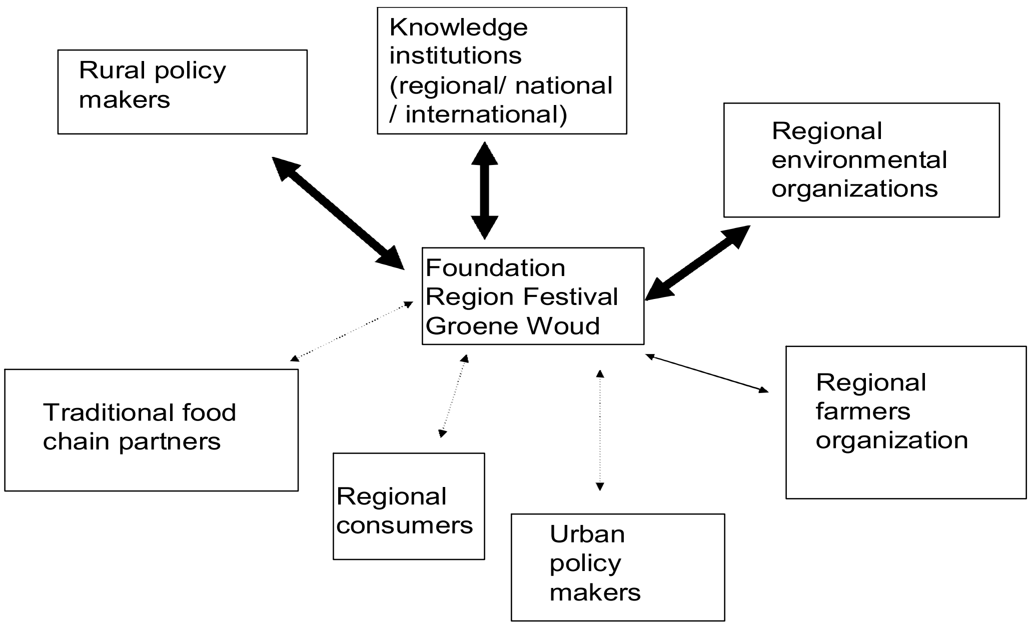


Figure 2.2 illustrates that also relations between GROENE WOUD and traditional food chain partners are relatively weak. Contacts with cooperative agribusiness did not result in concrete involvement yet. The Campina dairy cooperative, one of Europe’s largest dairy cooperatives, sponsors GROENE WOUD’s annual regional festival, but ongoing attempts to involve Campina actively in region branding through product development have not been successful yet. Industrial quality conventions are clearly dominant in overall cooperative’s strategy with little interest in niche marketing that could contribute to region branding. GROENE WOUD noticed a similar lack of commercial interest in contacts with the Greenery, the national operating cooperative for vegetable processing and marketing. Quality criteria as regional origin and typicality might be not just perceived as niche markets with little commercial interest but also as threats for industrial food quality images. As in the rest of The Netherlands, food origin as distinctive quality is a rather sensitive issue among vested agro-industrial actors.

As argued, GROENE WOUD’s ongoing activities, plans and ideas are partly inspired by the idea to develop markets for rural goods and services for nearby urban consumers and citizens. Urban policy makers formally participate in a multiple stakeholder platform to implement the National Landscape regulation and GROENE WOUD participates in this platform by means of chairman Van Beerendonk. He opinions that urban policy makers demonstrate a growing sensitivity for the preservation of region rural qualities, because of a growing recognition of its importance in a globalising world. This applies in particular to the city of Eindhoven, cradle of the Philips Company which is the principle driving force of it’s a high-tech industrial district. However, this growing sensitivity is only slowly translating in concrete support for GROENE WOUD.

In organizational terms the Groene Woud region branding initiative can be seen as a three-layered model.

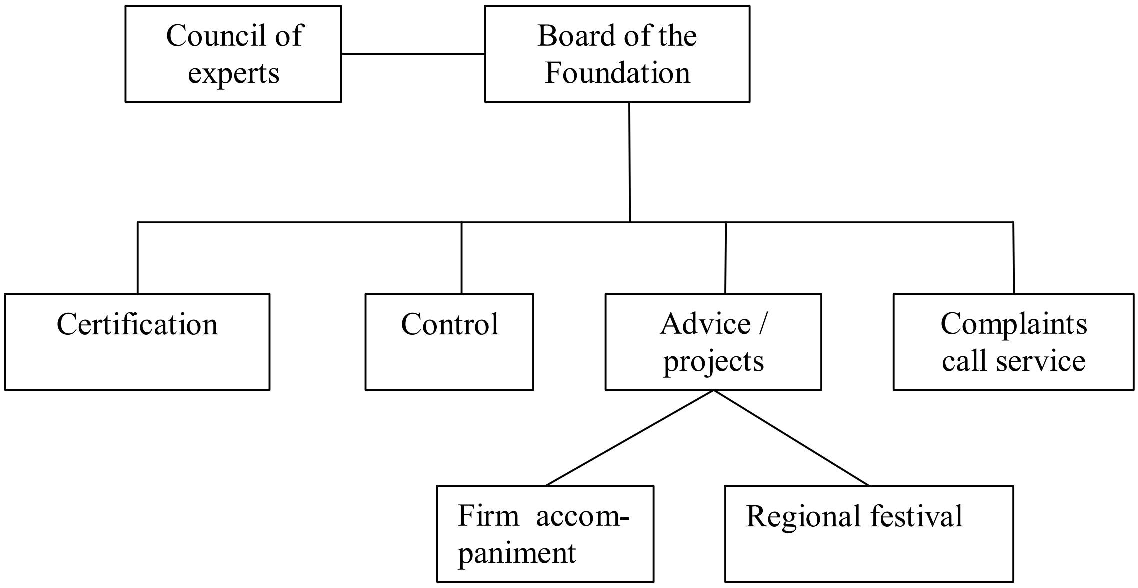
1. The first and most general level is the platform of representatives of different categories of rural entrepreneurs, civic organisations and public administrations (“Societal Platform National Landscape Groene Woud”), which secures the societal embeddedness of the initiative, establishes quality criteria for products & services, and awards the Groene Woud label to rural entrepreneurs
2. The second level is the Groene Woud cooperative, uniting all the (original) rural entrepreneurs who meet the established quality criteria, in which all incoming-generating activities that make use of the Groene Woud brand label are organized.
3. The third level, still to be established, is constituted by the specific, income-generating activities that are planned, in particular the fields of regional food products, tourism, nature & landscape management, and catering to public institutions. These activities will be organised in business units (limited firms) owned by the cooperative.

In order to make this model work, the main challenge, is to develop a common view on rural development.

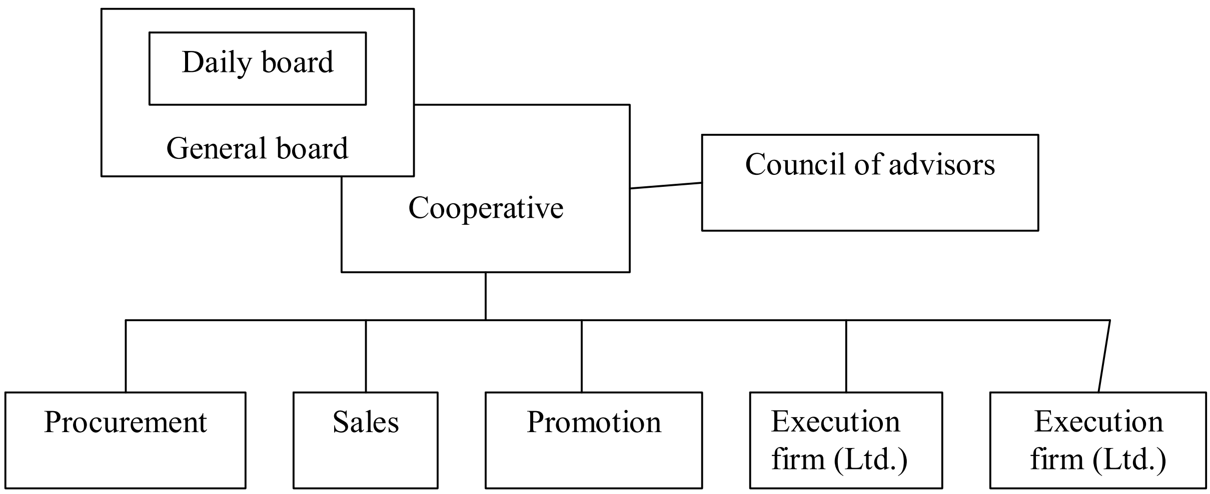
At this moment branding criteria are being developed within the framework of the “Societal Platform National Landscape Groene Woud” that makes part of the region branding initiative. This multiple stakeholder platform approaches branding quality criteria as a collective learning process in which triple-P core values (People, Profit, Planet) need to be translated in a set of transparent indicators. Rural enterprises should not just meet a certain minimum level of these triple-P criteria but also be challenged to further improve these branding core values in time.

Along these lines in the last stage of the case-study research therefore major changes in the organisational structure of the initiative took place, presented in the two exhibits below, of which the implications can not yet be overseen.

Society board certification (platform function)



Working with the logo



2.6 Contextual factors

Economic context

Available data on the economy of the Groene Woud area point at a significant decrease in agricultural employment (minus 20.5% in the period 2001-2005). The contribution of 3.6 percent of agriculture to total regional employment demonstrates that farming is no longer a major sector in the regional economy, which it used to be The most important growth sectors are now catering, financial services, education and health & welfare services (www.werkgelegenheid.economie-in-brabant.nl). This ongoing decline in agriculture's direct contribution to regional economy goes along with a relatively strong dependency on globalising food chains. The Campina dairy cooperative e.g. virtually has a monopoly position in dairy processing and marketing. In intensive animal husbandry (pork, poultry) cooperatives are also strongly present though less dominant. Some alternative niche quality chains have emerged in last decade (for instance De Hoeve for pork, Van Eigen Erf for organic food, and Amalthea for goat milk), these are still of little significance as new market outlets, and traditional cooperatives still show limited interest in this type of food quality differentiation.

Cultural/ social context

As argued, Groene Woud builds on a strong tradition of collective action by farmers. Precise data are lacking, but key informants revealed that most farmers are members of to multiple cooperative, operating in fields like food processing and marketing, agricultural input supply, private business insurances, etc. The growing interest among rural entrepreneurs to participate in territory-based cooperation surely builds on this tradition, albeit that broader societal and individualisation processes also affected this region. Further, it is important to realise that Groene Woud is still primarily an administratively delineated area, without a deeply rooted cultural sense of belonging. Most inhabitants of the National Landscape would rather identify with sub-regions such as De Meijerij and De Mortelen. The need for an active construction of a shared identity might be illustrated by ongoing research on cultural identity as a point of departure for region branding (DHV, 2006). Building on participatory research methods, this research identified the following characteristics as crucial components of the identity of the National Landscape;

1) dominance of small scale agricultural activities, regional landscapes and cultural facilities)
2) pride in village life
3) strong culture of self-employment
4) a long tradition of 'healthy' distrust in public administrations, and
5) strong family-based life-styles.

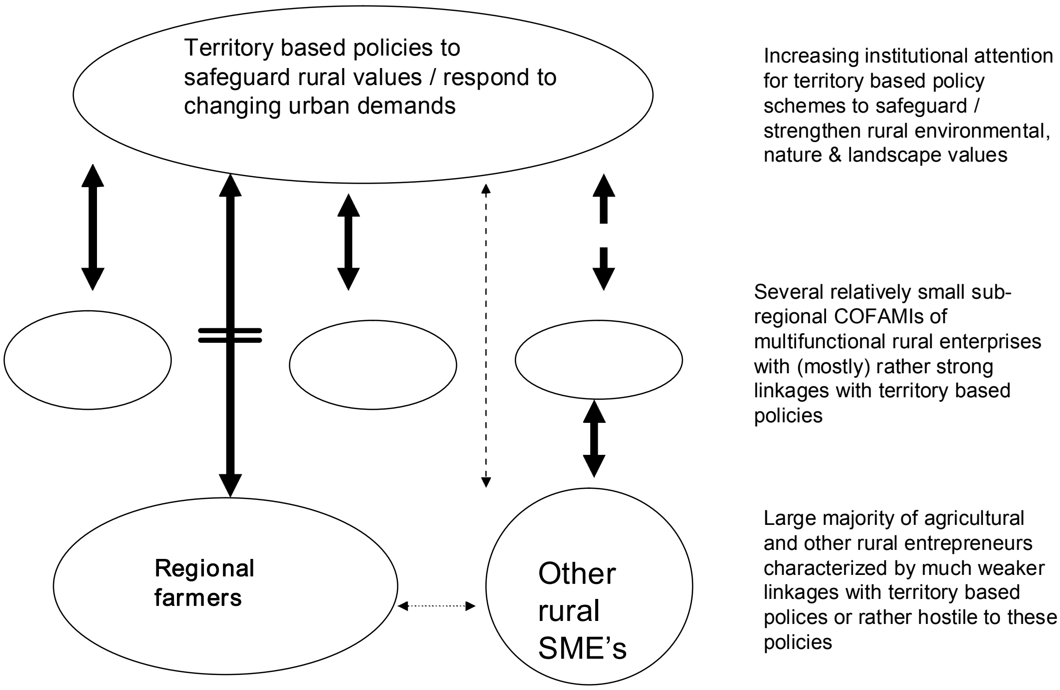
These outcomes were discussed with stakeholders at a so-called Day of Powe, in close cooperation with GROENE WOUD, in order to generate enthusiasm for further collective action for region-branding. Overall reactions of stakeholders, however, were not just positive and stimulating. In particular representatives of nature management organisations expressed their doubts about a more prominent role for agriculture in regional nature and landscape management. This lack of agreement among stakeholders resulted in a (preliminary) cancelling of a planned second meeting to further concretise collective action on region branding. As stated by involved researchers, stakeholders should first come to more mutual agreement on the urgency of territory-based cooperation.

Rural policies

Counterbalancing negative environmental side effects of intensive agricultural production systems and the preservation of rural nature and landscape qualities are important elements of ongoing agricultural and rural policies. Regional farmers' organisation (ZLTO) reacts in general defensive against policies that create barriers for further modernisation. In line with this attitude, also reactions on region branding initiatives that build on multifunctional agriculture as guiding principle for sustainable agricultural and rural development are predominantly defensive. Latest strategic document of the ZLTO suggests that this might change in the near future by explicitly stating that the organisation should defend the interests of green entrepreneurs in broader sense. It is rather doubtful if local circles, the basis of the ZLTO organisation, already actively support such a new mission statement. As a regional farmers' organisation with significant financial resources, also due to share holder participation in conventional cooperatives, the ZLTO seems to be increasingly embarrassed by internal contrasting ideas about how to defend farmers interest most adequately. The region-branding initiative, therefore, continues to depend largely on support from territory-based policy schemes. Besides the National Landscape policy framework there are several other territory-based policy schemes of importance (e.g. Regional Reconstruction Program Intensive Husbandry, LEADER+, National Framework Stimulating Territory-based Policies and – more recently introduced – Investment Budget Rural Areas.

Figure 2.3 visualises that GROENE WOUD is having strong ties with territorial policy schemes, in contrast to the conventional farmers organisation that primarily defends agriculture's competitiveness in international food chains markets, something which is thought to be incompatible with policy regulations that aim to preserve rural amenities as nature, landscape and cultural heritage. GROENE WOUD can be also understood, in that perspective, as an active attempt to create new public-private alliances that undermine the traditionally strong position of regional farmers' organisation at the benefit of an alternative agricultural development models that are based on the multifunctionality principle.

Figure 2.3: Policy-Practice interrelations



At the same time it should be noticed that though GROENE WOUD is increasingly promoted and supported by territory-based policies, it continuous to face serious barriers from policies that originate from the modernisation area. This goes, for instance, for the prevailing agri-environmental policy schemes. Many farmers perceive these schemes as little efficient or effective and all but stimulating. Concrete suggestions for alternative remuneration systems for agriculture's provision of so-called 'green services' are being developed and recently (partly) passed EU state-support proofing. Other barriers for the multifunctional rural enterprises as promoted by GROENE WOUD relate to spatial planning regulations. Function integration at lower scale levels continues to be limited by municipal planning regulations, being the most important administrative level in spatial planning in The Netherlands.

Learning context

Ongoing dynamics in rural policies can't be isolated from the growing influence on policy processes of regional environmental organisations. After a period of strong clashes between farmers and environmental organisations, which succeeded to blockade completely or serious delay farmers plans to increase production capacity in intensive husbandry by legal procedures against municipalities that did not apply environmental regulations correctly. RFGROENE WOUD is at least partly to be understood as a collective attempt to improve interrelations between regional agricultural and environmental organisations by initiating a process of collective learning around opportunities for region branding with specific rural qualities as nature and landscape values as crucial dimensions.

The process of collective learning in the Groene Woud project is actively supported by several regional knowledge institutions that aim to contribute to sustainable regional development. This goes in particular for Innovation Platform Duurzame (Sustainable) Meijerij (IDM). As a public-private partnership IDM tries to actively involve relevant stakeholders in innovation processes that might contribute to sustainable development through developing, supporting and implementing projects. Since 2002 IDM functions as a Local Action Group within the European LEADER+ program and as a pilot within a national policy scheme for regional innovation networks. IDM succeeded, as part of an inventory study on potentials for region branding, to interest a variety of regional stakeholders to participate in a study-travel to West Cork LEADER Cooperative Society,, with the help of Wageningen University as an intermediary. This society was contacted for its experience with region-branding as a way to revitalise the rural economy of southwestern Ireland. It turned out that the West Cork LEADER approach of bottom-up regional development, building on available social, natural and landscape resources, appealed to the study travel participants. The exchange was the start of a continuing cooperation, which resulted amongst others, in the joint organisation of the conference named "Identity, Image and Economics" in Cork in 2005 and, more recently, a partnership within the Lifescape project, an EU-funded project that defines the revival of rural-urban interrelations as its major challenge (www.lifescapeyourlandscape.org).

Telos is another regional knowledge centre actively supporting sustainable regional development (www.telos.nl) and has an institutional relation with the regional University of Tilburg. This centre conducted a study on process developments within GROENE WOUD in relation to innovation lessons. Furthermore, it supports GROENE WOUD financially by sub-contracting private consultancies with experience in identity research and the mobilisation of knowledge and experiences on region-branding in other parts of The Netherlands.

A third regional knowledge centre of relevance to GROENE WOUD is Helicon, a green education centre with multiple locations in the Centre and South of The Netherlands. Helicon has its roots in former agricultural high schools and secondary schools and has been of particular relevance for its variety of individual and collective training courses in fields such as new farm income activities, agricultural nature and landscape management, on farm food processing and marketing, strategic management in agriculture, and business plan development. Since a few years it also offers a BSc-course Rural Innovation, which focuses on multifunctional agriculture, new forms of rural entrepreneurship and facilitation and management of rural development processes (www.Helicon.nl).

Current GROENE WOUD chairman is vice-chairman of IDM and has close contacts with other regional and national knowledge institutions. His capacity to mobilise relevant external expertise is also illustrated by e.g. the role of private advisory and consultancy enterprise Praedium (www.bureaupraedium.nl). It supports GROENE WOUD with process facilitation and project development without guarantees on (future) financial compensation. Ongoing dynamics within GROENE WOUD cannot be understood without taking into consideration this personal commitment among key actors to its overall objectives.

Putting the above in innovation terminology: the ongoing learning context in which GROENE WOUD is embedded, is increasingly characterised in terms of transition processes. The concept of transition highlights that innovation is mostly characterised confronted by conflicts, different mindsets of people, and so-called path-dependencies (future action must build on the result of actions in the past) that are hard to change. In the case of GROENE WOUD such path dependencies relate in particular to agricultural modernisation trajectory that dominated for decades. Notwithstanding its decreasing economic competitiveness, the societal 'license to produce' is eroding and farmers increasingly opt for multifunctional enterprises. But supportive regulatory frameworks as for instance the segregation of functions in spatial planning and the primacy of high-tech solutions for the reduction of environmental problems in agriculture are only slowly adapted in favour of multifunctional rural enterprises that could support region-branding.

2.7 Critical events

In retrospect, the following critical events have been of specific relevance in the emergence and unfolding of ongoing initiative around region branding in GROENE WOUD:

1) IDM's capacity to mobilise interest among a variety of regional stakeholders for ongoing region-branding initiatives in Cork.

    Process role: creation of 'shared mindscapes' among rural entrepreneurs, other stakeholders and policy makers with regard to territorial development.

2) Personal commitment of Van Beerendonk to get actively involved in applying the Cork philosophy in the Groene Woud area.

    Process role: opportunity for trust-based leadership by someone with an extensive network among rural entrepreneurs, societal interest organisations, local and regional policy makers and regional and national knowledge institutions.

3) Successful organisation of first Groene Woud festival, which attracts thousands of visitors each year

    Process role: first demonstration of collective capacity to transform policy discourses into a concrete activity with the participation of a wide variety of regional rural entrepreneurs, artists and societal organisations.

4) Formalisation of existing informal network of rural entrepreneurs in the Groene Woud foundation

Process role: Formalisation in a legal body confirms existing network constellation and facilitates the mobilisation of financial and other types of institutional support.

5) Decision to continue with the selective group of rural entrepreneurs that firstly expressed their interest in the region branding philosophy and to keep newcomers at a certain distance.

    Process role: Remuneration of early responders, minimizing 'inertia risks' (repetition of discussions / debates).

6) Provincial willingness to grant its GROENE WOUD National Landscape logo to the GROENE WOUD foundation for commercial use.

    Process role: The right to use the National Landscape logo and to establish criteria for its commercial use of it increases the prestige and self-regulatory capacity of GROENE WOUD

7) First rural entrepreneurs use the Groene Woud logo for branding activities within a pilot project

    Process role: First steps towards concrete quality criteria for region branding activities, test for self-regulatory capacity.

8) Start of participatory research on Groene Woud identity

    Process role: Intensification of territory-based collective learning; shared identity building and transformation opportunities for region-branding

2.8 Status of capital assets

Human capital

The role of human capital in the GROENE WOUD project can be summarised as follows:

- Participating rural entrepreneurs respond pro-actively to processes of change in society, agriculture, rural policies and its translation in newly emerging rural markets for goods and services
- Participating rural entrepreneurs respond pro-actively to growing institutional and policy interest in region branding opportunities
- Participating rural entrepreneurs claim an active role in rural development as multiple stakeholder learning and negotiation processes
- Available trust-based leadership is a crucial factor for an adequate understanding of ongoing dynamics within GROENE WOUD
- Overall network characteristics illustrate a great capacity to involve regional, national and even international knowledge institutions and to create partnerships with similar region branding initiatives abroad.

Social capital

Social capital plays a rather complex role in the GROENE WOUD initiative. The regional tradition of farmers cooperatives represents both enabling and limiting forms of social capital. On the one hand GROENE WOUD itself builds on this strong regional tradition, on the other hand it simultaneously must face the dark side of the presence of strong bonding social capital* within the agriculture sector: 1) the large cooperatives have strategic commercial preferences that are not in line with region branding ideas, and 2) the regional farmers organisation continues to respond in a rather defensive way to region branding as an alternative agricultural development pattern. At the same time the GROENE WOUD project represents a collective attempt to re-store and re-create territorial bridging social capital* by developing new partnerships, alliances and coalitions. These attempts might be increasingly successful, but remain also confronted with serious barriers (e.g. co-existence of contrasting agricultural development trajectories and rural development discourses, distrust in policy institutions among farmers and other stakeholders, differentiating and conflicting claims on rural space, etc.) Together this makes GROENE WOUD a promising but also a still vulnerable network configuration in terms of social capital assets.
*) social capital can be defined as the mutual trust, reciprocity and tolerance between people; bonding social capital refers to the relationships within a group of people with relatively frequent and long-term social contacts, and bridging social capital to the relationships between people of different groups or organisations (Putnam 2000).

Cultural capital

Similar to social capital, also cultural capital entails both enabling as well as limiting factors for GROENE WOUD. Overall, growing cultural appreciation of rural amenities as nature, landscape, quietness, open space, etc. is certainly an important stimulus

for the ongoing activities. The same goes for the growing popularity of rural areas for residential, combined residential-working places or “consumption space” (leisure). GROENE WOUD is certainly also driven by this cultural dimension in its collective attempt to safeguard development opportunities for family-based businesses. Positive cultural influences include also strongly shared beliefs that rural areas are not just consumption space (nature, landscape, commuting, leisure) for surrounding urban centers but that preservation of rural identities presupposes the maintenance of a wide variety of rural enterprises.
Limitations for the mobilisation of cultural capital assets are primarily manifested in the fact that Groene Woud is still primarily an administratively delineated region without an already existing strong cultural sense of belonging or regional identity. From a national perspective, the absence of a food culture that appreciates regional origin and typicity is an important limiting factor. Dutch consumer attitudes and preferences change only slowly in favour of origin as an important food quality dimension.

Economic capital

GROENE WOUD does not yet possess collectively owned economic capital, although overall individually owned economic capital of participating rural entrepreneurs is certainly of significance. Capacity and willingness to invest collectively is still primarily expressed in non-monetary contributions as time, effort, expertise, ideas etc, drawing on their existing private frims. The forthcoming business plan will give more insights in overall capacity and willingness to invest collectively and individually in region branding. So far, GROENE WOUD succeeds to survive on project -based financial support. The chairman’s capacity to mobilise public support from territory-based policy schemes is certainly helpful in this respect. Personal commitment, expectations about future revenues, and willingness to postpone financial compensation are probably more adequately explaining ongoing dynamics in collective action then present concrete economic revenues. For some interviewees reason to warn that commitment and expectations are vulnerable driving forces for collective action and that it should not take too long to demonstrate success of collective action within GROENE WOUD in terms of economic revenues.

2.9 Sustainability impact assessment

Table 2.1 gives an overall impression of the impact of GROENE WOUD by distinguishing a set of relevant indicators for sustainable rural development. As illustrated and in accordance to the before mentioned capital assets analysis, GROENE WOUD’s most significantl impact is on the social and environmental dimensions of sustainability. Positive social impacts include increases in self-organising capacity, learning & knowledge, bridging social capital and job satisfaction. Positive environmental impacts, although difficult to measure and not always materialised yet, include increased biodiversity and a reduction of negative external effects through building on multifunctionality as the guiding principle s for agricultural development. The same goes for positive external effects like the preservation of nature and landscape values, cultural landscapes and a reduction of food miles.

Economic impacts in terms of extra regional Nett Value Added, or indirect and induced regional employment, increase of farmers' share in retail turnover, or a reduction of farm level transaction costs are still rather marginal in the present stage of the life-cycle. To what extent GROENE WOUD indeed will be able to realise such positive economic effects remains to be seen in the coming years. Its current high dependence on public support also demonstrates that GROENE WOUD still is an early-life cycle project and therefore a rather vulnerable COFAMI.

Table 2.1: Impact assessment based on sustainability indicators

Sustainability indicators	**Performance scores**
	-- = 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 £	0
Farm level transaction costs	0
Dependence on public sector support	- - (high dependence from sustainability perspective to be assessed as negative)
Displacement effects within region	0
Halo effects	0
Social	
Self organisational capacity	++
Bridging capital	++
Learning & knowledge	++
Enhanced trust/faith in food	+
Enhances social inclusion	+
Yields job satisfaction	++
Encourages succession	0
Environmental	
Increases biodiversity	+
Reduces negative external effects	++
Increases positive external effects	+
Enriches cultural landscapes	+
Reduces food miles	+

2.10 Synthesis

GROENE WOUD is the result of the following driving forces:

- Rural policy attempts to counterbalance agriculture’s negative environmental impacts and to strengthen rural amenities (from 1980 onwards)
- Regional agricultural price squeeze tendencies and farmers’ responsiveness to newly emerging rural markets for goods and services (from 1990’s onwards)
- Regional farmers’ growing awareness of the need for inter-sector cooperation to safeguard development opportunities for rural entrepreneurship in broader sense and to fully explore development opportunities for new rural markets (last decade)
- Trust -based leadership by a regional farmer with a wide personal network
- Available human, natural, social and financial capital (in decreasing importance)

GROENE WOUD is characterised by the following collective processes:

- Collective action to (re-)construct territory-based networks between rural enterprises after decades of dominating vertical (food chain) network dynamics within agriculture.
- Collective action to create a regional identity as a basis for branding.
- Collective action to (re-)build regional social capital assets.
- Collective actions to revive rural-urban relations.
- Collective learning around most adequate organisational form to further develop region branding opportunities

Other enabling factors of importance in the development of GROENE WOUD:

- Long tradition of farmer-driven collective action
- Emergence of new societal and urban demands for rural goods and services
- Availability of territorial policy schemes
- Cultural appreciation of rural life styles and rural entrepreneurship
- Growing urban interests in partnerships with rural areas (albeit not very concrete yet)
- Ongoing policy attention for new institutional frameworks that strengthen development opportunities for multifunctional agriculture (e.g. Regional Fund to more actively remunerate the provision of green services)

Crucial limiting factors in the development of GROENE WOUD:

- Remnants of agricultural modernisation era in policy making
- Strong bonding social capital around modernisation ideology
- Lack of a (national) food culture that appreciates local foods
- Limited presence of food related SME’s for strategic partnerships
- Co-existence of clearly contrasting agricultural development patterns
- High dependency on informal leadership and public support
- Complexity to organise and formalise collective action among a strongly heterogeneous group of rural enterprises (in terms of business activities)

3. Case study - Van Eigen Erf foundation

3.1. Introduction

The *Van Eigen Erf* foundation (literally: From the own Farmyard) must be placed in a broader Dutch context of growing societal food quality concerns, negative environmental side effects of modern agriculture, a still relatively small national organic sector (compared to other European member states), and a steadily growing number of regional initiatives of organic food producers around direct marketing

VEE is an umbrella organisation for 9 regional initiatives that are actively involved in direct marketing of organic produce, supported by on-line internet ordering. The Foundation owns, exploits and promotes a quality label for organic food of local/regional origin (hence *Van Eigen Erf*). The label covers a broad assortment of organic produce (vegetables, dairy, beef, flowers, grocery products) as produced by the participating regional initiatives. The participants constitute a rather diverse whole of life-cycle characteristics, chosen legal forms for collective action, degree of collective action and engagement in E-commerce, a field of specific interest within VEE. Several participating regional initiatives emerged as an outcome of active VEE support in the creation of webshops (e.g. www.biologischgoed.nl, www.hofwebwinkel.nl). Others have a longer tradition and broader scope on direct marketing of organic produce and are founding partners of VEE, for instance the Achterhoek initiative (www.achterhoekpakket.nl). Paragraph 3.10 gives a brief description of the different regional initiatives that currently join VEE. Together these initiative cover The Netherlands almost completely, although in the provinces North-Holland and Zeeland there are still some ‘blind spots’ in the e-commerce provision of organic produce.

3.2 Data-collection

The following resources have been used to start collecting material on VEE:

- Consultation VEE website: www.vaneigenerf.nl
- Consultation of the websites of regional partners (see 3.10)
- Information of representatives collected during the first National Stakeholder Forum on direct marketing
- Consultation of VEE digital Newsletters
- Participation in annual VEE Network Day

After this first phase a total number of 10 Interviews have been conducted with different actors who are more or less closely related to the VEE network, including its current director, founding participants, as well as representatives of regional initiatives that more recently joined the network. In additional to these interviews also VEE’s digital news letter has been analysed, so as to get a profound insight into the dynamics of the network.

3.3. Main objectives

According to its official mission statement, VEE aims to develop a national network for regional initiatives in which farmers, trading partners and consumers cooperate in a sustainable way to the production, distribution and consumption of organic food produce, in line with the following guiding principles: 1) close producer-consumer relations, 2) fair prices for producers, and 3) transparency in price forming of food. With this mission it hopes to contribute to a further progress of sustainable societal development and healthy food consumption through: 1) increasing availability of seasonal fresh organic food, 2) increasing knowledge and awareness of food origin among consumers, 3) a reduction of food milage, 4) strengthening of family-based farming, 5) stronger relationships between food producers and consumers, 6) sustainable rural economies, 7) the integration of nature and landscape management in organic production systems, and 8) the safeguarding of culinary traditions and artisan food production methods.

In 2002 VEE introduced a national label to support direct marketing of organic produce. Regional initiatives are expected to use this label actively in their promotion activities for which VEE provides different kinds of promotion material (flyers, banners, T-shirts, etc..) as for example during the annual Open Days on Organic Farms (organised in cooperation with national organic interest organisationssee also paragraph 3.7). At this occasion in 2007 several VEE farms received well-known television cooks who gave work-shops for consumers on how to make tasty recipes with organic ingredients.

Next to labelling and promotion, e-commerce is another central field of collective action within VEE. It started in 2003 with the launching of a national portal for regional organic produce. The portal guides consumers looking for organic food and brings them in contact with the regional web-shops of tis paticipating members. According to VEE's newsletter, in 2005 the portal was visited about 36,000 times, resulting in 500 requests for supplementary information about regional webshops. Currently VEE is putting a lot of energy in developing a national standard for webshop ICT systems. Actually, the webshop owners are using different ICT systems, mostly developed in partnership with software companies or bought through license agreements with webshops in other regions. The co-existence of different systems constrains further development of national cooperation within VEE , in multiple ways (e.g. information exchange about product flows and product availability; collective promotion; collective wholesale purchases, etc.). For that reason VEE started a partnership with three regional initiatives (*Hofwebwinkel, HaiBoerHai, and Bioweb Friesland*) in a project that aims to develop an ITC system that results in:

1) a national data-base of organic food products available for direct marketing, integrated with financial-administrative transaction management;
2) significantly increased user-friendliness of webshops by building on 'look and feel good' principles';
3) professionalisation and fine-tuning of opportunities for product marketing (f.i. facilitation and rewarding of frequent buyers, product details).

In short, the new system should result in a more sophisticated B2C and B2B ICT application. The VEE and its participating partners plan to commercially exploit the new system through license agreements. For that purpose probably a new business entity needs to be created, with both VEE and regional initiatives as joint shareholders.

Collective learning and innovation is another important field of collective action within VEE. As stated earlier, its participating regional producers organisations frequently started off as (informal) study groups that in time developed into collective marketing initiatives. Also at the national level collective learning is considered as a crucial catalysts for (future) collective marketing. VEE organises an annual Network Day for organic farmers already involved or interested in direct marketing. This with the objective to stimulate exchange of experiences, to create new networks and to broaden scopes by e.g. inviting representatives of successful foreign E-commerce initiatives. In 2005 Danish *Aarstiderne* and in 2006 British *River Nene* E-commerce businesses cases were invited as inspiring cases for Dutch organic farmers (see also chapter 4: satellite cases). VEE further actively stimulates exchange of experiences and knowledge by a two monthly (digital) newsletter and an extended web site data base with information on consumer profiles, local and regional representations of consumer profiles, legal opportunities to formalise collective action, different ways to organise logistics, manuals for direct marketing of specific products, food hygienic regulations, etc. etc.
Collective learning and innovation is also the objective of recent cooperation with *Biologica*, national interest organisation that joins producers as well as chain partners in organics. In 2007 the project '*Knowledge Networks for direct marketing in organics* has been started aiming to improve commercial skills of organic farmers actively engaged or interested in direct marketing initiatives. Building on 'community of practices' innovation approaches, this project will bring together different stakeholders with different types of knowledge.

Deepening of distinctive food qualities is another attention field for collective learning. According to VEE's director current distinctive qualities as origin and organic will have to be supplemented with other quality dimensions as '*user friendliness*' and *'specificity'* to respond actively to ongoing dynamics in consumer demands. For that reason VEE is e.g. trying to establish closer contacts with SPN, the national organisation for regional typical food qualities (see also www.SPN.nl).

3.4. Participating farmers

VEE gathers a number relatively small-scale family-based organic farms. It is important to realise that this group of organic farms is rather diverse in terms of income dependencies on food markets and the presence of other economic activities. We do not have a complete picture of overall farm characteristics, but it is well known from national research material that direct marketing of organic food produce in The Netherlands is frequently combined with new rural development activities as nature and landscape management, agri-tourism, care provision, energy production etc. In other words, VEE unites a broad spectrum of multifunctional rural enterprises for which strategic importance of food production differs significantly. In fact, several interviewees have emphasised that this diversity in income generating activities is a complicating factor in creating a strong 'sense of belonging' within VEE..

VEE covers a broad assortment of organic produce. This is partly due to the existing variety in regional assortments of organic produce in the separate initiatves, but in particular it is a consequence of the choice of the web shop managers to supplement the regional product assortments of participating farmers with products from organic wholesalers. Some webshop representatives acknowledge that this might create tensions with the overall VEE objective to promote *regional* organic foods, but they emphasise at the same time that without broad product assortments it is impossible to manage a webshop in an economically viable way, i.e. to attract and keep the customers. The more so since product exchanges between the regional initiatives continues to suffer from administrative and logistical problems. It is expected that the development of a new and standardised ITC system within VEE will become a stimulus for inter-regional product exchange and a reduction of the dependence on additional wholesale supplies. The new system includes a sophisticated data base on regional product availability and should significantly reduce the administrative transaction costs of product exchanges.

3.5. Organisation and network relations

Internal organisation

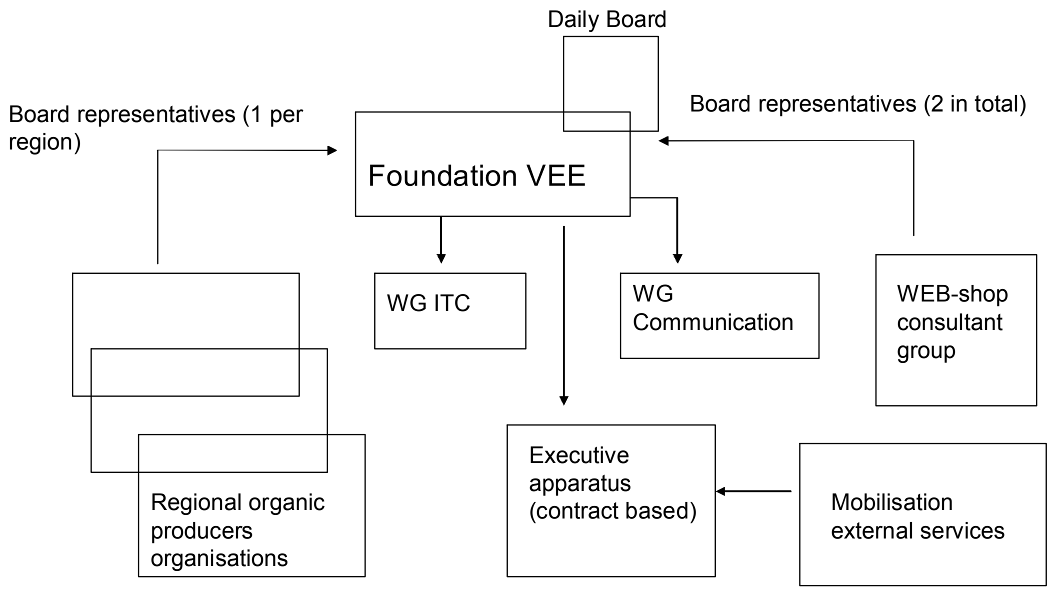
As stated, VEE represents organic producers engaged in direct marketing, (web-) shopkeepers and food distributors who share its mission of tighten producer-consumer relations. To meet this objective, it created a formal organisational structure as represented in figure 3.1. Like in any foundation, a general board is the principle decision making entity. In line with its articles, VEE's board consists of representatives of the participating regional organic producers organisations, regional webshop keepers and some external advisors who contribute their expertise relevant networks.

The general board steers an executive apparatus with exclusively contract-based labour to reduce fixed costs. The daily board is elected by the general board, with a chair men, director and financial administrator carrying responsibility for day to day management. Daily board members are also represented in working groups for specific fields of interests such as ICT and Communication, which further contain representatives of the regional producers organisations. Working group coordinators report to the general board, being the highest decision making entity.

According to VEE's articles, two thirds of voting rights in the general board should be in the hands of representatives of regional producers' organisations. Articles mention a maximum commitment to direct participation in the decision-making processes, but also give the possibility for decision-making by representation.

That fact that the organisation is still in a development stage, is clearly expressed by the interviewees, who admit that they have little notice of ongoing decision-making within VEE, as for instance the election of a new daily board and the implementation of the new ICT system (see 3.4). The VEE director admits that the organisation is all but easy to manage and uses the metaphor "a *wheelbarrow of frogs*" to illustrate current complexity of satisfying the various interests and wishes of the members.

Figure 3.1: Formal Organisation of VEE

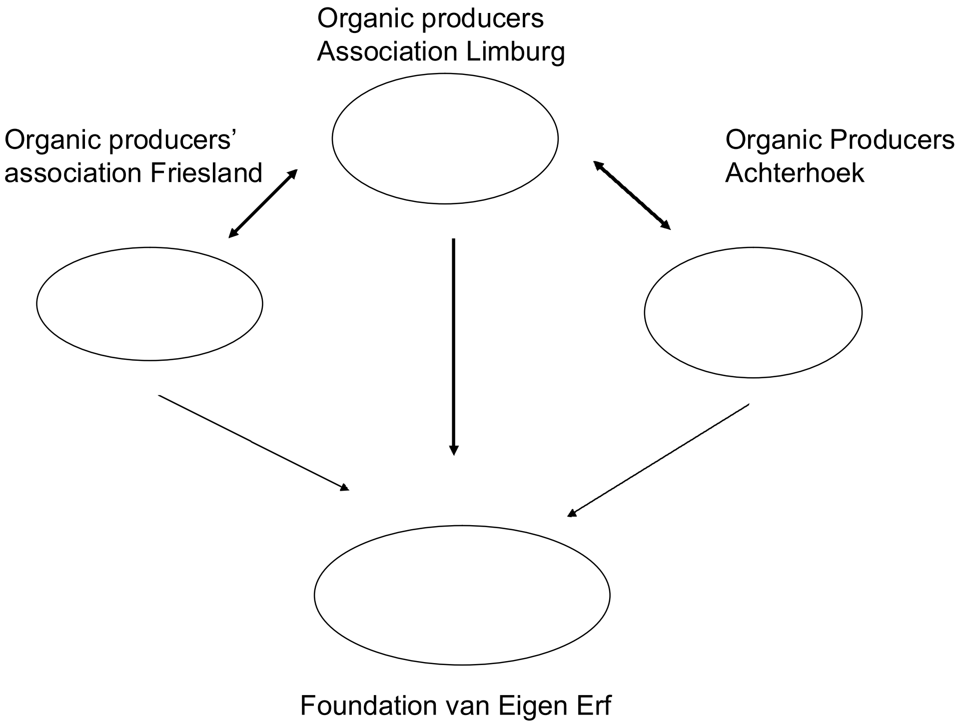


Differences in life-cycle stages of the participating initiatives, as well as differences in collaborating skills seems to to complicate collective action at the national level.There is some internal disagreement with regard to strategic choices and compliance to individual commercial interests (see below).

Internal network dynamics

Figure 3.2 illustrates that VEE traces back to three regional initiatives that agreed to cooperate in the promotion of direct marketing of organic produce. A successful webshop in the southern Province of Limburg has been an important catalyst in this process. This webshop attracted a growing interest from organic producers in other regions. A second key factor has been the current VEE director. She graduated in eco-design and life-cycle sustainability assessment methods, and in 2000 became involved in a direct marketing of organic food initiative in the Limburg. She started to cooperate with a provincial webshop pioneer and got increasingly engaged for the idea to professionalise existing regional initiatives through a national organisation.

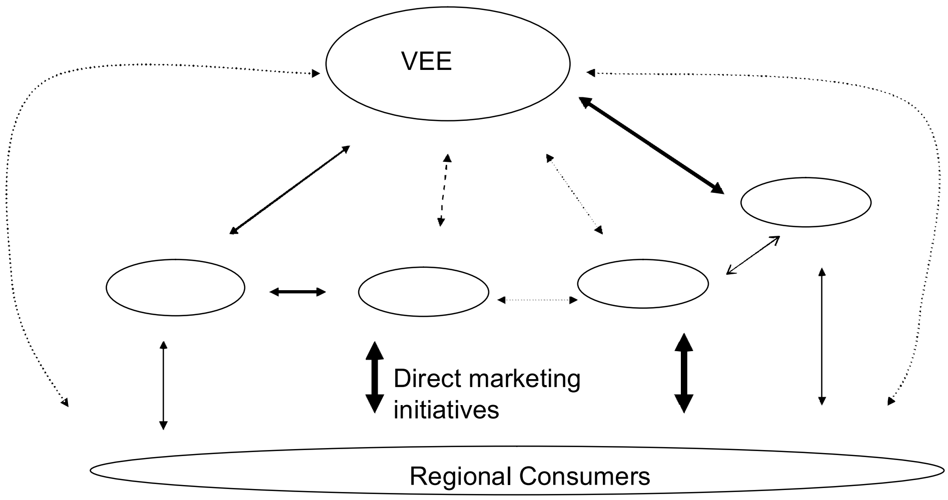
Figure 3. 2: Key actors at start of VEE network



This resulted, in 2002, in the creation of the Van Eigen Erf foundation. Among the three early participants, BPA and the Organic Producers Association Limburg (see 3.10) were already actively involved in the collective marketing of organic produce in their regions. The third partner, the Friesian Organic Producers Association, consists of a regional interest/study group of organic farmers planning to develop collective commercial activities.

Figure 3.3 visualises VEE's internal network relations anno 2007. The number of participating regional initiatives has significantly increased since 2002, from three to nine. Some of the new partners are private webshop owners (*e.g. Heulhoeve* and *EKOTwent; see below*) that collaborate with other regional organic producers on a commercial base. Other new partners are the group that developed form collective entrepreneurship among regional organic food producers (e.g. *BiologischGoed Zuidholland* and *Hofwebwinkel*). Expansion in terms of participating regional initiatives has only in partl been translated in more intensive commercial activities at the national level This goes for collective promotion of the national label, for instance. Interviewees mostly fully agree that a strong national label can support direct marketing of organic produce, but at the same time frequently confess that the VEE label is not having a prominent place in own regional promotional activities. From a regional perspective promotion of a national label would be commercially less interesting, in particular for regional initiatives that already developed their own regional label before joining VEE.

Figure 3.3: Internal network relations VEE anno 2007



Inter-regional product exchanges are also still weakly developed. Most VEE partners agree that it would contribute positively to the strengthening of producer-consumer relations. At the same time, they refer to important barriers like additional costs for logistics and distribution, the lack of information on product availability, and financial-administrative complications (internal payments). The expectations about the forthcoming new ITC system and its capacity to reduce barriers for inter-regional product exchanges differ among the participants. Some interviewees foresee that this system might strengthen commercial relationships between different regions. Others think that the logistic costs of shifting small product volumes will remain a crucial bottle-neck and therefore expect that product exchanges will have to be limited to neighbouring regions, perhaps supplemented with some national level exchanges of really regional typical organic foods.

In addition to differing perceptions about the potentials of collective commercial activities, VEE also faced some conflicts around specific commercial interests. Several regional webshop owners expected their system to chosen as the national standard and to receive licence fees from the other participants. VEE's decision to develop a complete new system for them is a commercial loss and caused some disappointments and distrust among participants frustrating decision making processes.

Altogether, the conflicting ideas and commercial interests make that the VEE continues to be a rather vulnerable national network in terms of organisational solidity and economic vitality.

External network dynamics

Figure 3.4 gives an impression of VEE's external network and identifies the following important external actors: National Ministry of Agriculture, Nature Management and Food Quality (LNV), the national Task-Force Organic Farming (created and funded by LNV) and Biologica, the national interest organisation for actors in the supply chain of organic food. Together, these public and public-private bodies offer a set of opportunities to mobilise support for VEE.
In these contacts its director plays a prominent role by writing and submitting project proposals in line with VEE's overall objectives. She does so as a private consultant , cooperating closely with other private consultancies (e.g. Q-point) in project development and implementation. The director's combination of professional functions might be considered as suited for an early life-cycle initiative like VEE, but it is also subject to some internal criticism; integrating a (non-paid) directorship wit a private consultancy would disturb transparency in decision-making on priority setting within VEE.

Figure 3.4: External network relations VEE

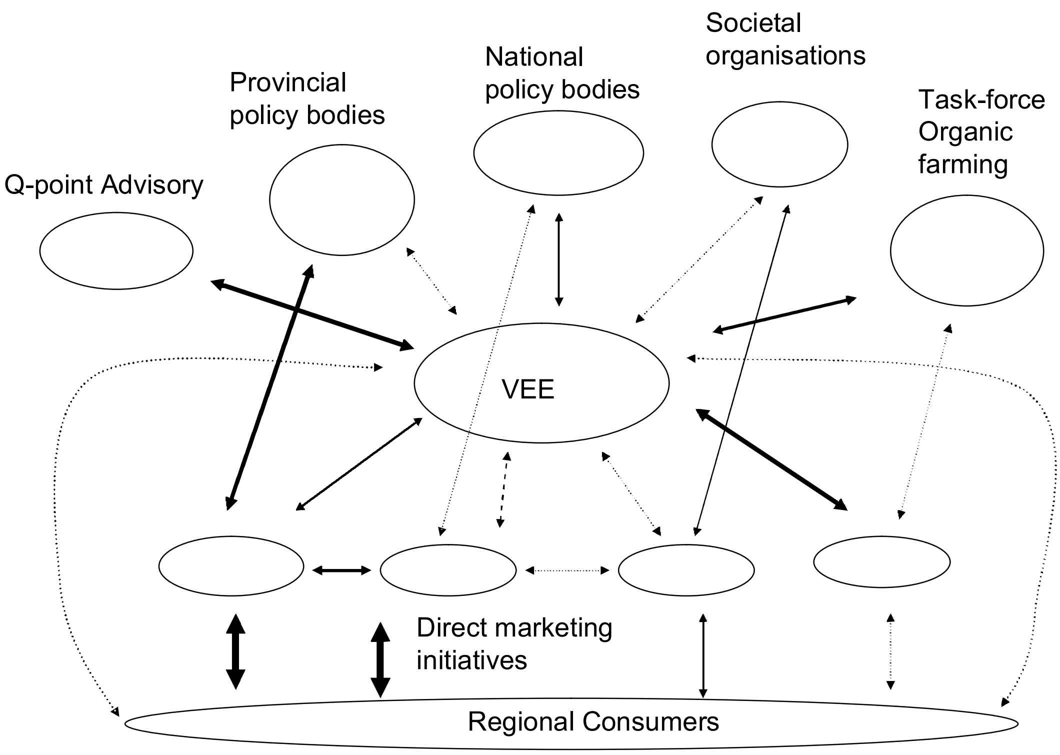


Figure 3.4 further illustrates that VEE is trying to establish close relationships with public and civic organisations that might support direct marketing of organic produce. It approached more than 100 organisations in the fields of sustainable food production and consumption, environmental protection, nature and landscape preservation with the request to create website links to the VEE portal. At a regional level organisations are actively approached to make some free publicity. In particular

regional initiatives usually have close contacts with provincial administrations, as manifested in their mobilisation of financial support. With only few exceptions, all regional partners have received or still receive project-based financial support from provincial administrations. Sometimes regional cooperation was an explicit condition to get access to provincial funds for the promotion of organic food production and consumption. Ongoing decentralisation tendencies in national rural policy-making and the growing attention for territorial policy schemes (as earlier also mentioned in relation to the Groene Woud case) has increased opportunities for regional subsidies. At the same time, VEE notes that these decentralisation tendencies might also have unintended negative consequences for collective action at the national level. The need to find financial support from provincial administrations for its national projects makes it a rather complex and highly time-consuming process, due due to differences in subsidy requirements between the provinces.

3.6 Contextual factors

Economic context

With about 1,300 farm enterprises, the organic sector continues to be of minor importance in the Dutch agricultural sector, which involves a total of about 80,000 farm enterprises. Despite this small number of organic enterprises, about 70% of total production volume of organic produce is currently exported, mostly to other EU member states (notably Germany, the UK and Scandinavian countries). In fact, national consumption of organic food is developing slowly. Only in recent years large retailers show an increasing interest for organic food qualities and mostly provide a still rather limited organic product assortment. Traditionally organic food stores and nature & health shops are the most important distribution channel for organic food in The Netherlands, with a market share in total gross production value of the organic food sector of around 40%. The channel of direct marketing, including farm-shops, subscription systems (f.i. box schemes), webshops, and community supported agriculture are estimed to account for a market share of about 10%.

Like large retailers, Dutch agribusiness shows little interest in organic food. Organic production methods were - and sometimes still are - primarily considered as a threat to consumer trust in conventional food, or else as a niche market of little commercial interest. As a consequence, organic producers have been obliged to develop their own processing and marketing structures, which has been an important driving force for collective action. Now and then scale conventional cooperative agribusiness has taken over small organic processing units at favourable conditions. But in general its strategy to achieve economies of scale has been a limiting factor for the organic sector. The same goes for the continuing decline the number of food processing SMEs, that are strategic partners to facilitate direct marketing of organic food. Several of VEE's regional participants provide Nature and Health food stores with regional organic produce, which may function as collection addresses for clients who subscribe to the internet buying service. Conventional food stores might opt for a similar role to strengthen their distinctiveness vis a vis large retailers.

Cultural/ social context

Organic farming in The Netherlands is relatively often initiated by persons with non-agricultural backgrounds. As relatively outsiders, they frequently face serious challenges in order to realise their dream of becoming farmers, including the skepticism among conventional farmers about organic food production.principles. This outsider position partly explains the emergence of informal regional study groups in the organic sector, in which farmers exchange experiences (mostly technical). The interviews indicate that collective marketing initiatives in organics can often be traced back to such informal study groups.

Dutch food culture is another social-cultural factor of importance. After centuries of agricultural intensification and modernisation and increases in food exports, national policy is based on the paradigm of industrial standardised quality and low food prices. In the same vein, Dutch eating culture has for long been characterised by the criteria nutritious, simple, and cheap (Jobse - van Putten 1990). Today, it is all but easy to convince Dutch consumers to pay a premium prices for organic food (or local food, for that matter). Marketing research reveals that large groups of consumers express a latent interest in organic food, but only a small percentage of them translates this interest in concrete buying behaviour. In 2006 the consumption of organic food was 1.9% of total, and prices are 20-60% above those for conventional food products (www.svp.nl). In times of large-scale animal diseases, such as BSE, Dutch consumers demonstrate a relatively high trust in conventional food. As a consequence, direct marketing of organic produce requires a lot of efforts and 'niche marketing' capacities of the producers involved.

Rural policies

Policy attention for organic farming started relatively late in The Netherlands. Conventional farmers organisations opposed an active stimulation of organic production methods and favoured alternative hall marks, such as A*gro Milieu Keur.* which is a rather technology-based approach to reduce the negative environmental impacts of conventional production methods. Policy changed only gradually after growing pressure of civic organisations and early generation organic producers. Currently the government more actively supports the national organic sector, although claims for superior environmental performance and healtiness continue to be subject of debate among farmers and national experts..

Since 2002 there is a national Task-Force Organic Farming in The Netherlands. as a result of a multi-stakeholder covenant in which policy actors, supply chain partners, and organic food organisations and producers agreed that in 2007 at least 5% of national food consumption should be organic produce. The Task-Force initially focused on the development of retail outlets, by arguing that increased chain efficiencies in organics would enlarge consumers' access to organic food and decrease price differences between conventional and organic food. In general it has to be concluded that this strategy turned out to be little successful. Overall turnover of organic produce at retailer outlets certainly increased since 2002 but continues to be relatively low compared to other EU member states as Italy, Germany, Austria, Denmark and remains with 2% far below Task-Force goals.

As stated, the Task-Force Organic Farming expressed initially little interest in direct marketing as an opportunity to increase national consumption of organic food. VEE is to some extend the outcome of dissatisfaction among organic producers about this strategic choice of the Task-Force. It offered a platform to express this dissatisfaction collectively and contributed to a growing sensibility of policy makers for the positive role of direct marketing initiatives. Only more recently this is also manifested in financial support for VEE. Whether the Task-force period 2002-2007 will be prolonged or not is still uncertain , and VEE actively participates in a broader rural coalition that lobbies for the creation of a national Task-Fforce Multifunctional Rural Areas, which seems to stand a good chance. This new Task-Force might get an important role in obtaining public support for direct producer-consumer relations.

Institutional support

VEE represents an active response to growing societal and policy attention for organic production methods and food qualities. Most of its regional partners receive public support or even emerged under this condition. At the same time VEE is the outcome of collective dissatisfaction about limited national institutional support for short (organic) food supply chains. Interviewees refer to different kinds of institutional barriers that currently frustrate direct marketing initiatives. In their eyes limiting factors can be summarised as follows:

- Food hygienic regulations do not suit small-scale food processing firms and direct marketing and do not recognise the fundamental differences between large-sclae ‘anonymous’ food chains and the more personal trust-based food networks that underlie direct marketing initiatives.
- Spatial planning frameworks differ strongly from municipality to municipality with regard to the room they leave for the creation of farm shops and in their transparency.
- Farm market regulations differ significantly between EU member states (as experienced within the Mergelland (German/Belgium/Dutch) INTERREG regions, which not only undermines the ‘level playing field’ principle but also limits the potentials for cross border synergies in collective action around direct marketing.

At the national level, VEE is confronted with negative side effects of policy decentralisation tendencies. Rural and spatial policies are increasingly decentralised as demonstrated by the recent introduction of so called *Investment Budget Rural Areas.* This policy scheme integrates different national sector policies into territory-based regulatory frameworks that should increase opportunities for policy integration at the level of Provincial and Municipal administrations. As a consequence, VEE needs to search increasingly for public support at the level of Provincial administrations to finance its national plans. With 12 Provincial administrations, all having their specific preferences and project criteria, mobilisation of public support for collective action at national level becomes increasingly complex and time consuming.

3.7 Status of capital assets

Human capital:

Dutch organic farmers are characterised by relatively high education levels and working experiences outside agriculture. Both characteristics probably have a positive impact on their sensitivity to changing societal demands with regard to agricultures role in rural development and food quality.
At the same time, organic farmers are known for a certain ‘stubbornness’ on how things ought to be done, which might have been a positive driving force to get involved in organic farming, but at the same time represents a more negative aspect of human capital in relation to collective action. That current director and major driving force of VEE is not having an agricultural background is another illustration that initiatives around organic food production, consumption and marketing in The Netherlands frequently succeed to attract ‘external’ human capital.

Social capital:

Being an umbrella organisation, VEE builds primarily on *regionally* available bonding social capital among organic producers, and on their efforts to strengthen bridging social capital through establishing closer producer-consumer relations and through the creation of alliances with societal organisations (in the field of environmental protection and nature manement, but also public institutions). Since VEE is an early life-cycle initiative, it is hard to draw conclusions on the role of VEE as an umbrella organisation and whether it contributes to the strengthening of bonding, bridging and linking social capital at *national* level, as it pretends, or not. Currently, VEE is confronted with different types of problems that point at serious limitations in terms of overall capacity ‘to get things done’ in line with its central objectives.
Secondly, from a sector perspective VEE reflects a long national (agri-)cultural tradition of cooperatives. Conventional cooperatives’ limited interest in organic food asked for new forms of collective action, which builds on the general cooperative spirit in among farmers and at the same time must compete with the established national cooperatives. Therefore, from a sector perspective cultural capital has been both enabling as well as a limiting in the emergence of VEE.

Economic capital

In a national perspective, the economic capital assets of VEE are rather marginal. For 2006 the estimated total turnover of E-commerce within VEE amounts to 1.7 million Euros, with an additional 1 million Euros for other direct marketing outlets as farm shops, subscription systems, etc. (VEE private data). Collective investments of the the participants remain limited to to annual fees they pay for the use of the VEE label, which was less than 10,000 Euros in 2006. At the regional level investments in collective action are more significant, although rather modent again if public subsidies are excluded. Economic revenues of collective action at clearly vary per region / participant. Several webshops start to make profits and pay premium prices of 10-25% to regional producers in comparison to organic wholesale prices. Other participants emphasise that profits are still lagging behind and that additional investments will be necessarily, for further up-scaling and professionalisation. Taken together, the available insights strongly suggest that national level collective action and economic performance remains highly dependent on public financial support. Economic capital for collective action at regional level might have a more solid base, although with clear differences between regional initiatives.

Cultural capital

The role of cultural capital in relation to VEE needs to be approached from several perspectives. Firstly, VEE can be seen as part of a cultural counter-movement in the sense that it aims to increase consumers attention for regional origin food and to shorten the distance between food producers and consumer, in a national context that is increasingly dominated by a ‘fast food’ culture. Organic farmers share certain knowledge and bahaviours that enable them to develop such a movement, mobilizing each other as well as public officials with the same ‘mind sets’. As a cultural counter-movement, VEE certainly attracts a growing attention from consumers and citizens, but remains a rather vulnerable phenomenon.
Secondly, VEE faces regional cultural differences, that even in a small country like The Netherlands are remarkably strong, which seem to underlie part of the unsuccessful attempts within VEE to create one webshop for the three Northern provinces (Groningen, Friesland, and Drenthe), for example. In particular the relationship between the Friesian Organic Producers’ Association, as one of its founding regional initiatives, and the VEE as a whole suffered from efficiency and subsidy driven pressures to make three provinces with rather different cultural identities join forces.

3.8 Impact assessment

Table 3.1 gives an impression of the impact of VEE based on a set of indicators that encompass the three general sustainability dimensions. It shows that current impact is assessed as most significant for the social and environmental dimensions. VEE certainly contributes to the social aspects of sustainability like self- organising capacity, bridging social capital (in terms of producer-consumer-relations), increased food trust, and job satisfaction,.Positive environmental performances are inherent to organic production methods: it causes less pollution of natural resources and relates positively to agro-biodiversity and preservation of nature and landscape values. Short producer-consumer distances are also believed to be positive for the environment, but this remains a point of discussion (see f.i. Borowski 2006).
Overall economic performances are assessed as less convincing. Participating farmers may realise a higher share of retail prices but due to scale level characteristics this does not yet translate in significant impact at the regional level, in terms of extra Nett Value Added or the creation of positive economic spin-offs (Halo-effects). Also the current high dependence on public support illustrates that economic sustainability of VEE is still to be proven. As argued, this holds in particular for collective actions at the national level; at the regional level dependence on public support shows a more diverse picture. An overall impact assessment of VEE as an umbrella organisation, therefore, shows some clear limitations and only provides a rather diffuse picture.

Table 3.1: Impact assessment based on sustainability indicators

Sustainability indicators	Performance scores
	-- = highly negative - = negative o = still little significance + = positive ++ = highly positive
Economic	
NVA in region	+
Direct, indirect and induced employment in region	+
Increase of farmer's share in retail £	++
Farm level transaction costs	+
Dependence on public sector support	- - (high dependence from sustainability perspective to be assessed as negative)
Displacement effects within region	0
Halo effects	++
Social	
Self organisational capacity	++
Bridging capital	++
Learning & knowledge	++
Enhanced trust/faith in food	++
Enhances social inclusion	+
Yields job satisfaction	++
Encourages succession	0
Environmental	
Increases biodiversity	++
Reduces negative external effects	++
Increases positive external effects	++
Enriches cultural landscapes	++
Reduces food miles	++

If we compare these outcomes to an alternative assessment method, that builds on the principle of self-assessment, it must be noted that expectations about VEE differ strongly among the network actors. Some highly appreciate the ongoing activities for learning and lobbying purposes. Other interviewees are more critical about the yet limited commercial results of collective action and say that other national interest organisations in the organic food sector might be better equipped to stimulate collective learning, innovate and lobby. It even has been suggested that VEE could be incorporated in Biologica, the national interest organisation that – also due to the emergence of VEE – would have an increasing interest in developing direct marketing channels. As argued, this organisation would offer a more solid organisation in terms of self-financing capacity and labour force. These differences in opinions and expectations suggest that VEE's central mission has been internalised in different ways by its partners and confirm earlier remarks about its still vulnerable network configuration.

3.9 Synthesis

VEE can be characterised as follows:

- Early life-cycle initiative
- Focus on up-scaling and professionalization of direct marketing of organic food
- Multi-level + multi-purpose collective action
- Primarily grounded on available human, social and cultural capital assets
- In particular at national level still relatively weak economic performances of collective action and high dependence on public financial support
- E-commerce as a major field of attention and innovation

VEE has been driven by the following enabling factors in particular:

- Strong personal commitment of a few key actors
- Growing societal + policy attention for the organic food sector
- Long national tradition of agricultural cooperatives
- Decentralisation tendencies within rural policies (stimulating for regional initiatives)
- Public support for national and regional organic food production and consumption
- High access rates and use of internet by Dutch consumer in general
- Growth in on-line (food) sales in general
- Proximity of (urban) consumers to rural areas / organic producers
- High human capital among organic producers
- Food quality concerns in society at large
- Gradual shift in Dutch food culture towards specialty food products and local food

VEE faces the following main limitations:

- National food culture with little interest in food origin, though increasing
- Negative national (most large-scale) agribusiness attitudes towards organic food and direct marketing
- Limited number of SME's in the food sector
- Strict application of food hygienic regulations and little exceptions (van der Meulen 2003)
- Spatial planning frameworks that limit direct marketing opportunities
- Dependence on project-based and absence of process-based support

- Differences between participants in farming strategies, life-cycle characteristics, attitudes towards collective entrepreneurship, collective investment capacity and willingness, focus on E-commerce, etc.
- Multi-level coordination problems (e.g. at national level collective quality label important promotion tool, at regional level often less useful)
- Multi-level strategic problems (e.g. national level preference for E-commerce, whereas at regional level other direct marketing channels might be preferred)
- Internal commercial conflicts (e.g. around choice of national standard for ICT system)
- Logistic problems of supra-regional product exchange
- Limited complementarities of regional organic food assortments
- Limited self-financing capacity / willingness

3. 10 Description of VEE participants

The following nine regional initiatives are participating in VEE.

1. Biologisch Product Achterhoek (19 producers)

Biologisch Product Achterhoek (BPA) is a collective marketing initiative in the (eastern) province of Gelderland and has a relatively long tradition in comparison to most of the other participants in VEE. BPA started in the early 1990's with a group of organic farmers who exchanged and promoted organic food products in general. In 2007 BPA united 19 organic producers of which 8 farm-shopkeepers. Informal product exchange developed in time into a sophisticated distribution system that provides regional Nature and Health Food shops, restaurants, caterers and farm-shops. This distribution system has been taken up by private company (Distreko) that cooperates closely with the producers association BPA. The association sets the product prices, periodically, Distreko adds a percentage to producer prices for its logistic and administrative services. It links demand and supply in a way that avoids the need for central storage; the cold storage trucks function as mobile distribution centres. Distreko uses sophisticated B2B software to collect and provide the produce in the most efficient ways and to deliver them as fresh food as possible. In 2007 its subscription system had a weekly clientele of 350 consumers. In addition to its subscription system, Distreko recently got involved in webshop activities, which are still "under construction" (www.achterhoekproduct.nl). BPA's founding father has been one of the key actors in the creation of the VEE network.

2.. Hofwebwinkel (4 producers)

Four organic producers in the Province of Flevoland (that comprises two 'new' 20th century polders in the central part of The Netherlands) started in 2005 a cooperative with the objective invest collectively in developing a webshop for organic food (www.Hofwebwinkel.nl). Different from most other webshop initiatives, the cooperative contracts right from the start external labour for daily management of webshop activities. Webshop turnover grew relatively rapidly in its almost 2 years of existence. At present, it provides weekly around 300 orders to consumers in nearby urban centres (Amsterdam, Almere, Kampen, and Harderwijk) with an average order turn over of 50 euros. About 30% of the orders consist of food from of regional origin and the rest are organic grocery products supplied by wholesalers. According to the initiators, the webshop succeeds to attract new consumer groups up till now were not purchasing organic food through other market channels (organic food stores, farm-shops, supermarkets). At this moment, De Hofwebwinkel is one of the most active actors within the VEE network and involved in a project that aims to develop a software system that will stimulate the exchange of product flows between webshops id fifferent regions and reduce administrative costs of such inter-regional transactions.

3. Organic Producers' Cooperative Kempen-Meijerij (12 producers)
This group of organic producers in the (south-eastern) Province of Noord-Brabant has been initiated by the owner of a multifunctional rural enterprise that combines organic beef and lambs meat production with an on-farm shop, cooking studio and catering facilities (www.hetschop.nl). He is one of the initiators behind the attempts to stimulate direct marketing at a regional level through cooperation between organic and conventional farmers, within existing territory-based policy schemes. This initiative failed due to disagreements between interested farmers on how to define the criteria for sustainability and regional typicality. A smaller group of organic producers already actively involved in direct marketing, albeit it with different strategic interests, decided to continue the project and established a cooperative that should stimulate direct marketing of organic produce. After some internal discussion, the involved farmers agreed that it won't be wise to create an extra regional delivery infrastructure and that cooperation with HaiBoerHal, an existing webshop for organic produce in the Province at relatively short distance, would be more efficient. Since 2005 this webshop delivers also organic produce in De Kempen / Meijerij area, where the farms are located, and succeeds to attract in particular consumers living in commuter villages in the vicinity of larger urban centres. When the webshop manager, who also owns an organic food store in the city centre of Eindhoven, decided that both activities are incompatible in terms of required personal labour input, 2 cooperative members, together with 4 organic food providers in Limburg (see below) decide to buy the webshop as shareholders of a new limited company, making a collective investment of 100,000 Euro. According to one of the initiators not primarily for economic reasons, but much more motivated by a shared belief that direct marketing of *organic produce* can only be successful with a strong involvement of producers that actively communicate their farming activities, values, stories, etc. to consumers. Collective ownership of the webshop, therefore, should be primarily seen as instrumental to face-to face communication with regional consumers about where organic stands for (i.e., "much more than just no chemicals").

4. Organic Producers' Organisation Limburg (13 producers)
This group of organic producers in the (southern) province of Limburg started to cooperate around 1998. An organic producer with a rather successful subscription system for vegetables realised that the growing interest of supermarkets in organic food might become a threat for his direct marketing activities. He got increasingly interested in E-commerce opportunities, foreseeing that the combination of a broader product assortments, regional origin and convenience would be an important competitive advantages compared to the organic food assortment of in supermarkets. He succeeded to convince other organic producers in the region to create an association, with the following objectives: to stimulate exchange of information on regional product assortments to achieve a more demand-driven decision-making process on the regional product assortment; to increase opportunities for public support, and to strengthen direct marketing of organic produce through product

exchanges. Membership of the association implied a first-supplier right to the webshop and a premium price of on average 10% compared to the wholesale outlets. After a period of rapid expansion of E-commerce activities, this Dutch webshop pioneer decided to re-focus his activities completely on production. The combination of farming, webshop management and marketing of his ICT system to other regions became too much. More recently, conflicts with other members of the association escalated, and one meber was officially expelled. The webshop, after a short period of leasing, was recently sold to a consortium of 7 persons, 6 of whom are members of the producers associations of Limburg and adjacent Kempen / Meijerij area (see also above), and one is a webshop manager/director. They are the share-holders of a limited company. With a total of around 500 weekly orders, this webshop continuous to be the most successful E-commerce initiative in organic food marketing in The Netherlands, albeit it with a rather complex dynamic in terms of collective action among the producers.

5. Van Eigen Erf Fryslan (8 + 1 producer)

In the (northern) province of Fryslân there was an interest in direct marketing among members of the provincial association of organic producers, which resulted in 2004 in the creation of two different webshops. Initial attempts to create one webshop that would cover the whole province failed, because the the farmers involved could not agree on which ITC system to use.

By the end of 2004, two farmers decided to invest in an ITC system developed a by national webshop pioneer, Wiel van de Boog, and started their own webshop named Bioweb. They closely cooperate with De Hofwebwinkel (see above), that provides services like order administration, order picking, and wholesale supplies. Two producers/owners are responsible for collecting the regional products and transport them to De Hofwebwinkel for sorting and subsequently home delivery to clients. Today, Bioweb has a weekly turnover of about 4,000 euros, of which 20% consists of regional products and 80% whole sale grocery products. The second webshop is individually owned and managed, and developed an own ITC system. It offers a relatively small assortment of organic products.. Both webshops came to an agreement on exclusive delivery areas and have good mutual relationships, although there is no forms of cooperation.

6. EKO-Twente (1 +?)

EKOTwente started of as the initiative of an organic shiitake (mushroom) producer in the (eastern) province of Overijssel. In 2003 he decided to start a webshop, after a period of growing involvement in direct marketing of shiitake and other regional organic products, including a subscription system. The ITC system was developed in close cooperation with a regional software company, resulting in a commercial partnership with the objective to market this ITC system to other suppliers. According to this webshop owner, the attempts to create a partnership with a regional producer association similar to BPA in the Achterhoek region (see before) failed due to fears among producers that the webshop would compete with their existing individual direct marketing initiatives. For the same reason, another regional organic producer with a subscription system would have decided to create his own (small-scale) webshop facilities. EKO-Twente is an early participant in the VEE network, but the current relationship with VEE is rather disturbed due to the recent decision of VEE to opt for another national standard ITC system, i.e. not the EKO-Twente system.

7. EKO-NN (8 producers)

EKONN started in 2003 as a pilot project in the (northern) province of Groningen and aims to stimulate consumption of organic produce by the creation of webshop in which regional organic producers closely cooperate. The project turned out to be little successful mainly because of the rather limited interests/capacities among regional organic producers to manage the webshop together. Since 2006 EKOTwente (see above), provider of the ICT system to EKONN, took over the management of the webshop with an organic food assortment that predominantly consists of grocery products from wholesalers and distributed by contracting external transport services. Attempts to re-involve regional organic farmers more actively in EKONN have been little successful so far.

8. Biologisch Goed Zuidholland (5 producers)

This recent initiative (2001) in the (southwestern) province of ZUid-Holland concerns a collectively owned webshop of five organic farmers that are engaged in in glasshouse and open air vegetable production, as well as goat's milk production and processing. They made a total investment of about 30,000 Euro in the webshop, supplemented by a subsidy from the Provincial Stimulation Funds for organic farming.
VEE has been involved in the emergence of this webshop in different ways. Firstly by its presentation on a regional meeting of organic producers about direct marketing potentials. Secondly by its support to a first group of interested producers in the development of a successful project proposal for provincial support. In contrast to De Hofwebwinkel, for example, day to day management of this webshop is done by the owners, who developed a counting system in which the allocation of the benefits depends on the respective labour inputs. Biologisch Goed ZuidHolland opted to invest in a software system as developed by Heulhoeve, the webshop in the province of Brabant (see nr. 9 below). After almost two years, the number of weekly orders is about 80, which is still below expectations and targets for 2007. Average order value is around 50 euro, which is somewhat higher as expected. According to the business plan, the webshop needs a minimum of 150 weekly orders with an average value of 50 euros to break even; more than 150 orders would make profits. A step by step growth model and further development of (collective) management skills should make this possible. Currently, members are now reflecting on the necessity to contract external labour for daily management since the available surplus labour of the members is getting too little to manage the webshop in an appropriate way.

9. Biologische Producenten Vereniging West-Brabant (5 producers)

This group of organic producers in the (southern) province of Brabant started collective direct marketing in 2001, a period characterised by decreasing farm prices for organic food products. After initial contacts with the regional farmers organisation they decided to cooperate with the (private advisory company of) current VEE director in developing a project plan concerning the creation of a webshop, the organisation of the distribution, promotion, and legal requirements. Financial support was successfully applied for at the provincial administration. From the start, participating farmers opted for a construction in which webshop management and ownerships are in the hands of a private outsider. The producers association thus focuses on the provision of the organic fresh produce. They get a first gross payment direcltly from the webshop owner and an average 25% premium over wholesale market prices. After three years the webshop realises an average of 120 weekly

orders with a total turnover of 7,000 euros. About 20-30% of total turn over consists of prodcucts of regional origin.
Collective marketing includes a mobile ‘farm-shop’. This idea was launched in 2005 at a care-farm owner in search for labour opportunities for the mentally disabled care patients. The mobile shop provides organic food every week to households along a fixed route through surrounding villages. But this double purpose initiative - provision of fresh organic produce and contribution to the integration of care-patients into society - might stop in the near future if no solution is found for the actual high working-load for the managing farmer. During the interview, the webshop owner also revealed that membership of VEE will probably de cancelled, because of the limited commercial benefits it offers. In his view, the annual contribution of 1,300 Euros could better be spent on other activities.

4. Satellite cases

4.1 Data collection

Before going into the details of the satellite cases and the findings around different fields of specific interest for our national COFAMI cases, some information about data collection is presented.
For the five different satellite cases mainly existing research material has been consulted. Part of it was retrieved with the help of research partners within and outside the COFAMI network. Supplementary data resources consist of website information, and interviews with the Alimenterra project coordinator and the Lifescape Your Landscape communication expert. The following references give an overview of the research material:

- Holt, G (2007), Local food in European supply chains: reconnections and electronic networks. In: Anthropology of Food, special issue march 2007 (information on Alimenterra network)
- De Bruin, R. (2007), Short description of the participants of the Alimenterra Food & Tourism Network (Commissioned by Wageningen University)
- O'Reilly, S. (2001), Fuchsia Brand Ltd: A case study of networking among the Food Producer Members. Department of Food Businesses & Development, University College Cork.
- Poirier, C. et al (2006), The characterisation of the Danish E-business Aarstiderne as an alternative food network: A case study. Final paper for the course Ecological Agriculture at KLV University
- Fuchsia Brands Ltd (2002), Quality Assurance Scheme Code of Practice. Cork
- Lifescape Your Landscape (2007), Work in progress: sketchbook
- Dempsey, I. (), Regional Branding: Introductie & Context. Presentation at meeting in The Netherlands
- McCutcheon, I. (), Rural development through Regional Branding; Fuchsia Brands Ltd, a Case Study.
- www.lifescapeyourlandscape.org/users/lifescape/images/files/products/Branding%20the%20Landscape.pdf (Region branding Guide)

4.2 Short introduction to the satellite cases

A. *West-Cork Fuchsia Brand (Ireland)*
The Fuchsia Brand incorporates the West Cork LEADER cooperative (WCLC), the West Cork Food Producers Association, the West Cork Tourism office, and the Cork//Kerry Tourism office. Together these organisations own and promote the Fuchsia Brand as ”a symbol of quality and designation of origin”. The Brand mark exists in two formats; one for the food producers using the slogan ”a taste of West-Cork” and the other for tourist using the slogan ”West-Cork - a place apart”. The objectives of the Fuchsia Branding initiative can be summarised as follows:
- to develop a branded identity for local goods and services, both as an indicator of origin and as a symbol of inherent quality

- to promote West Cork as a special place, with particular emphasis on the environment, cultural, and heritage good of the region
- to develop high quality goods and services, utilizing the key resources of the region to satisfy specific market needs
- to highlight local quality food product in the area
- to Integrate the development and marketing of the Tourism, Craft and Food sectors for mutual benefit
- to encourage the location and development of clean technologies and natural resource type economic initiatives in the region.
- to assist in attracting outside investments into the region

In paragraph 4.4 (lessons from region branding satellites) more detailed information on the emergence, dynamics and organisational characteristics of the Fuchsia Brand casewill be provided.

B. Lifescape Your Landscape (EU)
Lifescape Your Landscape is a EU-financed project that unites fourteen partners from Belgium, France, Germany, the UK and The Netherland. It aims to connect people and landscapes through transnational learning around the following two major fields of interest: 1) attaching people to the richness of their landscapes, and 2) landscape preservation in economical sustainable ways through region branding.
Regional identity is central in the project and perceived as an instrument to revive relationships between cities and their surrounding countrysides. The project orients its activities towards the following target groups: school children, rural firms , and rural communities. For these groups different activities and projects are implemented through region branding, with rural firms being the major stakeholders. Experiences from regions like South Down (UK), the Avesnois region (northern France; beef labeling for the preservation of the typical *bocage* landscape), Noord-Brabant (The Netherlands; nature- and landscape conservation by farmers), Frankfurt am Main (sustainable use of orchards by involving consumers) are shared, compared and documented. It yielded, amongst other things, a “Region Branding Guide” that describes ongoing experiences, recommendations, and relevant questions. The initiatives comprise different types of public-private partnerships around the valorisation of territorial landscape- and nature values, and collective farmers actions that contribute to region branding policies.

C. Aarstiderne (Denmark)
Aarstiderne is a Danish E-business for organic food founded in 1999 by Thomas Hartung and two business partners. Nowadays the company employs 110 people and delivers organic fruits and vegetables boxes at the doorsteps of approximately 30,000 Danish households weekly. It owns three farms, one of which is used for large-scale organic vegetable production. The two other farms are primarily used for activities aiming at “raising awareness of sustainability and food quality and reconnecting people with the natural world” (Aarstiderne, 2006).
The company offers boxes with cured fish, cured meat, cheese, beer, wine, bread, grocery products and even cosmetic products, although the latter represent a small fraction of total sales. Internet is used as the major selling platform, supplemented by a telephone service for ordering and comments. Goods come from all over the world, with an emphasis on Danish products when they are available in sufficient quantities and quality is good. All fruits and vegetables are collected at a central location in

Jutland where they are packed in individual boxes and then stored at a terminal to be dispatched in small vans for home-delivery. Around 80% of the boxes are delivered within the Copenhagen area. The products are supplied together with recipes and stories about growers, production methods, food products and quality, and the company itself.

D. Riverford (UK)

Riverford is another example of a large-scale and successful initiative in the field of E-commerce of organic produce. In its early stages Riverford operated on the local market through a farm shop and private food stores, but as it expanded it started to market sell products to supermarkets and wholesalers as well. In 1993 the owners set up a home-delivery box scheme. During the mid to late 1990s the demand for organic vegetables in the UK soured and by 1997 Riverford was having difficulties meeting demand. This led to the creation of the South Devon Organic Producers Cooperative, in order to increase supplies. This move enabled the business to expand with “River Organic Vegetables” being the founding member of the cooperative and the sole marketing agent for its members. In 2006 Riverford employs 300 people, grows and distributes vegetables for almost 40,000 vegetable boxes each week to sixty franchisees across the South of England. The total sales are over 20 million pound per year now., Recently, Riverford extended its business formulae to two franchise companies: River Nene and River Swall, increasing the working area and sales even further.

E. Alimenterra (EU)

Alimenterra is a network of European organisations committed to developing concrete cooperative actions to support the sustainability of European food systems. Participating organisations come from France, Italy, The Netherlands, Spain and the UK (www.alimenterra.org). In Autumn 2004 these organisations took the initiative to establish a network of local food producers groups, called “the European sustainable food producers network”. The aim was to encourage the exchange of knowledge and experiences regarding the production and marketing of local products at the local level and between partners, facilitating possible trading activities. In 2006 the network was renamed “Alimenterra Food & Tourism Network”, expressing a growing awareness of the need to intertwine the marketing of local food products and rural tourism under the slogan: “*products selling their regions and regions selling their products.”*

4.3 Lessons from the two region branding satellite case

Major findings with regard to the analysis of the available material on region branding satellite cases can be summarised as follows:

Potential for significant socio-economic impact

The Fuchsia branding initiative shows that region branding might develop into a collective business activity of significant socio-economic importance. In 2005 total direct value of the output under the Fuchsia Brand amounted to almost 107 million Euro. This consists of 33 million Euro on goods and services, 38 million on wages, and 36 million on gross value added. Total direct employment was 908 full-time equivalent jobs. 58 million Euro was turned-over in the food & beverage sector; 35

million in the accommodation & catering sector, and the remainder in tourism services.
It can be concluded that the Fuchsia Brand has contributed to the creation of positive linkages between the food and tourism sectors in particular. Multiplier effects on spendings of tourists within the region have been calculated in an input-output model Since Fuchsia members' expenditures tends to have a relatively low import content - members are strongly orientated at the valorisation of locally available resources – multiplier effects are still quite limited.. Thus, of the total 107 million Euro turn-ver, 69 million remained within the region and generated a net contribution of almost 89 million Euro to the regional economy, supporting 1,131 full-time equivalent jobs. Still, Fuchsia Brand members, which are typically small-scale food, tourism and craft enterprises, make a major contribution to the West Cork economy.

Strongly supported by territory-based policy schemes

The Fuchsia Brand case learns that COFAMIs that are successfully involved in region branding may be based on a history of support from territory-based policy schemes. For the Fuchsia Brand support dates back to the implementation of the EU LEADER program in the early nineties of last century. In West Cork a group representing agricultural cooperatives, a regional development agency, and some educational and agricultural & food authorities have developed an integrated area-based strategy. Thye sought assistance from the nearby University College Cork in the areas of research, analysis and compilation of the LEADER application. Major strengths of the region turned out to be the quality food culture and environmental tourism, also due to its tradition of attracting visitors from Britain, continental Europe and the US, in addition to domestic tourists. Although there already existed some tradition of farmhouse and small-scale food enterprises producing a wide variety of dairy products, meats, fish, and conserved products, the agricultural and food sector lacked, at the time, a sense of sectoral coherence and concerted action. Region branding gradually became a kind of synthesising concept of ongoing activities within the lifetime of LEADER II (1995-2000), a period in which the West-Cork LEADER Co-operative (WCLC) initiated a variety of projects with regard to the development of a common identity and brand. The following principles are specifically mentioned as important in this respect:

- Use of the partnership approach
- Strategic Development Plan
- Implementation initiated by a Task Force
- The formation of the West Cork Tourism Group/Council
- Training to ensure the provision of high-quality services

The Tourism Council, with the support of WCLC implemented the strategic plan, including the selection of the Fuchsia flower to symbolise West-Cork, a vibrant colourful flower that grows in the wild, throughout the West-Cork countryside.

Subsequently, WCLC played a major role in the emergence of the West Cork Food and Alternative Farm Enterprise Partnership, with the objective to encourage entrepreneurial activity in the food sector. This public-private partnership united stakeholders such as local agricultural cooperatives, the Irish Agriculture and Food Authority, Cork University, and WCLC . It actively stimulates collective development programs such as an annual fair organised in Cork city, providing food enterprises with a meeting point for potential buyers, but also with each other. The provision of a food centre containing four small food production facilities according to EU food processing standards exemplifies the partnership's supporting role.

Together with the Tourism Council, this network of food producers and/or processors provides the basis for further activities.. A management board, representing both groups and WCLC, has been established to oversee and discuss further developments. WCLC employs a marketing manager who visits the numerous enterprises that attended group meetings, to discusses possible initiatives with them. This resulted, in early 1998, in a meeting with tourism and food enterprises that formally established - in association with WCLC - the Fuchsia Brand Ltd. company.

Transparency in brand quality criteria

The creation of Fuchsia Brand Ltd. is an important step in collective decision-making on brand quality criteria. Fuchsia Brand Ltd becomes officially responsible for the promotion and use of the Fuchsia Brand in such a way that "it will be recognised as a symbol of excellence in the food and tourism sector". It developed a code of practices and obliged the particpants to accept independent third-party audits to verify adherents to the code of practices. The board decides about compliance with criteria and suitability of product ranges. Acceptance criteria for food include the origin of raw material, value-aading, use of traditional or unique processing methods, sensorial quality characteristics, product packaging and labeling (in addition to the relevant national food safety and quality regulations). Unfortunately, more detailed information on question how to translate regional identity in transparent selection and quality criteria which is rather fundamental for our national Groene Woud case, could not be deducted from available material on Fuchsia Brand.

This issue of how to organise a process towards identity-based distinctive food quality criteria gets explicit attention within the Region branding Guide as developed within the *Lifescape Your Landscape* project. Based on experiences in different participating regions and elsewhere, the Guide suggests an organisational approach with a formal distinction between brand users on the one hand and decision-makers on brand quality criteria, e.g. a regional steering group, on the other hand. In such a steering group representatives with different backgrounds like nature conservation, agricultural, tourism and food trade organisations could participate. It should also try to come to terms about the question how to deal with quality criteria for new products that do not explicitly build on a regional tradition, and for non-food activities like sustainable regional energy production and rural services. As concluded by the Guide: "experience shows that region branding initiatives very active in business are split into two legal areas: whereas idealistic objectives mainly remain as a legal form of private law (Society, Association) the business arm is usually organised as a legal form of business law (GmbH, SARL, Ltd)".

Still vulnerable in terms of self-financing capacity

As mentioned, Fuchsia Brand has already a significant impact on the regional economy of West-Cork. This is not yet, however, expressed in a strong self-financing capacity of Fuchsia Brand Ltd. Food producing members are already paying a fee for the use of the brand, for tourism and craft related enterprises such a system is still under discussion. Early life-cycle characteristics probably explain this vulnerability in terms of self-financing capacity. Further, strong public involvement might make it less necessarily to collectively invest private capital. Public financial support in early life-cycle stages can be justified in a case as Fuchsia Brand, where public investments actually resulted in significant impact in terms of extra value creation and regional employment, within a relatively short period. It can also be argued that region branding is an activity that requires a priori public investments and that self-financing is a shared public-private responsibility. Nevertheless, the issue of self-financing seems to be a major challenge for COFAMIs involved in region branding. Collective action through a broad variety of rural enterprises makes it rather complex to apply the cost-benefit principles of traditional cooperatives. In reality, different types of self-financing instruments are being used. Member fees that vary according to individual enterprise turnover or product characteristics are most common, sometimes in combination with entrance fees for new members. Additionally members may also have to pay for logistic and/or distribution services provided by the COFAMI.

The *Lifescape* Branding Guide includes a variety of suggestions with regard to the financial aspects of region branding initiatives. Again, region branding is primarily approached as a public-private commercial partnership. It is stated that such a commercial partnership could be financed by a broad variety of stakeholders (members, sponsors, regional administrations, nature organisations, business partners, societal organisations, towns and communities), although it is recognised that a broad variety of participants will complicate overall commercial management. The creation of a Regional Investment Funds is mentioned as a interesting option to decrease the dependence on public money. As argued, ”setting up a fund is also a good means of acquiring commitment, know-how and contact opportunities for producing, processing and selling products. For this reason, the establishment of a fund should always be understood as an instrument for public relations and for retaining customer loyalty”. The guide suggests different types of funds with regard to accessibility and shareholder rights and obligations.

Different roles for COFAMIs

Our satellite cases learn that COFAMIs can contribute in different ways to region branding initiatives. Fuchsia Brand Ltd represents an example of a strong public-private partnership that developed into a major driving force for region branding. Ongoing initiatives in the Lifescape Your Landscape regions include a broad variety of public-private partnerships around the valorisation of nature and landscape values as point of departure for region branding with already more or less prominent roles for collective action by farmers and other rural entrepreneurs encompassing (combinations of) different fields as (direct) marketing of specific food qualities, rural tourism, sustainable energy production, private management of nature- and landscape values, etc. To what extent these COFAMIs will develop an equally robust public-private partnership as Fuchsia Brand still remains to be seen. In other words, COFAMIs – collective farmers marketing initiatives - frequently represent a kind of nurseries for the active exploration of region branding opportunities.

Crucial role of process facilitators

Available satellite material highlights that region branding involves complex processes of collective marketing, learning and innovation by multiple stakeholders. In particular background information on Fuchsia Brand Ltd illustrates the time consuming process towards formally organised collective action by different types of rural enterprises, including establishing codes of practices for brand quality criteria and rules for the auditing of these criteria. More specifically Fuchsia Brand material points at the crucial role of key persons with specific competences in relation to territory-based network building. Fuchsia Brand Ltd would probably not exist without employees within WCLC that are capable to involve, mobilise, and stimulate rural entrepreneurs. These key persons succeed to create new networks between and within public and private sectors and to strengthen territory-based partnerships by a step-by-step approach and continuous dialogue. Gradually this materialises in a regional development agenda in which region branding becomes a vehicle to create coherence between a variety of activities. Region branding, therefore, requires competent process facilitators and trust-based leadership within, for instance, regional development agencies. In a collective search for territory-based public-private partnerships, a hybrid form of organisation has to be developed, and its operation has to be negotiated and agreed by rather divers actors. A relative neutral position, as for instance in the case of employees of regional development agencies, might be helpful in this respect, as suggested by the Fuchsia Brand Ltd experiences.

4.4 Lessons from the three direct marketing satellites cases

Major findings as derived from the satellite cases on direct marketing can be summarised as follows:

High investments in communication (technology)

Both satellite cases on E-commerce of organic produce (*Aarstiderne* in Denmark and *Riverford* in the UK) learn that up-scaling of direct marketing of organic produce seems to correlate strongly with communication efforts, which were handled successfully. This refers to ITC-applications but also includes a much broader set of communication tools, as demonstrated by the *Aarstiderne* case*.* In its overall business organisation communication plays a prominent role. Firstly, its website contains lots of information about production methods, product origin, biographies of farmers, opportunities to create direct contact with farmers, a web forum in which customers are encouraged to share their experiences online, etc. Secondly, all customers receive a weekly newsletter in their box with recipes that can be used in conjunction with the provided food. Thirdly, the company actively facilitates information transfer. It carries out numerous customer surveys, mostly through the internet with the objective to gather information to provide a better product, thereby maintaining customers and gain new ones, and customers are stimulated to call or e-mail for information, and many do. *Aarstiderne* emphasises that these calls and e-mails are labelled as “conversations” by its conversation department of more than 20 employees. Fourthly, *Aarstiderne* attracts a significant number of visitors to two of its production locations (Barritskow and Krogerup farms). These multifunctional enterprises have, amongst other services, restaurant and catering facilities and entertain visitors with a variety of on-farm events and inform them about food production and consumption in general. Overall, communication, which includes internet marketing, outreach activities, and media events activities, are mainly targeted at families living in the Copenhagen area, with children, middle to high incomes and a high average educational level. Through its ‘alternative’ ways of marketing and its good capacity to mobilise free publicity, Aarstiderne’s marketing budget is relatively low (2 million DDK in 2005).

Transparency in decision making and business strategy

A second common characteristic of *Aarstiderne* and *Riverford* is that both companies are owned by majority shareholders. These key persons with clear visions on agriculture and sustainable food production are the first responsibles for strategic choices and investment decisions. At the top of *Aarstiderne* is a board of directors, with founder Harttung having the role of chairman, that decides on the company's strategy. There are two vice-chairmen, one for innovation and another for finance. A chief executive officer (CEO) controls the five departments of the company: Production (including the store house and packing); Logistics (including distribution and web management), Customers (including sales and marketing conversations); Krogerup Food and Events, and finally Finance and Farming (including the multiple production locations).

It will be clear that such a management structure and related transparency in business strategy contrasts in many ways to the features of VEE as described before. As a multi-level COFAMI the organisation characteristics of VEE are much more complex in terms of transparency in strategic choices (e.g. focus on E-commerce versus preference of direct marketing through personal contact as in the case of farm shops) and decision making on investments. At the same time, it should be noticed that dynamics within VEE show a tendency to adjust the current organisational features in line with those of private companies like *Aarstiderne*. One of the participants (De Hofwebwinkel) recently changed its cooperative organisational model into a shareholder company with the purpose to retain the commitment of the employee responsible for logistics, distribution and marketing, and to allow for the entrepreneurial skills of this employee. At the national level the creation of a shareholder company is being discussed in relation to commercial exploitation of the newly developed ITC system. Both the *Aarstiderne* and the *Riverford* case learn that share-holder organisations indeed allow for highly dynamic and market oriented E-commerce businesses. The fact that both are characterised by majority shareholders that clearly dominate overall business strategies raises the crucial question to what extent similar this can be also realised within share-holder companies more characterised by collective ownership and decision making.

Balancing between sustainability dimensions

Both *Aarstiderne* and *Riverford* claim and communicate superior sustainability performances thanks to their organic production methods, local food procurement and the re-creation of relationships between food producers and consumers. However, available research material on *Aarstiderne* includes a more detailed analysis of its environmental performances which concludes that these might be not in all aspects turn out as superior as suggested. In particular the fact that a significant part of its overall organic product assortment is being purchased from abroad (about 40% of total turnover), makes sustainability performances in terms of required energy inputs for an average *Aarstiderne* box scheme more or less comparable to that of a similar conventional product assortment that consumers purchased at supermarkets and specialty stores. *Aarstiderne* recognises this weakness in overall sustainability performance, but argues that complete local origin of organic food assortments is increasingly an illusion given modern consumption patterns. Therefore, not so much the origin of the food products but the lack of information on foreign suppliers is thought to be a major point of concern. However, economic barriers would impede the integration of fair trade principles in its current business policy, since the latter would require too high implementation and monitoring costs.

In the *Riverford* (UK) case the managers are more receptive to the issue of food energy balans by profiling its business as applying a "no air freight policy". Air freighting of organic produce is thought to be unnecessary: " *Our stance on this issue is very pragmatic - we don't air freight because we don't have to. Setting ourselves apart from this practice gives us an obvious point of distiction, but could be considered a very purist stance. We have never been in the business of alienating our existing and potential customers. We adopted an official 'no air-freight' policy long after realizing that we actually had done so*"
As stated, customers can be provided with a good mix of seasonal fruit and vegetables sourcing from farms in the following order of importance:

- local producers
- other UK growers
- imported produce from Europe-mostly by road and some by ship
- imports from the rest of the world; sea-freight only

The foregoing illustrates that up-scaling of E-commerce of organic produce might decrease, in varying degrees, the environmental sustainability performances. Finding the right balance in sustainability performances is one of the major challenges in the up-scaling of direct marketing initiatives. Satellite cases learn that rather different external purchasing policies ("no air-freight policy" versus "only organic production methods") might both become successful in economic terms.

Differences in relationships with regional suppliers

There are other differences in business strategies between *Aarstiderne* and *Riverford.* This goes, for instance, for their relationships with regional suppliers. *Aarstiderne* prefers an expansion of its own production capacity that currently comprises a total area of 1,440 ha at three production locations. This choice is motivated by the wish to have as much as possible control over product quality as a crucial component in the overall marketing strategy. At the moment *Aarstiderne* is still purchasing organic produce from about 20 regional suppliers, based on a kind of risk sharing. Price agreements for the next season are made in Fall, so producers get a certain level of security for their revenues. Opposed to supermarkets, *Aarstiderne* can to some extend influence what is distributed in its boxes on a weekly basis, which is another element of risk sharing between producers and consumers. In general, suppliers might state that they get fair prices for their products, but some start to feel uncomfortable about future prospective, given *Aarstiderne*'s official policy to look for further expansion of its own production capacity. Therefore, in the case of *Aarstiderne* up-scaling shows trade-offs with respect to *social* sustainability performances.

Riverford's business strategy is characterised by establishing long-term and stable relationships with regional suppliers. The founder and majority shareholder, Guy Wattson, consciously ignores opportunities to expand the own production area, but he initiated a cooperative with regional farmers that were already involved or interested in organic vegetable production. This cooperative, created in 1998, supplies *Riverford* with fresh local organic vegetables. This South Devon Organic Producer group (SDOP) provides an extra 15 members with labour and machinery inputs. In 2006, SDOP employed a total of 14 staff members and up to 60 people employed at peak periods. As one of the first organic producer groups in England, capital investment to start-up and to purchase machinery came from founding members, matched with an EU grant. Members invested 200 pound per acre in SDOP to get a bank guarantee for an equivalent amount. New members pay an acreage fee. SDOP members get a three year rolling contract to supply *Riverford*, which involves annual negotiation on cropping areas. *Riverford* acts as marketing agent for all produce from SDOP with bonuses and deductions for individual members based on quality. SDOP members develop and present an overall cropping plan for negotiation. Once a negotiated cropping plan is finalised, *Riverford* commits to purchase all produce from that plan. Through this kind of agreements *Riverford* aims to develop long-term, trust-based relationships with regional suppliers based on risk sharing and avoids cost externalisation at the expense of its producers.

Up-scaling through multiplication and franchise constructions

Through its close cooperation with SDOP, *Riverford* reached the growth target of 1,000 acres of organic vegetable production. According to its founder, further expansion of *Riverford* would be possible but doubts about impact on product quality and scepticism about further economies of scale made him decide to opt for alternative ways of expansion. In 2003 it was decided to use *Riverford* expertise to establish two other organic box scheme enterprises, each supplied by a group of local growers and delivering to consumers living within an average distance of 50 miles. Business systems, IT and marketing approaches are being shared, with each region developing its own identity and being as autonomous and consistent to make the business work. By adopting a franchise system and working in joint ventures with farmers, *Riverford* succeeds to avoid high dependencies on loans. Wattson beliefs that "*ownership and control by committed stakeholders offers a certain protection against outside forces primarily interested in short-term financial gain that erode the holistic nature of box scheme businesses"*. This choice for up-scaling through multiplication and franchise constructions represents an alternative way of business expansion. Shared ownership, control and management, being the guiding principles of COFAMIs, continue to be much more present in the Riverfors initiative than in Aarstiderne's business philosophy. Developments in *River Nene* and *River Swale,* two existing franchise companies, demonstrate that this model indeed might be rather successful in the expansion of direct marketing of organic produce.

In line with its overall business philosophy, *Riverford* decided also to outsource its distribution system to franchisees. Daily orders are centrally processed, picked, packed and dispatched overnight to refrigerated collection hubs throughout the south of the UK. There orders are being collected and distributed by franchisees. These manage customers, accountants and orders through a state-of-the-art extranet database where information seamlessly transfers between *Riverford* and franchisees' home offices. Inorder to establish a home delivery service franchisees have to invest 20,000 to 25,000 pound, covering different investment: home office equipment, transport van, working capital, a training week, a launch package, an exclusive territory with market intelligence and consumer profiling, full operations manuals, access to home delivery software, stationery, corporate clothing, marketing materials, sign writing of van, access to online ordering, advice on the selection of banking and business insurance, etc. In the case of satisfactory performances, franchise agreements are being renewed at the end of a first five years period for further periods of 5 years with no further initial fees.

The way how *Riverford* is developing franchise relationships with other organic food producers and local distributors reflects an interesting example of collective entrepreneurship that builds partly on traditional cooperative principles as collective wishes to improve access to markets and to reduce risks for SME's. At the same time there are major differences with traditional cooperative principles. Overall ownership and strategy is in hands of a private majority shareholder. Franchisees will have to operate in line with his business strategy and have to accept that their entrepreneurship is restricted in that respect, i.e. that they should comply with the overall business strategy. On the other hand it could be argued that franchise constructions offer an alternative for much more ambitious attempts to establish collective entrepreneurship based on an equal distribution of ownership, control and management. *Riverford* represents an interesting intermediate case between *Aarstiderne's* highly individualised form of entrepreneurship and more traditional organisational models for collective entrepreneurship as within established cooperatives. For VEE it might be an interesting exercise to explore to what extent a franchise model could contribute to overcome some of its current internal organisational problems as outlined in chapter 3.

Product exchange requires strategic partnerships with other rural SME's

The development of inter-regional product exchange was identified as a major challenge for VEE. As long as product exchange remains of little significance, it will probably be difficult to increase direct commercial interest in supra-regional cooperation to stimulate direct marketing of organic produce and might it be difficult to decrease high dependencies on public financial support.

The EU *Alimenterra* project was selected as a satellite case to get additional insights in opportunities and limitations of inter-regional product exchange supportive to direct marketing. So far, ongoing experiences within *Alimenterra* learn that exchange of food products with specific quality attributes (regional typicity, sustainable production methods, artisan production methods, etc.) is all but easy to organise, also at EU level. The heterogeneity of the project partners, comprising public and private actors, food chain actors, farmers' cooperatives, regional LEADER organisations and NGO's, explain part of this complexity, as emphasised by *Alimenterra's* project-coordinator. This explanation is of less direct interest for our analysis than *Alimenterra's* experience that opportunities for strategic alliances with other rural SME's than food producers seem to be of crucial importance for successfully developing supra-regional exchanges of distinctive high-quality food products. It was also for this reason that *Alimenterra* decided to change its network name and to include an explicit reference to rural tourism. Only in regions with partners actively interested to promote distinctiveness of food products from elsewhere such as catering and tourism actors supra-regional product exchange is starting to take-off..

A second *Alimenterra* lesson refers to the importance of complementarity in regional product assortments. UK project members, for instance, showed a strong interest in Italian olive oils, wines and hams, which clearly complement the own regional product assortment. It is in particular this complementary in product assortments that opens up opportunities for strategic alliances with rural SME's to strengthen the own (food) distinctiveness and (business) identity. Where such complementarities are present, regional catering and tourism enterprises show an increasing interest in getting actively involved in the commercialisation of typical food products from other regions.

Additionally to complementary in product assortments, hte *Alimenterra* initiative learns that typical food qualities from elsewhere are best promoted by ‘face-to-face-experiences’. E-commerce as principle communication (or conversation in *Aarstiderne*’s terminology) tool, does not provide such ‘experiences’. Again, strategic partnerships with food related SMEs (e.g. tourism and catering enterprises, farm shop networks) are needed to ‘seduce’ consumers to experience distinctive food qualities from elsewhere. In particular at national level VEE might have neglected this crucial role of face-to-face communication in the promotion of distinctive food qualities.

5. Final reflection on relevance for overall COFAMI analysis

The foregoing in-depth analysis of two Dutch main COFAMIs cases and the supplementary analysis of five non-Dutch satellite cases to deepen insights in these two COFAMIs, can be summarised in short list of conclusions.

1. COFAMIs are pro-active forces to food chain dynamics and changing societal demands with regard to agriculture and its role in rural development. The fact that farmers simultaneously participate in COFAMIs as well as traditional cooperatives illustrates that collective action in agriculture and rural areas might serve differentiating agricultural and rural development models simultaneously. (both Dutch cases)

2. Dutch COFAMIs combine historical reasons for collective action in agriculture with additional reasons as: 1) needs for new responses to societal food quality concerns; 2) needs for collective learning and negotiation with regard to newly emerging markets for rural goods and services and 3) needs for new rural and urban-rural partnerships around multifunctional agriculture as guiding principle for SARD.

3. COFAMIs build and simultaneously critically depend upon new partnerships, alliances and coalitions. This translates in perhaps promising but at the same time still vulnerable network configurations that are facing important internal and external challenges (both Dutch cases).

4. COFAMIs that aim to integrate multiple goals as lobbying, collective learning and collective marketing are vulnerable to loss of commitment due to differening expectations and strategic preferences with respect to collective action by the actors (Dutch VEE case).

5. COFAMIs explore new legal forms to overcome the limitations of collective entrepreneurship within traditional cooperative models. This goes e.g. for new forms of territory-based cooperation that on the one hand return to the historical basis of cooperatives (local/regional levels) but simultaneously have to deal with growing diversities in terms of rural business characteristics and cost-benefit balances of collective action. Cooperative models seem to be less adequate legal forms to deal with these new challenges of collective entrepreneurship. Alternative organisational models might build on shareholder-based collective ownership and/or franchise constructions (Groene Woud case and its three satellite cases).

6. COFAMIs need more time than expected time to integrate (potential) environmental and social benefits with strong economic performances. Public support during early life cycle stages seems to be of crucial importance to facilitate the process from shared views, beliefs, values and mutual trust building to commercially viable collective entrepreneurship (both Dutch cases).

7. Policy frameworks can result in collective action by farmers and other actors

Who share a ”constructive dissatisfaction” about the policy impacts. Other policy frameworks may imply more positive stimuli for collective action. Both policy roles are witnessed to simultaneously affect COFAMI emergence and dynamics.. This dual role makes it rather complex to assess overall impact of policy frameworks on COFAMIs (both Dutch cases).

8. COFAMI-relevant support strategies cover all policy fields that facilitate (or frustrate) self-regulation capacity among farmers, other food supply chian actors , and rural entrepreneurs at large. In The Netherlands food quality policy, territory-based policy, innovation policy (sector + territory-based), and agri-environmental policy are most relevant regulatory frameworks that represent a variety of limiting and enabling factors for COFAMIs (both Dutch cases).

9. Successful region branding COFAMIs is characterised by long-term and continuous public investments in process facilitation (Fuchsia Brand satellite case).

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