

Farmers' search for sustainable chain alliances to market quality food products

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Abstract: *This paper aims to search the ways in which regional and ecological products are marketed through producer-driven food supply, through a case study analysis of four initiatives, Biemelk Vlaanderen, Cooperativa Agricola Firenzuola, De Hoeve and NaturaBeef. We thereby especially focus upon the characteristics of alliances and the ways these alliances influence the initiatives' performances. The analysis learns that two trajectories for the establishment of alliances can be found. The first trajectory is characterised by initiatives that struggle to create an adequate network around their product, but that had even more problems to establish alliances with business partners that did not share the same goals and values. In the other trajectory, the vertical alliances between the farmers and the buyers grow more steadily, are much more formalized and this results in a good economic performance for the initiatives. In this scenario, a strong partnership with a shared understanding and a high degree of transparency is being built.*

Keywords: *Vertical alliances, networks, quality products*

Introduction

In recent years, new forms of dynamism have emerged in the agrifood sector for many different reasons and these are particularly well represented in quality-food markets (contrasting the existing, anonymous, mass food markets). This phenomenon can be situated in a wider context of transition, both in rural economies and in society, as food markets are becoming more differentiated on the basis of a range of socially constructed food quality criteria, embeddedness and local relationships of trust (Marsden, 1998; Warner, 2007). Alternative food supply chains (AFSCs), defined as new, differentiated, emerging networks of producers, consumers, and other actors that set up alternative strategies, to contrast the more standardised industrial mode of food productions (Murdoch et al., 2000), are an obvious means to address these changes. The focus of this paper is then particularly on quality food products, and farmers' efforts to establish alliances (as an example of AFSCs) to market these product. This choice is motivated by Warner's argumentation (2007) that the quality concept allows to combine consumer demand for distinctive, local or differentiated food with sustainability in farming and environmental resource management. In the analysis, two main categories of quality definitions are taken into consideration (but these can of course also be combined): regional and artisan products (e.g. PDO products) are strongly linked with a particular production process, natural conditions or the gastronomic traditions of the place of production, while ecological or natural products (such as organic products) emphasise the link between food production, the environment and bioprocesses (Bessi ere, 1998; Giraud, 2003; Marsden et al., 2000; Miele et al., 2004; Tregear et al., 1998).

The paper is structured as follows. The second section discusses the theoretical background, which helps to understand why alliances are a good solution to market quality food products. The third section then focuses upon the case study research and gives a review of the initiative's development, the actors involved and their alliances and the performance of four initiatives: Biemelk Vlaanderen, the organic branch of Cooperativa Agricola Firenzuola, De Hoeve and NaturaBeef. Section four then gives a general overview of the findings and identifies two different development paths that can be followed by farmers when establishing an agreement with a buyer. The paper ends with the formulation of conclusions in the fifth section.

Alliances for marketing quality food products

Transaction costs economics as a theoretical framework

Our analysis studies farmers' efforts and strategies to market their self-produced quality food products, and particularly on the search for new partners and the construction of an alliance. A strategic alliance can be defined as "a voluntary arrangement between firms involving exchange, sharing or co-development of products, technologies or services" (Gulati, 1998) or "an association between several competing companies, or potentially competing companies, who choose to bring to a successful issue a project or a specific activity by coordination their competencies, means and necessary resources" (Dussauge & Garrette, 1991 cited by Révion et al. (2004)). In this paper, we will especially centre our attention on the case of vertical alliances between farmers and the buyers of their quality products and the focus is thereby on the coordination between partners, the pooling of resources and their influence on the alliance performance.

The analysis is embedded within the framework of Transaction Cost Economics (TCE), which assumes that all governance devices are costly and comparison of the costs is crucial for understanding how collective organisations can benefit from specialisation. It is generally acknowledged that the interplay of asset specificity, uncertainty and frequency will influence the volume of transaction costs involved and it is illustrated that a closer coordination between actors is needed when transactions recur more frequently, involve a high degree of uncertainty or have very specific assets (Williamson, 1985). In the case of quality food products, transactions are especially characterised by a high degree of asset specificity and uncertainty about the buyer's behaviour in comparison with conventional food markets. As a consequence, theory argues that such transactions should be governed through closer cooperation and coordination between producers and buyers in order to avoid the loss of productive value when an outlet is closed. Vertical alliances are a typical example of governance structures that are adopted to protect partners against the risks of high asset specificity and uncertainty, but at the same time require tighter coordination and have the potential to make the large investments needed for building and signalling a reputation in quality (Ménard, 1996; Ménard, 2004; Ménard & Valceschini, 2005; Révion et al., 2004; Verhaegen & Van Huylenbroeck, 2001; Williamson, 1991).

Pooling resources within alliances

Hybrid organizations, of which alliances are only one example, share three main regularities: (i) partners pool (part of) their resources and their strategic decision rights, but keep at the same time the majority of their property rights and their associated decision rights distinct, (ii) the relationships between partners are regulated by contracts, but these are in general incomplete and not tailored on purpose and (iii) competition persists between the partners in a hybrid and between hybrids and alternative organizational forms (Ménard, 2004). In this paper, we especially focus on the first element (pooling of resources) as this is considered to be one of the main reasons why hybrids exist. According to TCE, hybrids are the best option to share specific investments among partners in a situation of consequential uncertainty, while partners are able to keep their autonomous decision rights. But pooling of resources has also important consequences as partners become mutually dependent and vulnerable to opportunism. Elements that can help to prevent or overcome these problems, are for example a careful selection of partners, trust and mutual understanding, presence of well-suited contracts and/or agreements, etc (Gulati, 1998; Klein Woolthuis et al., 2005; Madhok & Tallman, 1998; Ménard, 2004; Williamson, 1975; Williamson, 1985).

Alliances in the agri-food sector are also characterised by this pooling of resources and the partners' expectation to yield superior value to alternate organizational forms in certain situations, offering potentially synergistic combinations of complementary resources and capabilities (Madhok & Tallman, 1998). The ways in which the alliances realize the added value, the corresponding collective investments needed and the hazards can differ significantly for different types in the agri-food sector. Activities taken on by alliances in this sector are for example quality coordination and the elaboration of food safety guarantees, development and management of collective trademarks, coordination of supply and demand and collective marketing activities (Lence et al., 2007; Ménard & Valceschini, 2005; Morris & Young, 2000; Raynaud & Sauvée, 1999; Révion & Chappuis, 2005; Verhaegen & Van Huylenbroeck, 2001).

Issues of inter-firm coordination and cooperation are also important in the particular case of collective marketing alliances and require that resources are pooled and decisions are made together. This implies that the success and performance of the alliance depends upon the selection of partners, joint planning and sharing information are crucial to the success of the alliance (Ménard, 2004). In the following sections, four examples of marketing alliances are investigated through a case study approach in order to test the hypothesis that the degree to which resources and values are shared between partners (and thus the degree of mutual dependency) has not only a significant impact on the involvement and formalization of the collaboration, but eventually influences the initiative's economic performance. The analysis starts with a description of the initiatives with regard to their development, the partners involved in the alliance and the economic performance. These findings are then discussed in a comparative analysis.

Case studies

The empirical evidence in this paper is based upon four initiatives that were studied within the European SUS-CHAIN project¹, namely the Belgian organic dairy cooperative *Biemelk Vlaanderen* (BMV), the organic beef branch of the Italian *Cooperative Agricola Firenzuola* (CAF), the Swiss initiative *Naturabeef* that markets meat from suckling cows and the Dutch pork meat chain *De Hoeve*. Case studies were hereby chosen as a research method, because these allow to address the research question in a contemporary situation where there is no or very little control on the behavioural events (Yin, 2003). The main aim of the case study research was to understand the dynamics of specific initiatives and the assessment of their socio-economic performance. Next, the cases also aimed to strengthen and deepen the understanding of crucial themes regarding the development of new food supply chains and their impact on sustainable rural development (Brunori & Wiskerke, 2004).

Case 1: Biemelk Vlaanderen

Development of the initiative

The cooperative Biemelk Vlaanderen (BMV) was founded in 2002 by 23 Flemish organic dairy farmers as an answer to the stopping of the collection round for organic milk. At that moment, the producers decided to take their future into their own hands and started a cooperative that aimed to collect and sell the members' milk. Because the members were at that time not able to make large investments, they were forced to look for agreements with existing market parties to process and market the milk. Nowadays, the cooperative is entirely run by its members-farmers and is an important player in the organic dairy chain. In 2004, the cooperative collected ca. 5 million litres of milk per year, from producers that are spread all over the Flemish region. The volume has now grown to 11 million litres thanks to the entrance of new (non-Flemish) members and this enabled them to open new marketing channels in the Netherlands, Germany and the UK.

Key actors and their alliance

Selling the farmers' milk is the main objective of BMV and the cooperative has therefore established informal agreements with several processors. The most important buyer, which accounts for ca. 30-35% of the turnover, is a Flemish processor of organic milk. Both partners have already a long-term relationship, but until recently, transactions were organised informally and without agreements on fixed amounts of milk. Nowadays, a formal contract between the partners has been established. BMV's alliances with the international buyers (dairy processors) are purely based upon informal agreements and account for ca. 20% of the turnover. All these alliances only concern the transfer of the organically certified product without further involvement of the buyers and without communication of the farmers to the consumer.

Next to the marketing alliances, BMV has not set-up other, non-marketing alliances.

Performance

Historically, the main disadvantage of BMV was the inability to differentiate its product on the market and therefore it acted on a highly competitive market. In fact, BMV had a scale problem as it had to

¹ Marketing sustainable agriculture: an analysis of the potential role of new food supply chains in sustainable rural development. EU Fifth Framework Programme - Quality of life and management of Living Resources, Contract No QLK5-CT-2002-01349

start too big (with too much milk) to be able to develop a niche market with high quality artisan products and it was too small to be a strong partner to the processing industry and to impose conditions upon the processors. With the arrival of new supplying farmers and the establishment of international marketing channels, the cooperative decided to follow a scaling up trajectory instead of strengthening the origin of the product. This has not only led to an improvement of the commercial performance (as all the milk can be sold on the organic market and against a premium price), but the market share and impact have also grown significantly. The cooperative still operates in a very competitive market without market differentiation, but this argument is not very relevant in times of high demand for organic dairy products.

Case 2: Organic marketing of Cooperativa Agricola Firenzuola

Development of the initiative

The well established beef-producers' cooperative Cooperativa Agricola Firenzuola (CAF) decided to turn to organic farming in the second half of the '90s. Within the already existing cooperative, a new group of organic farmers was created with a corresponding network of feed companies, certification bodies and abattoirs. To avoid competition between the organic and the traditional CAF meat, a new organic outlet had to be established and this was done through a cooperation with a supermarket chain. Because of a lack of consumer demand, this alliance broke down in 2004 and the organic beef producers of the cooperative were forced to think about new possible paths for the promotion and marketing of their product.

Initially, the organic branch of CAF (orgCAF) started with a trio of organic farmers, slaughtering one calf per week, but they aimed to convince all members of the cooperative to join the organic project. Unfortunately, most of the other breeders decided not to convert because of the possible risks and the higher production cost and eventually, only twelve producers joined the project. In order to have sufficient supply, the group accepted to buy meat from 7 other farmers who did not belong to CAF and were located outside of the region so that 10-15 calves per week could be offered. This however closed the option to differentiate the products based upon local attributes after the collapse of the marketing alliance.

Key actors and their alliance

The activities of orgCAF are embedded within a larger cooperative, but completely new marketing channels had to be built in order to avoid confusion between the traditional and the organic product. OrgCAF entered an alliance with a supermarket chain, because this opened perspectives to reach larger markets and to potentially provide higher incomes to the farmers, but it simultaneously resulted in higher production costs due to the quality standards imposed. The agreement with the supermarket specified that the beef would be sold in two stores, vacuum packed and under the organic label. Because of the general crisis of the demand for organic products, the supermarket chain broke the agreement and OrgCAF lost its only outlet and was forced to explore new options for the future. A process of activating new alliances with various local actors was set up in order to revitalise the link with the territory.

Performance

Despite the small scale, OrgCAf was one of the biggest suppliers of organic meat in the area, but it has not been able to valorise this position. A lack of product differentiation forced the producers to enter a highly competitive market and this resulted in a weak market position. The producers' negotiation power with the retailer was very limited and all promotional activities were also transferred to the retailer.

Having ignored the need for external alliances with commercial agents from the start on, the cooperative found itself isolated and unable to find alternative outlets when demand dropped. During its development, the cooperative furthermore lost the ability to retain economic values within the region and the possibility to communicate to consumers the values on which the project was initially defined: the territory of origin and the small-scale farming reality.

Case 3: NaturaBeef

Development of the initiative

NaturaBeef is a brand owned by the Swiss Beef Breeders Association and originates from the early 1970s. In a context of milk over-supply, a research project was started to explore the suckling cow methodology and after the successful trial, the producers decided to continue the production. Together with a research institute, the Swiss Association of Breeders of Suckling Cows (ASVNM) was created and one of the main tasks attributed to the new organization was the development of market outlets. Already from the start, the initiative was very successful and attracted continuously new members, which necessitated organisational changes, such as the establishment of new marketing channels and the creation of the NaturaBeef logo with corresponding requirements.

The meat was initially sold in shops owned by an independent butcher chain and later also in local branches of a large retailer. The alliance with both partners proved successful and has grown in importance for all partners. When, in 2003, the supermarket outlet showed signs of saturation, the retailer decided to limit the amount of meat for the future and all new producers of NaturaBeef must comply with the organic standards. At present, ca. 18% of NaturaBeef is certified as organic.

To maintain its position as the only Swiss organisation involved in the suckling beef production, ASVNM decided that every farmer can enter the organisation if he agrees to follow the quality guidelines. All actors are furthermore obliged to buy a yearly licence and need to report on the quantities bought and sold so that the ASVNM can control the product flows and quantities. The licensing system was also the base for a traceability system and ensured ASVNM that all the members remained united in the negotiating phases.

Key actors and their alliance

The collaboration between research institutes, government and farmers was crucial to develop the suckling cow production technique and the development of the organization. Once the association had been established, ASVNM had to search partners and build alliances to market the new product. The organization's first alliance was with a butchery chain, which sold the NaturaBeef meat in its sales outlets. This cooperation was based on regular meetings and signed protocols, but there was no written contract. In a later phase, a supermarket chain also started selling NaturaBeef in their outlets and the agreements within this alliance were built upon an annual meeting to negotiate the price and the announcement of the number of animals per month that the ASVNM intends to deliver (which is usually accepted by the retailer, but there is now a cap because of the market saturation). The agreement furthermore involves that ASVNM inspects the outlets to assure conformity, while the retailer promotes NaturaBeef without charging the organisation. Over time, ASVNM consolidated its commercial alliances, but there is now a high degree of dependence between the partners as the butchery chain has become an integral part of the retailer. Next to the exclusivity contract between ASVNM and the retailer, which accounts for 80% of the sales, the NaturaBeef meat is also sold through direct sales channels and an existing network of traditional butchers.

ASVNM furthermore has an alliance with two trading companies that have a strong historic link with the organisation. Only these two companies have the right to trade Naturabeef animals. Together with the licensing system, this gave ASVNM much more control on the product flow and quantities.

Performance

The Naturabeef initiative was founded with the aim of marketing and promoting suckling beef, as well as integrating strategic partners into the decision-making process. The alliances concluded gave the producers a regular outlet, a communication channel to the consumers and a satisfactory price. As a consequence, the initiative is nowadays long established, has a large scale and has had good growth rates through its long existence. The initiative started with 30 farmers involved in the initial project, but in 2005 the number of farmers had grown up to 3.775 and a market share of 6% in the Swiss beef sector. The members-farmers realise a good added value (15 to 20% in comparison with conventional meat), but direct payments play also an important role in the revenue of the members.

Because of its organisational structure, the initiative has no real competitor on the national market, while the licensing system assures discipline amongst members. All these elements result in the fact that NaturaBeef operates in a medium competitive market segmented by branding. The label assures

good differentiation and market visibility, but through a combination of different outlets and labels, the ASVNM has also secured a good diversification of the market position.

Case 4: De Hoeve

Development of the initiative

The pig meat supply chain “De Hoeve” started its activities in 1996 as a response to the negative environmental impact and the price-asymmetry that resulted from the intensive production model. A single pig farmer wanted to introduce an innovative sty concept, which combined lower construction costs with improvements in field of environment, food safety and animal health and welfare. Trying to obtain an environmental license, he met the owner of an environmental engineering bureau and together they succeeded to get the funds for the emission measurements of their new sty-concept.

Through this first experience, the partners discovered that they had the same vision on pork production and decided to get an Environmental Certification Label for pig meat. This however required certain financial resources and therefore the limited company De Hoeve BV was created with the two key actors as business partners. After a difficult process of trial-and-error, diverse research projects and through the establishment of a range of partnerships with diverse actors, De Hoeve succeeded to get a formal recognition for the Environmental Certification Label.

The next step was the development of the marketing of the pork and the partners thereby aimed for a stable commercial network, starting from a small, experimental scale. After an unsuccessful cooperation with a wholesaler, De Hoeve became the director responsible for the overall change management and started to market its products through some shops that are member of the National Association of High Quality Butchers.

Key actors and their alliance

The previous paragraph illustrated that the development of De Hoeve is characterised by three periods, but the focus of the following analysis is purely on the marketing alliances. To market the products, De Hoeve initially set up an alliance with a wholesaler, who was given the role of chain coordinator. But due to some wrong decisions, the wholesaler caused confusion and mistrust among pig farmers and the initiators decided to found a new association. From this moment on, De Hoeve BV became the chain director and initiated alliances with two new strategic partners: a butchery chain that has a network of specialty shops and a wholesaler/meat cutter, which was well established in the region and already supplied to the butchery chain. In this alliance, De Hoeve is the principle responsible for the marketing of the meat. The start of the cooperation was launched with a joint promotion campaign.

Because of the high quality requirements set by the butchers, only 50% of the carcasses produced are marketed through this alliance and De Hoeve therefore established an agreement with a slaughterhouse that accepted to sell the remaining carcasses through its own conventional outlets. The slaughterhouse, however, ended the agreement two years later because the amount of meat was considered to be too small. A new alliance was then built with a mid-size slaughterhouse, that at the same time decided to pay a premium to pig breeders who meet the quality criteria required by the other partners.

Performance

The development of the initiative learns that De Hoeve was able to establish a stable, balanced and transparent network. An innovative idea was hereby transformed in a strong supply chain approach through well conceived communication and vertical coordination amongst the stakeholders. This has resulted in a good performance in a medium competitive market segmented by branding. Although there is no price premium at the consumer level, the business-to-business concept has resulted in a good value added for the producers.

The good performance is also reflected in the initiative’s growth rate. Where De Hoeve sold 1.200 carcasses per month in 2003, a project of scaling up was foreseen. In 2004, the initiative realised a market share of 0,6% of the national fresh meat market. Finally, the market power of the producers has increased because of improved know-how, increased trust in the organisation and acceptance of additional functions in the chain.

Discussion

This paper searches to explore the efforts made by (a group of) farmers to market their products through different types of alliances and two research questions were hereby addressed: “What are the characteristics of alliances between farmer’s associations and the buyers of their products?” and “How do these alliances affect the performance of the initiative?” In order to formulate an answer to these questions, a case study analysis was performed and the story of four initiatives was described in the previous paragraphs. In the next paragraphs, we will now illustrate that several similarities, but also differences can be found when the alliances of farmers’ groups to market their quality food products are studied. An overview of the characteristics of each of the initiatives is shown in Table 1.

Table 1. Summary of the alliances, the strategy pursued in building the alliances and the performance in the case studies

Case	Development of the initiative	Type of alliance	Strategy pursued in the alliance	Performance
Biomelk Vlaanderen	<ul style="list-style-type: none"> - Dairy terminates contracts - Farmers’ cooperative is established - Search for outlets - Alliances with several organic dairies 	<ul style="list-style-type: none"> - Pure business relationships - Mostly non-written agreements (except with the most important buyer) 	Alliances are aimed at selling all the collected milk in the organic market	The performance was poor at first, but the situation has improved significantly thanks to favourable market conditions
Organic branch of CAF	<ul style="list-style-type: none"> - 2-3 CAF member convert to organic because of perceived market opportunities - Only part of the members decide to join the initiative - Marketing alliance with retail chain - Buyer terminates the alliance 	<ul style="list-style-type: none"> - Pure business relationship - Agreement 	Alliance aims to market the product, without further involvement of the buyer	Poor performance, the only outlet broke down
Naturabeef	<ul style="list-style-type: none"> - Introduction of production method - Establishment of producers’ association - Naming the product and finding market outlet - Reinforcement and maintenance of the negotiating position - Diversification of the market position 	<ul style="list-style-type: none"> - Alliances have led to the creation of a new agri-food network - Sales license for all those trading or selling Naturabeef - Informal agreements (with signed protocol in the case of the retailer) 	Selling the product became only relevant after the establishment of the prescription. This allowed for a more gradual approach and development of the initiative	Good performance. The initiative has grown continuously and has taken measures to address this growth
De Hoeve	<ul style="list-style-type: none"> - Struggle to get an environmental licence for building a new sty - Process to get the Environmental Certification Label recognised - Raise of De Hoeve BV and start of the marketing activities - De Hoeve becomes chain captain 	<ul style="list-style-type: none"> - De Hoeve is the coordinator of the chain, which has alliances with all partners - Good involvement of all partners - Also non-marketing alliances 	Getting the environmental licence was the first objective. Marketing was only addressed in the next phase and collaboration with different actors was hereby very important	Good performance, also due to the very good internal efficiency of the initiative.

The remaining part of this analysis concentrates on the development of the initiatives and the ways in which this has shaped the alliances and the performance of the cases. The analysis namely learns that important similarities can be found between *Biomelk Vlaanderen* and the organic branch of the *Cooperative Agricola Firenzuola* on the one hand and *NaturaBeef* and *De Hoeve* on the other.

Although the collaboration between the farmers in BMV and orgCAF was started for different reasons, both initiatives rely on production and product standards specified by the national organic standards. This choice resulted in the fact that both initiatives were forced to operate in highly competitive (organic) markets, without the possibility to differentiate their product. After the establishment of the producers’ association, the farmers’ groups started the search for a buyer. In both cases, this resulted in purely transaction-based alliances with buyers that show no or only little shared values and involvement in the farmers’ initiative. If we consider the broader activities of the initiatives, it can be found that the activities that surround the transaction (such as the collection of the milk in the case of

BMB) are outsourced to third actors without establishing a real alliance or partnership and there is no collaboration with non-marketing partners.

This overall situation initially resulted in poor performance of both initiatives, because no or only little value added could be realised to the outlets that have been established. This situation was aggravated by very high collection costs in the BMV case and a decreasing price premium to organic producers as a consequence of losses in demand for orgCAF. Recently the demand for organic milk has grown significantly and this has boosted BMV's performance. The cooperative nowadays sells all its milk to several large organic buyers and this has caused a significant increase of the value added.

Naturabeef and De Hove had a completely different development as their activities were initially not market-driven and concerned respectively the establishment of a new production technique and the process to get an environmental licence. Only after these elements had been realized, the initiators decided to continue their collaboration and to strive for a marketable product. They thereby had to put a lot of effort in the development of their own prescriptions and the establishment of a new label. The search for marketing alliances was only the third phase in the development of these initiatives and in contrast with the other two initiatives, De Hove and ASVNM did not only establish partnerships with the direct buyers of the product (a butchery chain and a large retailer respectively), but formed a network that includes different actors that facilitate the marketing of the product. This concerns for example close cooperation with two trading companies who have been involved in the initiative from the start on in the case of NaturaBeef, while partnerships with a wholesaler / meat cutter and a slaughterhouse (which has changed over time) are essential in De Hove's chain management efforts. Next to this marketing network, the initiators also established non-marketing alliances to perform research and guarantee the initiative's embeddedness.

Both initiatives have established a good performance and value added. Especially NaturaBeef has grown spectacularly, from 30 farmers at the start to 3.775 farmers in 2005. Next to that, the initiatives' efforts concerning product qualification and differentiation has allowed them to place their products on medium competitive market and this strategic choice has certainly contributed to their overall performance.

Conclusions

Consumer demand for high quality food and societal concerns on the environmental impact of agricultural production practices have proven to be important drivers for farmers to launch quality claims and/or to participate in the establishment of alternative agri-food networks. In this paper, we focused particularly on the alliances set up by farmers to market their quality food products.

Our analysis builds upon four different initiatives and has revealed two different trajectories. The first trajectory concerns Biemelk Vlaanderen and the organic farmers within the Cooperativa Agricola Firenzuola, who have both adopted the national organic standards as institutions. This choice allowed them to progress relatively fast in the establishment of the initiative and the search for alliances with marketing partners. But this also caused a situation of little interaction with the broader environment and a pertinent lack of embeddedness. This is reflected in pure market alliances and little further involvement of the buyers in the farmers' initial project. The trajectories of NaturaBeef and De Hove are on the other hand characterised by a gradual approach and the establishment of a new agri-food network. In the stories of these initiatives, the search for alliances to market the products was only addressed in a second (or even third) phase and by this time, a broad network of different actors had been built around the group of farmers. The alliances are in these cases built upon trust and shared values, which results in a high degree of involvement of the buyer.

When these trajectories are confronted with the initiatives' performances, it appears that the performance of initiatives with pure marketing activities strongly depends on the market situation, while embedded initiatives with a clear product differentiation have more possibilities to create value added and thereby enhance their performance considerably. The results furthermore learn that the potential to create value added and to pay a price premium depend not only on a good internal efficiency (as illustrated by De Hove), but also on the possibility to have sufficient and appropriate market outlets and the degree of market differentiation.

Overall, it can be concluded that farmers' group should be aware of these different trajectories, as these do not only influence the steps to be taken at the beginning of an initiative but also influence the initiative's eventual performance. The success, vertically shared along the chain, contributes to the

actors' motivation and cohesion, but this is sometimes threatened by the incapacity of producers to create an adequate network around their product, composed of actors who share goals and values. Moreover the case studies underpin that several initiatives have searched for alliances with an important processor or a retailer, but they should be aware that this has major implications for the distribution of power along the chain. Several authors (Murdoch et al., 2000; Tovey, 1997) have identified the big retailer companies as power holders, because they manage the marketing of the products and the communication with consumers. However, collaboration with retailers can give AFSCs the opportunity to realize a significant scale, but also the potential to grow and scale up in the future.

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