Increasing quality food production in a mountain region – Challenges for a local food firm and regional authorities

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Abstract: Located in a mountain region, the Valdres Nature and Culture Park (VNCP) is the first of its kind in Norway. One important strategy for the park is to develop agriculture based on a distinctive production method, summer farming, and on quality food production. The main challenges experienced by a local food firm in transforming a distinctive production method into quality food products were studied, as well as the challenges involved in implementing the park’s quality food strategy. The firm experienced a number of challenges, mainly concerning adaptation to local food production and qualities to focus on in that connection. The VNCP’s main challenge seems to be to communicate the strategy to relevant players, and to find its own role in supporting the strategy. Results show that various factors impede development, including the Norwegian consumer’s lack of awareness about local food in general as well as a lack of business experience and market orientation by key players. On the other hand, quality food production is a demanding strategy that takes time to develop. The paper is based on a case study of Valdres.

Keywords: local food, quality food production, regional development

Introduction

Like other mountain and peripheral regions in Norway, Valdres has experienced a decline in population, where farm closures have been an important reason for this development. Regional authorities want to reverse the negative trend, and in 2007 Valdres established the first Nature and Culture Park in Norway as a national pilot programme. An important point in the 10-year charter developed for Valdres Nature and Culture Park (VNCP) was to increase added value in the most important sector in the region, agriculture. They aim is to do this building on what is distinctive and still part of a strong tradition: active summer farming. The paper focuses on developing local quality food in Valdres, and how distinctiveness based on nature and traditions are emphasized to increase the value of local food production. Two main questions have to be analysed: 1) What seem to be the main challenges in transforming a distinctive production method into quality food products experienced by a local food firm? 2) What are the main challenges for Valdres Nature and Culture Park to achieve its quality food strategy?

First, the paper describes local food production in Norway. This is followed by a brief presentation of the Valdres region and the status of agriculture and local food production. Then Valdres Nature and Culture Park is described and in particular the process of establishing criteria connected to the brand “Valdres Quality”. Then we have a look at challenges faced by a local abattoir in establishing quality food production. The case story leads to a discussion of challenges in transforming a distinctive agriculture into quality food products and the role of VNCP in these efforts. The paper concludes with the main findings from the study.

Local food production in Norway

Prior to the 1990s, farm-based food production was nearly non-existent in Norway. One important reason was that the cooperatives in the agriculture sector had been responsible for processing and marketing food products on behalf of the farmers for decades. Nearly all farmers in Norway were members of the agricultural cooperatives and had to deliver their products to the cooperative (Kvam
et al., 2003). There was little opportunity for the farmers to add value to their products, or tap into niche areas to market their differentiated products.

**Efforts at national level to develop local food production**

The desire for greater variety and less vulnerability in the rural economy combined with a sharper consumer focus on traditional food, or food with specific qualities, represented important reasons why the Norwegian Government encouraged the establishment of farm-based food production at the beginning of the 1990s. Since then, support systems have been developed, at both national and regional levels, to assist farmers and other small-scale food producers and manufacturers in establishing local food firms (Kvam et al., 2003). As in most other European countries, Norway established a national regulation to protect designations for agricultural products, fish and seafood during the end of the 1990s. Three forms of designation have been established: Protected Designation of Origin (PDO), Protected Geographical Indication (PGI), and Traditional Speciality Guaranteed (TSG). These are similar to the EU regulations 2081/92 and 2082/92 (kslmatmerk.no). These certification schemes have been developed to protect products from replication and to differentiate products with specific qualities that contribute to increased value. In countries that have consciously operated with product differentiation for many years, it appears that trademark schemes for protection of origin and tradition may be effective methods of maintaining “quality” and competitive advantages through more “standardized niche production” (Bessiere, 1998, Barjolle and Sylvander, 1999). In Norway, the response to these schemes has been lacklustre, which is consistent with the situation in other north European countries (Parrot et al., 2002). Low awareness of indicators for protected designations has been found among consumers in Norway (Amilien et al., 2008). According to Ilbery and Kneafsey (1999), this seems to be the situation in northern European countries, where they suggest that consumers have more confidence in “brands” than in “regions of origin”.

Norway has also established a Spesialitet [Speciality] certification for local food products with special qualities that distinguish them from others (kslmatmerk.no). The certification system was developed for marketing local food products in Norway. In addition, authorities at national level have made a great effort to influence the customer side, among others in supporting the establishment of farmers market all over the county and a lot of food festivals (Kvam et al., 2010).

**Definition of local food production**

Goodman (2003) called this change in focus for some players in the food chain, “the quality turn” in agriculture, where the importance of “the local” is central. This development is associated with a development that can be interpreted as a reaction to large-scale industrialized food production involving little variety or distinctiveness, which was the situation in Norway before the 1990s. Local aspects are embodied in the quality food product and competition is based on quality rather than on price (Ilbery and Kneafsey, 2000; Murdoch et al., 2000; Goodman, 2003). In this context, quality has been related to a geographical origin, a tradition, and/or a specific characteristic of the product. A quality can also be defined as a “positional characteristic” which differentiates a product or service, a producers or a service from its rivals (Ilbery and Kneafsey, 1999). In this context, quality is a socially constructed phenomenon shaped in the relationship between producers and consumers; it is not only a matter of what the producer does, but also of what the consumer perceives (Stræte, 2008).

**The local food industry and its challenges**

In 2008, there were about 1000 local food firms in Norway (Magnus and Kvam, 2008). The firms are mainly small in size, i.e. with one to three employees, and turnover is low, so that value added and contribution to local development are limited. There are still barriers to developing local food firms: limited risk capital, supply chains that are still inadequately developed, great challenges for local food
firms both in terms of entering food chains and in succeeding in such a strategy, etc. (Magnus and Kvam, 2008). Today, most local food firms sell their products regionally (Magnus and Kvam, 2008). Findings show that regional customers may have different priorities from more distant customers (Forsman, 2003; Murdoch et al., 2000). Thus, it seems to be important to be very conscious about what product qualities to keep and possibly develop when expanding to a national market. Marketing, branding, and design have been found to be more important to reach distant markets (Forsman, 2003, Marsden et al., 2000). One of the main challenges for our case firm is to find what product qualities such marketing tools should focus on, to establish and maintain premium prices for products in a market. How does a regional strategy for developing quality food fit into such a business context? In the next section, we will study these questions more in detail by presenting the case of Valdres.

At the Centre for Rural Research, Valdres has been a research case in studies on local food production for many years. The reason is that Valdres has been one of just a couple of regions in Norway where local food production has been emphasized by regional authorities since the early 1990s, and considerable efforts are being made to support this development (Kvam, 2006). The paper is based on two ongoing research projects at the Centre for Rural Research, financed mainly by the Norwegian Research Council. Data has been collected from websites and personal interviews with players employed by Valdres Nature and Culture Park and various players connected to the local abattoir both before and after the entrance of the new owner.

The Valdres Region

Agriculture, local food and tourism

Valdres is located in the county of Oppland and comprises six municipalities with about 18,000 inhabitants. Valdres consists of the largest mountain area in Norway in the northern parts, Jotunheimen. One of the main challenges of Valdres has to do with the restructuring of the agricultural sector (Kvam, 2006). Because of the decline in the farming economy and demands for more efficient production, about a quarter of the farmers have giving up farming since 2000. There were about 950 farmers in 2007, mainly milk producers. (Bygdeutviklingsprogram for Valdres 2005-2010). Most of the farms are small in size even in a Norwegian context, and the farmers often supplement farming with other kinds of paid work. Some people at regional level describe farmers in the valley as fairly conservative: more reluctant to embark on joint farming and organic farming than most other areas in the country.

On the other hand, the small farm profile has taken care of valuable cultural landscape and the distinctive culture connected to mountain resources and summer farming. More than 300 summer dairy farms are still in regular use in Valdres, comprising a quarter of all productive summer farms in Norway (Gards- og stølsturisme i Valdres, 2008). Summer farming means that farmers move their cattle from the farm to high mountain pastures for a few months during the high summer. This form of transhumance has developed due to the scarcity of productive areas for fodder production in the villages in the valleys and the surplus of natural grazing lands in the mountain areas. The mountain pastures are still an important resource for farmers in Valdres and are also regarded by regional authorities as of great value for biodiversity and for maintaining the cultural landscape (Valdres Natur- og Kulturpark, 2010). Since the 1990s, different projects have been established by regional authorities to encourage farmers to maintain summer farming and to commercialize the activity (Kvam, 2006).

Valdres also occupies a unique position in the culinary culture of Norway and is well known, particularly for its production of semi-fermented fish but also for its production of salami (dried sausage) – traditions kept up by local people. Fermented fish prepared by six producers are certified for Spesialitet [Speciality] and was the first locally branded product for which Norwegian

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PGI status was applied for, the indication was awarded in 2006. Twelve salami producers have also submitted PGI applications. Establishing cooperative societies for both these regional foods and the process of qualifying for PGI was both initiated and run by players supported by regional authorities. Regional authorities have also supported the establishment of “Norsk Rakfiskfestival” [Norwegian Fermented Trout Festival] in Valdres, which was organized for the 19th consecutive year in 2009. This is a well-known commercial festival that attracts a large number of people from Valdres and elsewhere (Kvam, 2006).

In a Norwegian context, a large number of small scale food producers have become established in Valdres since the 1990s. Most firms are micro in size and in total only a moderate proportion of meat and milk produced are processed as local food. Milk is delivered to the milk cooperative Tine, where all milk farmers are members. About 50% of meat produced is delivered to a local abattoir, while the rest has been delivered to the large meat cooperative, Nortura.

Valdres has a long tradition in nature-based tourism and attracts tourists in both summer and winter. According to local food producers, cabin owners represent the largest market for local food products from Valdres (Kvam 2006). The number of cabins in Valdres is growing, and is about 18 000 at present. They are mainly owned by people from the area around the capital, Oslo, who according to local food producers is very conscious about local food and the associated traditions (Kvam, 2006).

Valdres Nature and Culture Park

A main reason for establishing Valdres Nature and Culture Park (VNCP) was the negative development in agriculture and the need to reverse this trend. Results from projects connected to active summer farming and local food shaped the strategy for developing the agriculture sector. These projects had contributed to an awareness of the distinctive qualities of the Valdres community connected to active summer farming and local food, and of the potential for transforming distinctive methods of local food production to add value.

In 2004, a group of players from Valdres visited some Nature and Cultural parks in France that had shown impressive results in regional development. After this visit, players from Valdres started to develop their own Park.

“This visit gave inspiration and a new way of thinking. The idea was to establish a brand based on basic values of the Valdres community” (participant on trip to France)

In 2008, Valdres Nature and Culture Park was established as a 10-year rural development programme, the first one in Norway. The programme is mainly financed by national authorities. However, the control over state funds is allocated to the park council and administration. VNCP is described as a region where the main aim is to work for long-term brand-building connected to nature and cultural values. VNCP’s most important tool is to establish an arena for cooperation between tourism, culture, outdoor life organizations, farmers and other businesses (Valdres Natur- og Kulturpark, 2010).

Many established projects as well as new ones form the content of the Park. One main pillar is the branding programme, which is intended to give priority to agriculture, tourism, food processing, and culture among others. The park administration has developed two regional brands, a general one for Valdres without any demands connected to use, and a “quality brand” where connected quality criteria for use had to be developed. The quality brand was, in the first instance, supposed to connect summer farming and its qualities to local food production, where the goal was to increase the value of agriculture production. The next step was to connect the quality brand to tourism as well, to expand the local market for quality food production among other objectives.

In the next section we describe the process of developing the criteria connected to the quality brand, which is an important part of the strategy for achieving the goals of VNCP.
Establishing criteria for the brand “Valdres Quality”

Organized by the Park administration, a cooperative society, Valdres Kvalitet BA [Valdres Quality BA] was established to develop demands connected to the quality brand for the agricultural sector. The aim was to develop criteria to ensure that “agricultural products from Valdres were differentiated from products from other regions, and to gather as many farmers as possible in the cooperative society” (project manager). About 110 farmers joined the organization, which was perceived to be a high number by the players involved. The criteria developed by the farm association were that the animals had to stay on summer pastures for a minimum of eight weeks during summer, no pesticide had to be used on the pastures, all cows should have a name, and no milk robot could be used. Because organic farming is nearly non-existent in Valdres, they chose to demand that no pesticide should be used on pastures. These requirements were possible for most farmers in Valdres to meet without any adaptations. The only conflict that arose concerned the prohibition of robots for milking. Two farmers who run joint farming using milk robots thought this criterion was both unfair and old-fashioned. They referred to research results that showed that use of robots increased both animal welfare and quality of the milk (Bondebladet, 2007). The response was that using robots was not in line with the small scale agriculture Valdres wanted to be associated with (Avisa Valdres, 2007).

Local food producers were not invited to join this process, and were fairly critical of this process and the fact that they were not invited:

“We believe it is the quality of the product that is important. We (the local food firms), have to define criteria which are possible to use (...). Customer needs have to be the main starting point. If public authorities are going to develop criteria, it has to happen in close cooperation with commercial players” (...). (cheese producer).

In addition to this quality brand developed and owned by VNCP, Valdres Kvalitet BA, developed two logos in this process; one for mountain oxen (castrates) from Valdres and one for lamb from Valdres, which were also supposed to be on the product packages (ValdresKvalitet BA, 2010) The local abattoir, which was meant to use all these brands on its products, commented on this work:

“We were not brought into the process of developing these brands, and that was unfortunate (...). We believe there are too many brands available for food already (at national level) (...). (...) for Valdres it is enough developing one brand, i.e. the general one. For our products we first and foremost want to focus on our own logo and develop our own brand”.

Now we will turn to the local food processor and examine its challenges in establishing quality products.

A local abattoir’s challenges in developing local food production

This private firm, which is the only “larger” food firm in Valdres, with about 20 person-years, is a key player in achieving the goals established by VNCP. The firm was established in 1950 and has traditionally been a local abattoir and sausage maker. In 2004/5 the firm decided to increase processing as a necessary change in strategy to survive because of low prices for selling whole carcasses. The goal was to establish quality food production based on meat from Valdres. To accomplish this strategy, the firm had to increase its capital substantially, and promised farmers in Valdres a higher price for their meat if they bought shares in the company. The result was that about 200 farmers bought shares, which was a very positive experience for the company.

Adaptation to quality food production was difficult for the firm, which only had experience in producing the traditional dried salami mainly sold from their own shop and to some other local food shops. This production constituted about 10-12% of meat received, which totalled about 1000 tonnes. Emphasis on quality food production demanded reorganizing the firm, huge investments in new buildings and equipment, and development of new products and markets. In 2007, the goal of the reorganized company was to process 50% of received meat by 2010, which constitutes about 25% of all meat produced in Valdres.
The company started to process a wide range of new products supported by a product developer. The first goal was to gain entrance into food chains in the region. The products have been promoted as meat from Valdres, from animals grazed on mountain pastures, short animal transport to the abattoir, traditional, based on traditional recipes and with no artificial additives. For farmers, there have been no requirements except that the animals are from Valdres. The firm did not achieve much higher prices than for standard products in the local market. The production finances were negative, and the firm had no possibility to pay farmers higher prices for their deliveries. The negative spiral escalated, and there was a need to increase equity substantially. This resulted in a new owner, and a new general manager was hired. Both came from outside Valdres, and possessed a great deal of business experience. A range of new activities to achieve a turnaround were established.

The new management realized that something has to be done to achieve higher prices for a larger share of their product offering. Too many of the existing products resemble everyday food. The challenge is to develop more products of higher quality, such as mountain oxen and lambs fed on mountain pastures, to use as brand-builders. A product developer has been hired to develop new products mainly directed at gourmet food shops around Oslo. These customers seem to appreciate quality products from Valdres. The everyday products are sold in nearly all food shops in Valdres. It is important for the firm to succeed in developing a few more quality products, so that they can pay farmers higher price for their products, to secure farmers to deliver their animals to the firm, and for running a profitable firm, i.e. for survival.

The company has established cooperation with a research company for analysing whether meat from animals grazing in mountain pastures gives distinctive qualities that can be used in promoting products. The owner of the company believes this may be an important distinction in future, to differentiate products from Valdres from other regions.

The new general manager experiences employees as very production oriented, with problems in looking beyond the horizons of Valdres. Neither employees nor farmers understand what a quality food strategy demands, and they are not willing to change established behaviour and activities to make the firm more market oriented.

**Discussion**

The establishment of Valdres Nature and Culture Park and its quality food strategy for regional development is a pioneering approach in a Norwegian context. Therefore it is also a challenging strategy in many ways. Our first question for analysis was: What seem to be the main challenges in transforming a distinctive production method to local food products experienced by a local food firm?

A relatively small group of producers in Norway has succeeded in distributing its products to food shops in distant markets, so little experience is gained in what qualities should be emphasized (Magnus and Kvam, 2008). This context and its challenges are also evident in the Valdres case, and one consequence is that it is not obvious what qualities are critical to success in either in local or in distant markets. The new owner of the food firm believes that mountain pastures give unique quality to the product. This kind of quality connection between product and place, traditions and culture, has some common traits with the “terroir” concept well known in southern Europe. According to Barjolle and Sylvander (2000), such qualities are not emphasized in northern Europe, where qualities seem to be associated more with health, animal welfare, nutrition and hygiene. In Norway we have no traditions of “terroir” thinking, but this may change in future, as the owner of the meat firm expects. In particular, increased attention to regional food as an important strategy for regional development may increase this focus in coming years. Uncertainty about the influence of national certifications in general and regional collective brands in particular seems to be an important reason why our case firm is not engaged in these.

An obvious challenge is the process of adaptation from a local abattoir to a local food producer. Developing local food production is challenging in itself, but it will be even more challenging when
the point of departure is a highly production-oriented firm with little experience in business development and marketing (Forsman, 2003). Today the firm seems to follow a volume strategy for everyday food products, and a quality strategy for the products that gourmet customers appreciate. This is probably not a sustainable approach in the long run, because the strategies are based on fundamentally different ways of thinking and acting (Stræte, 2004). If the firms succeed in the ongoing process to increase the number of products with higher quality status, the chances of survival may increase.

Another challenge related to the adaptation process is employees of the former abattoir, who still seem to live in the “production-oriented world”. For the firm to accomplish a strategic turnaround, employees must understand and adjust to the new strategy. A new owner and general manager from outside Valdres clearly have major challenges to convince local people in these matters. The firm has also met challenges relating to farmers, who represent owners of the company. Conservative farmers and probably small-scale agriculture as well seem to be important reasons why Valdres has maintained some unique qualities in a Norwegian context. On the other hand, conservatism may in future be a potential obstacle to success, because quality food production is an activity demanding innovation and new ways of thinking also by farmers (Stoye, 2007).

The second question proposed for this paper was: what are the main challenges for Valdres Nature and Culture Park to achieve its quality strategy?

Valdres Nature and Culture Park is dependent on professional business players to accomplish its quality food strategy, and at the moment it seems to be the meat processor, described above, that is the main player in this strategy. One important factor in achieving the Park’s goals is that main players establish a common objective, but in this case the players seem to have different goals along important dimensions. The Park focuses on farmers, and on maintaining summer farming to reach broader goals. The food processor focuses on market demands according to product qualities, which may not be consistent with goals of the Park. We can see contradictions in the story about establishing the quality brand, where the Park and farmers take a producer’s focus, and the firm a consumer focus. Another example is that the food processor is more concerned about its own brand building than about collective brand building efforts by VNCP.

Other local food firms in Valdres are mainly small family firms, which typically want to remain small (Tregear, 2003; Melberg, 2003; Ilbery and Kneafsey, 1999). For the Park and its strategy this is a major challenge, because their quality food strategy demands more local firms with growth ambitions. The current situation is very vulnerable. The meat processor striving to accomplish a quality strategy is struggling to survive. The third players, the farmers, may have different goals. As already mentioned, their goals may not be in accordance with the meat processor. The farmers of today seem to be more lifestyle minded than business minded, and not very adaptable to new strategies.

The branding programme was meant to be an important tool for promoting agriculture, traditional production methods and local food production. But the work has not been very consistent, and the business players were dissatisfied with both the process and the results. On the other hand, the main concept behind this work: to maintain summer farming as a distinctive activity for Valdres and local food production, with its further effects on maintaining culture landscape, biodiversity and so on, seems to be an important goal for the Park and the Valdres community. Business players and farmers may not be able to see or to take care of such collective assets, which may in future constitute important values for local food production and tourism as well. The Park has an important role in communicating this message, not only to local food firms and farmers, but also to other players in the region in a position to influence development.

There are several examples showing that mediators, often local institutions, play a critical role in local food initiatives for regional development (for example: Marescotti, 2003; Tregear et al., 2007; Kvam, 2006; O’Connor et al., 2006). What may characterize the more successful stories are strong relationships between the mediator and other main players involved (O’Connor et al., 2006). Establishing a close relationship with business players before the process might have been a better
approach for the Park, but there might still be possibilities for establishing a stronger relationship between the parties.

Before the park was established, regional authorities in Valdres facilitated cooperation both among fermented fish producers and producers of salami (Kvam, 2006). In this field they may still have an important role, according to farmers. The meat processor faces challenges in communicating with farmers, and may need a mediator in the process of communication. Supporting such a process may be an important contribution from the Park to increase the possibility to reach its goals. The Park also supports the quality food strategy in other ways, by making efforts in connecting local food and tourism, consciously marketing local food and informing local and foreign people about these offerings, etc., i.e. activities not focused on in this paper but obviously supporting the possibilities of achieving goals.

Conclusion

In relation to our first question, we discovered many and varied challenges connected to transforming distinctive farm production into regional quality food production in Valdres. Some challenges are connected to local food production in Norway in general, while others are more specifically associated with Valdres. The meat processor experienced the adaptation process from a local abattoir to a local food producer as the main challenge. In this process, the struggle to develop products valued premium by customers was experienced as one of the most important challenge.

When it comes to the second question, about the main challenges for Valdres Nature and Culture Park to achieve its quality strategy, we also discover different challenges. A main challenge is the fact that key players for accomplishing their strategy do not have the same goals. Another challenge may be that the park employees are too production oriented, and do not understand what a branding strategy connected to quality production demanded. Another major challenge is to communicate the strategy and what it is based on, to ensure that distinctive values in the Valdres society are maintained in future. VNCP as a mediator and supporter may undoubtedly play an important role in accomplishing the quality strategy. However, it must be more conscious about its role in such a development, and must build closer and stronger relationships with the main players.

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