



Healthy Growth of Value Based Organic Food Chains:

Management, value communication and perspectives of growing values-based food chains

Workshop at Agrimba-Ava Conference, Poreč, Croatia,

18 June 2015, 3-5 pm

Summary

The workshop goal is to communicate and to discuss the preliminary results of the EU project Healthy Growth - From Niche to Volume with Integrity and Trust (HG). The project deals with different aspects of value based organic food chains. The project participants will present the results achieved so far from different points of view: researchers and producers. The case studies will give us an insight to practices of management, promotion and communication of organic value at different links of the value chain, from producers to consumers.

Agenda

- Welcome and introduction words (Andreja Borec, PhD, Faculty of Agriculture and life sciences, 5 min)
- The first results of the case study analysis. (Susanne v. Munchhausen, PhD, Eberswalde University Germany, EU project Healthy Growth - From Niche to Volume with Integrity and Trust, 15 min)
- Case studies: Entrepreneurs' perspective (Company/Cooperative representatives from Planika, Biodar, 35 min)
- Open discussion (30 min)
- Conclusions and closing (5 min)

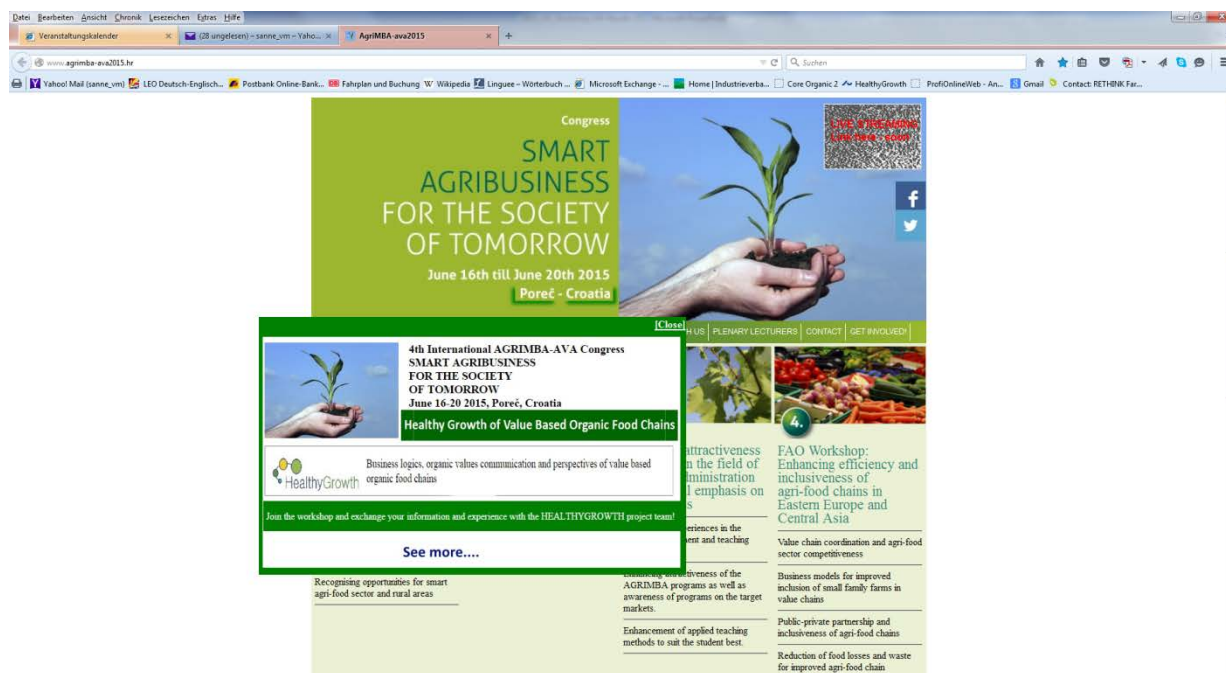
Date and time: 18 June 2015, after lunch (14:30)



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Announcement of the workshop on the conference website



Screen shot from 12.6.2015: <http://www.agrimba-ava2015.hr/>

List of Participants

Name	Organisation
Andrea Borec	University Maribor, Slovenia
Susanne v. Münchhausen	Eberswalde University, Germany
Ziga Drev	Prospeh Ltd, Slovenia
Tomaz Levak	Prospeh Ltd, Slovenia
Urska Miklavic	Mlekarna-planika Ltd, Slovenia
Toni Urbančič	Mlekarna-planika Ltd, Slovenia
Jusep Juračak	Zagreb University, Croatia
Branka Šakić Bobić	Zagreb University, Croatia
Katalina	Zagreb University, Croatia
Valentina Hazic	Redea, Croatia
Edward Majewski	Warsaw University, Poland
Bruce Ahrendsen	University of Arkansas, USA

Ekodar – brand of Šaleška Valley cooperative

- Foundation of Ekodar administrative unit at Šaleška Valley cooperative in 2011
- Group of producers registered for the participation in the Ekodar brand owned by the cooperative
- Farmers receive around 10% more than the normal price for slaughter cattle
- Šaleška Valley cooperative is the responsible unit for the management of beef marketing: registration of participating farmers, organisation of supply and logistics, negotiations with all chain partners, contracting with business partners
- The slaughterhouse with organic certification is contract partner of Šaleška Valley cooperative
- The young marketing enterprise Prospeh Ltd is contract partner for the professional marketing of beef products. When Prospeh took over the responsibility for the marketing strategy, marketing was insufficient (very low turnover under Ekodar organic beef sales).
- In 2012, Prospeh changed the design of the logo and sharpened the profile by focusing on 5 key properties of Ekodar beef products. Turnover increased significantly between 2011 and 2015 due to rising volumes of processed meat and premium prices.
- Key challenges: to sustain the growth in revenue; logistics related to increasing volumes; to ensure and improvement the profitability which as insufficient when the label started; to extend product portfolio (more convenience products than hot dogs and meat patties); development of complementary sales channels because the quality and use of meat cuts from one animal are very different in eating and processing qualities.
- Piloting of track and trace solution with a new smartphone App called OriginTrail (R)

Related links: www.ekodar.si; www.prospeh.com; <http://origin-trail.com/>

https://www.youtube.com/watch?v=NHwD_C9hgTI;

<https://www.youtube.com/watch?v=9RfcuQhNyZQ>;

<http://projects.au.dk/healthygrowth/outputs/>

Planika dairy

- Planika Ltd has a very strong image for its traditional dairy products and the nature based production systems (support of mountain farming, maintenance of mountain ecosystems: in-line with culture and natural environmental)
- Planika is known for integrity; chain partners and consumers trust the dairy factory
- Value of good relationship between farmers and the processor which is owned by Tolmin Valley Cooperative
- The Tolmin area is close to the Italian boarder. During the economic crisis (2008/2009) many part-time dairy farmers, in particular the younger generation,

started to commute to Italian cities for work. Commuting is time-consuming and difficult to combine with daily milking (even when the numbers of cows per family was/is very low). As a consequence, the numbers of farms has decreased significantly with the volumes of milk supply to the cooperative remained stable in the last years.

- Structural changes: The reduction in milk suppliers sounds positive in terms of transport efficiency. However, the Planika management is very concerned about this development because they see the risk of increasing abandonment of mountain pasture and negative socio-economic impact on villages and the small town of Tolmin.
- Pricing: The cooperative pays higher prices for the milk than other dairy factories. Planika Dairy Products are seen as high-value tradition-based products.
- Target group: Planika aims to maintain the offer of regional and organic products for reasonable end-user prices. Planika milk and yoghurt are targeted to families and other consumer groups with preferences for traditional and healthy food from Slovenia.
- Sales channels: Planika has an outlet next to the processing plants. Apart from the own dairy products other fresh and grocery products are offered. Some other smaller and speciality shops sell Planika products.
- Large quantities of Planika products are sold by conventional retailers in Slovenia. Regular price negotiations are a constant challenge for the small processor. Planika dairy perceives the distribution through retail enterprises as a source of concerns (See recommendations for practitioners)

Related links: www.mlekarna-planika.si; <http://projects.au.dk/healthygrowth/outputs/>

Movie: <https://drive.google.com/file/d/0B3cnvM9eYptOMWhScGhlaHpkbnc/edit?pli=1>

Workshop discussion

Leading questions

Which challenges are values-based food business and initiatives facing at the moment?

Are there management areas that particularly need development / support / know-how?

Which support or knowledge exchange would be helpful?

Current challenges, typical requirements and/or needs for knowledge exchange

- Logistics: The organisation and maintenance of logistics of the cooling chain ensuring in-time deliveries are still a challenge for Planika Ltd. The meat chain of Ekodar faces logistic issues too. Slovenia is a small country. However, openness and cooperation beyond borders is still in issue.
- Marketing: „It is important to speak with shoppers.“ Consumers who visit the dairy's outlet can visit the small museum showing traditional dairy facilities. A documentary tells the story of dairy farming in the area and of the dairy processor that belongs to the group of farmers (registered cooperative).

- **Public procurement:** Public procurement is for regional and high-value food products important in Slovenia because schools are encouraged to buy organic and/or regional by the state. Schools have a list of retailers they can order from. The challenge with public procurement is the legal and funding framework. Rules differ between countries. For that reason, it is very difficult to learn from other enterprises in neighbouring countries. For small countries, it would be very helpful to have a standardisation of public procurement requirements in the EU.
- **Cross-border cooperation:** Slovenia is a small country with limited opportunities to market value-based food products. A cross-border marketing and cooperation would be very helpful for the stakeholders who still have very limited experiences on the European market.
- **Ensuring the cooling chain:** When dairy or meat products are sold via e-commerce, the cooling chain is an issue (higher purchase prices, more difficult organisation etc.)
- **Advantage:** Planika had the own processing facility. That was a significant advantage for the local dairy farmers when they started with organic milk processing. The cooperative could use the own facilities and did not have to cooperate with contracted processors. It is important to stick to the know-how and to the technical capacities available. This is the best way to be in comparative advantage on the market.
- **Power relations:** It is hard for a small processor dealing with large retail firms. For that reason, it is recommendable not to „open-up“ a second front with an up-stream chain partner such as another contracted processor. Integration of processing under the umbrella of one firm or initiative (brand) facilitates the coordination of supply and processing.
- **Regional development impact:** Organic and region based processors have a strong impact on rural development. Ekodar and Planika are very good examples for businesses that foster regional socio-economic development (employment of local people, more active farms etc.) and the maintenance of the environment and of the typical landscape in Slovenia (mountain pastures, low-intensity grasslands).

More information on HealthyGrowth:

www.coreorganic2.org/healthygrowth (English);

www.hnee.de/HealthyGrowth (German and English)

Susanne v. Münchhausen (HNEE), 6.7.2015

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