



Marketing, branding and sales agreements

- Case studies from small-scale farms in Canada and
Sweden

Lina Johansson

SLU, Department of Economics
Degree Thesis in Business Administration
D-level, 30 ECTS credits

Thesis 540
Uppsala, 2008

ISSN 1401-4084
ISRN SLU-EKON-EX-540-SE

Marketing, branding and sales agreements

-Case study from small-scale farms in Canada and Sweden

Marknadsföring, varumärke och avtalstradition

-Fallstudier av småskaliga lantbrukare i Kanada och Sverige

Lina Johansson

Supervisor: Cecilia Mark-Herbert

© Lina Johansson

Sveriges lantbruksuniversitet
Institutionen för ekonomi
Box 7013
750 07 UPPSALA

ISSN 1401-4084
ISRN SLU-EKON-EX-540-SE

Tryck: SLU, Institutionen för ekonomi, Uppsala, 2008

Acknowledgements

To complete and accomplish a degree in Master of Science in Agriculture alignment Business Administration and Natural resources, I wrote a master thesis about small-scale cattle production. There are several persons that I would like to send my greatest thanks to. Without you I would not be able to accomplish this thesis.

First of all, I would like to thank KSLA and Agrifack for finding my study interesting and for granting me a scholarship! This scholarship made it possible for me to travel and stay several days in Manitoba, Canada and conduct the interviews. The scholarship covered most of the expenses for my master thesis and the performed personal interviews gave me new insights and all interviews served as a base for my empirical study/findings.

This study is based upon case studies and without you farmers this study would not have been possible. My warmest thanks to all that contributed with your perspective and knowledge. It was a pleasure and a great experience to visit you. Thank you for the amount of time you have put into my work and for answering my several emails and phone calls.

Thanks to Gary Johnson, Professor at the University of Manitoba for helping me and making it possible for me to compare Sweden with Canada and for being able to visit and conduct the interviews. Martin Andersson and Christoffer Rinman at LRF in Stockholm helped me to come up with the idea for this paper's subject. I appreciate your ideas and thank you for providing me with valuable contacts in Swedish small-scale production. Kris Egilson and his family and Michael Buchen, Beef feeder and feedlot expert, contributed with their knowledge and provided valuable contacts in Canada. Åke Rutegård, Director of the Swedish Meat Trade Association and Inger Pehrson, General Secretary at the Swedish Cattle Producers shared their knowledge and helped me to collect relevant material for my empirical background.

My supervisor Cecilia Mark-Herbert at the Department of Economics at the Swedish University of Agricultural Science has been a great source and inspiration throughout my process. Thanks for contributing with your great academic knowledge, experience and your smiley faces ☺ that inspired me to move on.

I would also like to thank my Canadian friends, Matt Hawn and John Garbald that have read and commented on my paper, guys you are great.

Finally, I would like to thank my boyfriend David, family and friends for being there, making comments and for being my greatest support.

I hope that you, as a reader, will find this thesis interesting! Once again, to all of you, I am very grateful for your precious time and engagement in my study and for contributing and making the thesis what it is today. Thank you all!!

Skövde, Sweden October 2008

Lina Johansson

Summary

We are presently living in a complex society where there is a great distance between the production and the consumption. The debate about the importance of “eating locally produced food” escalates as research shows correlation between life styles and a climate in change. The interest for value-added food is steadily increasing in Sweden but also in other countries. Even if small-scale food production is obtaining great support, small producers have a lot of challenges and considerations to make, due to their lack of resources.

The aim with this study is to investigate and to get a better understanding of how farmers successfully manage to communicate their brand and if a brand can facilitate the sales agreements. This thesis and the result are based upon qualitative case studies, since the aim is to explore and develop knowledge in the area of small-scale production rather than to try a hypothesis or to obtain exact results through sampling. Also, secondary data was used. The primary focus of this study is on the producer level, their perception on successful marketing, branding strategies and what kind and form of sales agreements that is practicable and favourable.

In order to be able to reach a market and to become successful, the small-scale producer has to make strategic choices. By using theories that cover why small-scale farms tend to offer more than just a “product” and which sales channels, these strategic choices can be facilitated. Finding out if a brand is considered essential and what kind of sales agreements to use are also theories that can make this dilemma easier to understand.

The analysis clearly indicated that these small-scale producers work with different value grounds and pointed out quality and taste, local production and the processing stage as the most essential value grounds. Reasons for introducing the brand were, in general, to create an identity and to differentiate themselves from other brand products. The local touch was generally highlighted, to create a “home” feeling and a connection to customers. The study indicates that the majority of the case studies are an embryonic branding type, which means that they are aware of their brand but no active work is done to increase the awareness. The case studies usually had an extended time exchange with their customers since the purpose of exchange is often to create long term initiatives, where no distinct obligations and needs are required. One main distinction between the two countries is that none of the Canadian case studies sold to any retail chains. The reason was that it is impossible for them to compete with large-scale producers and supply a regular quantity. Additionally, there is no pronounced support and demand from the retailers in Canada, like there currently is in Sweden.

The conclusion states that small-scale producers have to be consequent in how they communicate their brand in order to become successful. By attending events and meeting new customers, are two possible ways to communicate the brand. The study also indicated that when moving away from the farm level and aiming at bigger volumes, it gets harder to communicate the message and the meaning of the brand grows. The brand can be communicated by using information brochures and place them in a near location to the meat. Another vital approach is to use ambassadors for communicating the brand. The study also showed that the farmers generally do not want to bond to written agreements since they can not guarantee a supply on a regular basis. To secure the transaction and to protect the brand, the possible need for a written agreement increases, the further the small-scale producer gets from the farm level.

Keyterms: Brand, marketing, small-scale cattle production, sales agreement, value-added, relations

Sammanfattning

Vi lever vi i ett mycket komplext samhälle där glappet är stort mellan producent och konsument. Debatten om att äta "lokalproducerad" mat har ökat betydligt och särskilt med tanke på de aktuella klimatfrågorna. I Sverige, men även i andra länder, ökar intresset för mat med olika mervärden. Trots det drivande intresset för lokalproducerat, så har de småskaliga producenterna många svårigheter och utmaningar att beakta med tanke på deras begränsade resurser.

Den här studien syftar till att undersöka och få en bättre förståelse för hur lantbrukare och producenter på ett framgångsrikt sätt lyckats kommunicera sitt varumärke. Arbetets syfte är också att studera hur varumärket kan påverka avtalsformen mellan producent och kund. Studien har genomförts som en jämförande fallstudie. Utgångspunkten var att utforska och utveckla kunskap inom småskalig produktion, snarare än att testa en hypotes eller att erhålla exakt data. Även sekundära källor har använts. Studien är gjord från ett producent perspektiv. Avgränsningen gjordes för att få fokus i studien på producenternas uppfattning om vad som är framgångsrik marknadsföring men också vilken betydelse varumärket har och vilka avtalsformer som är gångbara.

Småskaliga producenter tvingas ofta att ta strategiska beslut för att nå ut på marknaden och bli framgångsrik. För att förstå och utveckla problematiken kring småskalig produktion har teorier kring marknadsföring, varumärke och avtal utgjort en grund och utgångspunkt.

Analysen indikerar att de småskaliga lantbrukarna arbetar med mervärdesgrunder där kvalitet, och smak, lokalt producerat och förädlingssteget sågs som de största mervärdesgrunderna. Anledningen och motiven till att fallgårdarna har skapat ett varumärke, är för att kunna skapa en identitet och särskilja sig från andra produkter och varumärken. Ofta så framhävs den lokala anknytningen för att skapa en relation och förmedla en närhetskänsla till kunden. Majoriteten av fallstudierna tenderar att endast i begränsad omfattning arbeta med sitt varumärke och sina marknadsföringsaktiviteter. De småskaliga producenterna lägger sin energi på det de kan bäst; att sköta sin produktion och att producera unika varor av högsta kvalitet.

Fallgårdarna visade sig ha icke tidsbegränsade avtal som oftast bygger på relationer och förtroenden och där skriftliga åtaganden spelar mindre roll. En markant skillnad mellan Kanada och Sverige är, att inga av de kanadensiska fallgårdarna sålde till detaljhandeln. Anledningen var att de inte såg någon möjlighet att kunna konkurrera med de storskaliga producenterna och anser sig inte heller kunna leverera på en kontinuerlig basis. I Kanada finns det inte heller något stöd och ingen efterfrågan från detaljhandeln för att ta in lokalproducerade varor. Priset är många gånger mer avgörande än kvalitet.

Studien visar att producenterna måste vara konsekventa i hur de kommunicerar sitt varumärke för att de på ett framgångsrikt sätt ska lyckas nå ut till sina kunder. Varumärkets betydelse ökar när producenten går från direkt försäljning till andra indirekta försäljningskanaler. Genom informationsbroschyrer i butiker men också med hjälp av ambassadörer kan varumärket förstärkas. För en småskalig producent ökar behovet av ett skriftligt kontrakt för att förstärka och skydda sitt varumärke och sina transaktioner.

Nyckelord: Avtal, varumärke, marknadsföring, småskalig nötköttsproduktion, mervärde och relationer

List of Abbreviations

AMA.....	American Marketing Association (www.marketingpower.com/Pages/default.aspx)
ATL.....	Lantbrukets affärstidning
BSE.....	Bovine Spongiform Encephalopathy, Mad cow disease
FOE.....	The Organization Friends On Earth
IFAC.....	Innovation Food Area Center
LRF.....	Lantbrukarnas Riksförbund; Federation of Swedish Farmers (www.lrf.se) the
KLS.....	Kalmar Läns Slakteri (www.kls.se)
MAFRI.....	Manitoba Agricultural Food and Rural Initiatives (www.gov.mb.ca/agriculture/)
OPAM.....	Organic Producers Association of Manitoba (www.opam.mb.ca/Cert_Prod_Dir.htm)
RM.....	Relationship marketing
SME.....	Small and Medium sized Enterprises

Glossary

English

Added value
Arable land
Breed
Breeding animal
Cereals
Coast grazing
Cooperative society
Dairy herd
Dressing percentage
Feed concentrate
Heifer
Leasehold
Loose housing
Marble meat
Meadow grazing
On-farm shop
Pasture (seeded grassland, ley)
Process
Rough cut
Rough grazing (uncultivated pasture)
Sell over counter
Steer
Suckler cows
Tender
To cut up
Trading company
Trade in livestock
Transfer pris
Uncultivated pasture (natural pasture)
Quality assurance

Swedish

Mervärde
Brukningsbar jordbruksmark (åker)
Föda upp
Livdjur
Spannmål
Strandbeten
Ekonomisk förening
Mjölkbestättning
Slakutbyte i procent
Kraftfoder
Kviga
Arrende
Lösdrift
Marmorerat kött
Ängsmark
Gårdsbutik
Betesmark (vall)
Förädla
Grovstycka
Naturbetesmark
Sälja över disk
Stut
Dikor
Mört
Stycka ngt/dela:
Handelsbolag
Livdjurshandel
Avräkningspris
Naturbetesmark
Kvalitetssäkring

List of Figures

Figure 1. Illustration of the structure of the presentation of my master thesis	5
Figure 2. Shows how the information is lost and minimized during the research process (Kohler-Reissman, 1993, 10).	10
Figure 3. The 4Ps, marketing mix and useful tools to pursue the target market (Illustration based upon McCarthy, 1960 ; Kotler, 2002, 23).	15
Figure 4. The value grounds for added value in a product or “concept” (pers. com., Mark-Herbert, 2008).....	17
Figure 5. Summarize what a brand represents for the producer and the consumer (own processing).	22
Figure 6. Three branding strategies found in SMEs (Wong & Merrilees, 2005, 158).	23
Figure 7. Shows the importance of a brand when the amount of customers increase (pers. com., Mark-Herbert, 2008).	25
Figure 8. The Manitoba Grass Fed Beef brand (www, Manitobagrassfedbeef, 2008a).	38
Figure 9. The Carver’s Knife Brand (www, Carver’s Knife, 2008a).....	40
Figure 10. The D.A.L Meat brand (www, dalmeat, 2008a).	42
Figure 11. The Bjärhus brand (www, Bjärhus, 2008a).	51
Figure 12. The Ejmunds brand (www, Ejmunds, 2008a).....	54
Figure 13. The Gunnarsbergs Gård brand/Kaprifolkött (www, Kaprifol, 2008).....	60
Figure 14. The Svansgård brand (www, Svansgård, 2008a).....	63
Figure 15. Three branding strategies found in SMEs (Wong & Merrilees, 2005, 158, modified).....	85
Figure 16. Demonstrates that the importance of a brand grows as the producer moves away from the farm level (pers. com., Mark-Herbert, 2008, modified).	86
Figure 17. How to generate and communicate the brand (own creation).....	93
Figure 18. The increased need for a written agreement (pers. com., Mark-Herbert, 2008, modified).	94

List of Tables

Table 1. Interviews performed in Canada	11
Table 2. Interviews performed in Sweden	12
Table 3. One classification of exchange (Gundlach & Murphy, 1993, 36).....	27
Table 4. Overview of the agreements in Ejmunds Gårdkött (pers. com., Norman, 2008)	55
Table 5. Short summary of the case studies/farms in Canada and Sweden.....	64
Table 6. Summary of the value grounds among the case studies.....	83
Table 7. Summary of the case studies	84
Table 8. The exchange in relation to the empirical study.....	87

Table of Contents

1 INTRODUCTION.....	1
1.1 PROBLEM BACKGROUND	1
1.2 PROBLEM	2
1.3 AIM	4
1.4 A PROJECT TASK.....	4
1.5 OUTLINE	5
1.6 DELIMITATIONS	6
2 METHOD	7
2.1 CHOICE OF METHOD AND DATA COLLECTION	7
2.2 CASE STUDIES	7
2.2.1 <i>Case study as a method</i>	7
2.2.2 <i>Selection of cases</i>	8
2.3 INTERVIEWS	9
2.3.1 <i>Tools and documentation</i>	9
2.3.2 <i>Performed interviews</i>	10
2.4 AVOIDANCE AND HANDLING POSSIBLE PITFALLS	13
3 A THEORETICAL FRAMEWORK	14
3.1 A MARKETING PERSPECTIVE.....	14
3.1.1 <i>Marketing mix 4P</i>	14
3.1.2 <i>Product</i>	16
3.1.3 <i>Product and value-added</i>	16
3.1.4 <i>Place</i>	18
3.1.5 <i>Differentiation and positioning</i>	19
3.2 BRANDING- A COMMUNICATION TOOL	20
3.2.1 <i>A brand-what is that?</i>	20
3.2.2 <i>Does a brand matter?</i>	21
3.2.3 <i>Brand name</i>	22
3.2.4 <i>Brand strategies and archetypes</i>	23
3.2.5 <i>Perception of success and the function of the brand according to the small-scale business development/growth</i>	24
3.3 A BRIEF REVIEW OF SALES AGREEMENT	26
3.3.1 <i>Exchange and agreement</i>	26
3.3.2 <i>One classification of agreement</i>	27
3.3.3 <i>Relation, partnership and networking</i>	28
4 EMPIRICAL BACKGROUND	30
4.1 THE CANADIAN BEEF INDUSTRY	30
4.1.1 <i>Small-scale production</i>	31
4.2 THE SWEDISH BEEF INDUSTRY	32
4.2.1 <i>Small-scale food production</i>	34
4.3 OTHER STUDIES AND COMMENTS RELATED TO SMALL-SCALE PRODUCTION	36
5 THE EMPIRICAL STUDY	37
5.1 CANADIAN CASE STUDIES	37
5.1.1 <i>Alfalfa Beekeepers LTD</i>	37
5.1.2 <i>Carver's Knife</i>	39
5.1.3 <i>D.A.L Meat</i>	41
5.1.4 <i>Le Bouvier Ranch</i>	44
5.1.5 <i>Neuschwander Farm</i>	47
5.2 SWEDEN	49
5.2.1 <i>Bjärhus Gårdsbutik</i>	49
5.2.2 <i>Ejmunds Gård</i>	52
5.2.3 <i>Faringe Kött och Slakt AB</i>	56
5.2.4 <i>Gunnarsbergs Gård</i>	59

5.2.5 Svansgård.....	61
5.3 SUMMARY OF THE EMPIRICAL FINDINGS	64
6 ANALYSIS	68
6.1 CANADA.....	68
6.1.1 Alfalfa Beekeepers Ltd	68
6.1.2 Carver's Knife.....	69
6.1.3 D.A.L Meats	70
6.1.4 Le Bouvier Ranch.....	72
6.1.5 Neuschwander's Farm	73
6.2 SWEDEN	74
6.2.1 Bjärhus Gårdsbutik.....	74
6.2.3 Faringe Kött och Slakt AB	78
6.2.4 Gunnarsbergs Gård	79
6.2.5 Svansgård.....	81
6.3 SUMMARY OF THE ANALYSIS.....	82
6.3.1 Marketing perspective	82
6.3.2 Branding.....	84
6.3.3 Sales agreements.....	86
7 DISCUSSION	88
7.1 MARKETING PERSPECTIVE	88
7.2 BRANDING	89
7.3 AGREEMENT.....	90
7.4 CANADA AND SWEDEN	91
7.4.1 Marketing perspective	91
7.4.2 Branding.....	92
7.4.3 Sales agreement	92
8 CONCLUSIONS	93
EPILOGUE	95
BIBLIOGRAPHY	96
<i>Literature and publications</i>	96
<i>Internet</i>	100
<i>Personal messages</i>	102
APPENDIX 1: FARM A (EMPIRI AND ANALYSIS).....	104
APPENDIX 2: PREPARATION QUESTIONS SENT OUT BEFORE THE INTERVIEW (ENGLISH VERSUS SWEDISH VERSION).....	107
APPENDIX 3: QUESTION GUIDES (ENGLISH VERSUS SWEDISH VERSION)	108
APPENDIX 4: A TABLE INDICATING THE BIGGEST SLAUGHTERHOUSES IN SWEDEN.....	113
APPENDIX 5: SWEDISH RETAIL AND THE TWO MAIN ONES ARE PRESENTED	114
APPENDIX 6: BACKGROUND INFORMATION ABOUT THE CREATION OF KAPRIFOLKÖTT	115

1 Introduction

This chapter starts with an introduction and overview of the problem background that leads further into the aim and question formulations. After that a brief outline of the thesis is presented, followed by the delimitations of the thesis.

1.1 Problem background

Prior to the industrialization in Sweden the food used to be locally produced. Agriculture was characterized and built up with close relationships between the producer and the consumer and the food usually came from the surrounding area (Mark-Herbert & Lagerberg-Fogelberg, 2007). We are presently living in a complex society where there is a great distance between the production and the consumption. Our food is normally transported a long way until it reaches the consumers' plates (www, SNF, 2007). The different components in an ordinary breakfast may have been transported on average 3600 miles before they reach our breakfast table (*Ibid*). Today, there is a large flow of international trade in food consumption. We can also face more consolidations and mergers among the large manufacturing and distributing firms but at the same time there is a demand for local, personal and small-scale production (Meyer von Bremen, 2005; Hallberg *et al.*, 2008).

Through political decisions made in the beginning of 1990's the Swedish Government founded a governmental body "Glesbygdsverket"¹ that gave the rural areas an official part in the development of the Swedish society (www, Regeringen, 2007a). During recent years environmental issues have increased in importance for the development work in the rural areas. The debate about the importance of "eating locally produced food" (*äta närproducerat*) escalates as research shows correlation between life styles and a climate in change. The interest for value-added food is steadily increasing in Sweden but also in other countries. Concepts like *environmental-friendly*, *health*, *locally produced food* and *quality of life* are strong trends among consumers today (www, IFAC², 2008a).

The Swedish government states in their budget bill for 2008 that they want to strengthen the competitiveness of Swedish agriculture and the food industry (www, Regeringen, 2007b). The food industry will be strengthening mainly through fostering the export, innovation and supporting the organic and small-scale production. These are some of the statements that show that Sweden is facing support for the local and regional food products. Even if small-scale food production is obtaining great support, small producers have a lot of challenges and considerations to make. Welin-Berger (2007) confirms that small-scale food processing firms lack in marketing skills – pointing out a need for better knowledge concerning marketing issues, such as brand building, cost-effective production and product development. Due to scarce resources, small-scale producers have difficulties making large investments. It forces, therefore, the producer to make strategic choices. One of the major challenges for small-scale producers is to find the right market channels to be able to establish a position on the market (Jervell, 2003). Many small-scale producers sell their products locally and directly

¹ Glesbygdsverket: is a knowledge authority, in Sweden, that report and conduct statistic concerning the development in sparsely-populated areas, the countryside and in the archipelagos.

(<http://www.glesbygdsverket.se/site/default.aspx?id=136>)

² IFAC= Innovation Food Area Center

to the consumers. This creates strong bonds between both the producer and the product itself as well as to the consumer. The direct contact enables the producer to capture the full revenue but it also means carrying all the costs. In a phase of building a brand it is important for the producer to be able to communicate the values of the product (Kotler, 2003). The brand is creating a relationship between the product and the consumer. This relationship can further be designed in different ways.

Small-scale food producers commonly have oral agreements with their sales agent, wholesale agent or retailer (Mark-Herbert & Lagerberg-Fogelberg, 2007). This may lead to flexibility as well as to uncertainty in the buyer-seller relationship. One way of handling this uncertainty might be to have more formal contracts. Oral agreements are just as legally binding as written contracts but the oral ones can be hard to define and prove. The brand can play an essential role when making agreements between the producer-wholesaler or the producer-sales agent. The question is just how important it is. If a producer only has oral agreements for instance with a retailer and the retailer suddenly starts to buy from another producer, then it will lead the producer into a very unpleasant and uncertain situation. Therefore it would be interesting to investigate if a successful brand is important and considered when dealing with sales terms.

1.2 Problem

The demand for local and regional food products is increasing and is getting more and more attention (Ingvarsson, 2008). The door is open for small-scale producers and they are waiting to just get more and better access into the bigger retail stores. Locally produced food is the most fast growing trend at the moment, even hotter than the organic. Almost every day there is a notice or article in the newspapers and magazines about locally produced food. In an article about by Sundell & Wikström (2008) in ATL³ (Lantbrukets Affärstidning) they stated that the Swedish consumer has a positive view and attitude towards locally produced food. Consumers are getting more conscious and have started to require food that is produced nearby, has a better taste and a higher quality (www, IFAC, 2008a). They also care about food transportation and how products are produced. These attributes will of course increase the requirements on the producers, wholesalers, retailers, restaurants and other service areas. Locally produced food will lead to a more vivid countryside and enhanced employment according to Sundell & Wikström (2008).

Consumers' increasing interest and demand for local food will of course benefit the ones that are practising small-scale production. Furthermore the farmers are expecting a greater support for locally produced food. This is demonstrated in another Swedish article by Hörle (2008) that says that six out of ten farmers think that the locally produced food will be of great importance in the future. According to the chairman of KLS⁴ (Kalmar Läns Slakteri), Mats Olsson, the deposition of the farmers' products is still limited. Olsson further thinks that the biggest deposition will be found in the biggest retail stores. He also believes that the consumer will have even less time to spend on driving around to buy their groceries. Mats Olsson does not think that farm shops will be something that will last and counts for the greatest sales of the local produced food. The reason for this is that consumers prefer to buy all their groceries in one place. Therefore and according to Olsson the increase of locally

³ ATL is a business journal that writes about agriculture, forest and adjacent areas in Sweden.

⁴ KLS is a co-operative that was recently acquired by the Danish slaughter firm Danish Crown

produced food and commodities will most likely be seen in retailer stores such as ICA, COOP and Axfood.

Despite this great demand there are a lot of challenges that can be seen for small-scale producers. According to Jervell (2003) small-scale farmers have a limited access to enter the food market industry and therefore it is important to find the right marketing channels from the beginning, which can be a challenge. One challenge is that there is a rationalization process among the slaughterhouses and an increasing number of them are shutting down, especially small-scale slaughterhouses (www, Riksdagen, 2008a). This is of course a serious concern for the animal welfare and farming as well. This makes it even harder for small-scale producers since they have different conditions and a smaller production. The small-scale producers have scarce resources and therefore they have to make strategic choices to be successful. For many firms successfulness is all about growth. Growth can be based on sales, assets or amount of employees etc (Davidsson *et al.*, 2000). Factors like this, growth in turnover and profit, were not mentioned when small-scale producers explain success. Instead factors as pride in the skill of production, recognition among customers and media and high product quality were mentioned as measurements of successfulness (Mark-Herbert & Lagerberg-Fogelberg, 2007).

The success of a regional food producer can therefore be grounded in a number of aspects related to the actual production, the processing of the products as well as the marketing of a product (*Ibid*). By giving the product an identity - characteristics based on different value grounds, such as features and a brand, the marketing becomes a long term investment. The brand is a valuable asset and can contribute to a firm's profitability, long term competitiveness and growth (Melin, 2006). The brand has different functions and is of interest to four main actors in the market: consumers, competitors, market holder and the lawmaker. One way of strengthening the relationship between the producer and buyer is by having a strong brand. If the seller has a strong and well-known brand then it can facilitate the sales agreements. The brand can be one way for the producers to communicate their message with their product or products. A brand in this study is regarded as "a term, name, sign, design or a symbol or a different combination of these that are intended to identify the goods or services of one seller or a group of sellers and to differentiate them from those of competitors" (Keller, 2008, 2). The problem with small-scale producers is usually that they handle the production excellently but have a really hard time to market and brand their product (Welin-Berger, 2007). They might have an excellent product but do not know how this can be communicated. There are producers in other countries that have succeeded.

Some countries have been successful in developing markets for local and regional food products, especially Norway and France and they are seen as inspirational markets (Rogstad, 2005). Two possible explanatory factors for that may be the governmental goals for the local food industry and also because of the regional food cultures within these countries.

Currently there is a great support in both Sweden and North America to increase and create a more regional and local food culture. Some of these thoughts are supported by political goals such as "biodiversity" and also because regional and local foods reduce the environmental burden.

1.3 Aim

The aim with this master thesis is to investigate and to get a better understanding of how farmers successfully managed to communicate their brand and if a brand can facilitate the sales agreements.

To reach my aim, the following questions are of particular interest. The questions are divided into three parts; market perspective, branding and sales agreements. This structure will follow through the whole thesis.

Marketing perspective:

What are the perceived added value grounds for the local produced product?

Branding:

What are the conditions for building a brand?

Sales agreements:

What determines the form for the sales agreement?

1.4 A project task

In the fall of 2007 I started to think about my master thesis. I was interested in the area of small-scale production and the growing interest for local and organic food. My advisor, Cecilia Mark-Herbert at the Swedish University of Agricultural Science (SLU), was writing a research project about regional food and one of the empirical findings stated that few of the small-scale producers that had been interviewed had any formal contracts. I decided to continue in the same footprints and make a deeper study concerning agreement tradition among small-scale producers.

I contacted the main office of LRF⁵ (Lantbrukarnas Riksförbund) and their small-scale food production department in January 2008 about my idea and also to bring that into a master thesis. This department was more interested in my looking at the importance of the brand and why small-scale decides to build up a brand. Since I had received a scholarship allowing me to travel and conduct the interviews with small-scale Canadian farmers and look at their agreement traditions, I decided to combine the requests. After another meeting with my advisor, I decided to explore both the branding part and the agreement tradition among small-scale producers and still compare Sweden and Canada.

⁵ LRF= is the Federation of Swedish Farmers. This is the only interest and business organisation in Sweden for those who own or work farm and forest land and their jointly owned companies in the Swedish agricultural co-operative movement (<http://www.lrf.se/inenglish>).

1.5 Outline

This masters thesis begins with an introduction where the problem background is presented as well as the aim of the thesis. In chapter two the methods that have been used are described. After that, chapter three provides a theoretical perspective where the central concept of the theory is explained further. To initiate the reader and give a better understanding for the next chapter an empirical background is presented in chapter four and then followed by the empirical findings from the case studies in chapter five. This is then altogether analyzed in chapter six. After that the discussion follows in chapter seven. Finally in chapter eight some conclusions are drawn. The whole process is illustrated in Figure 1. The results of this thesis are presented both written and orally at a seminar at the department of Economics at the Swedish University of Agricultural Science, Ultuna.

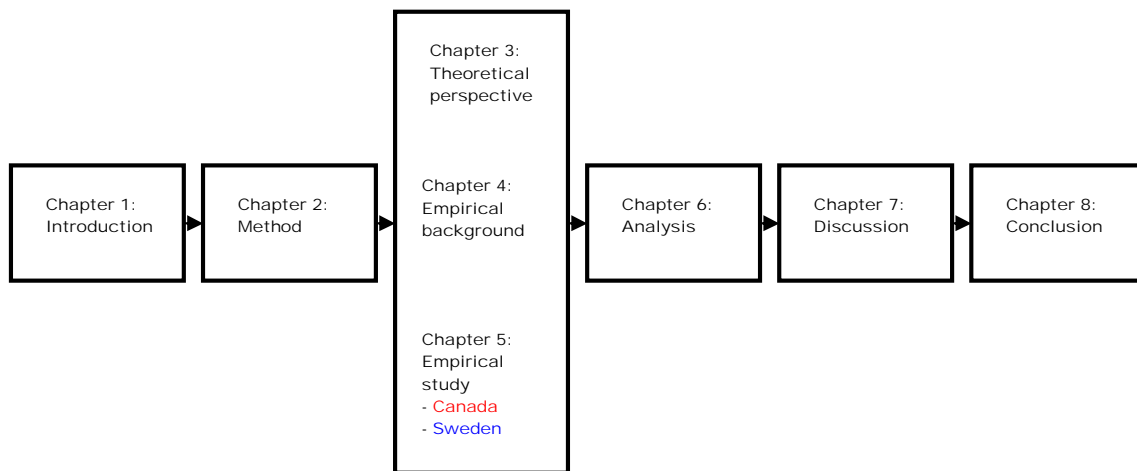


Figure 1. Illustration of the structure of the presentation of my master thesis.

After the conclusions are drawn an epilogue will follow as well. In the epilogue, future studies within the area of small-scale food production are suggested and presented.

1.6 Delimitations

The study is delimited as following:

1. *Theoretical delimitations:* There are a many unexplored areas within small-scale production. I decided to focus and divide the theory part into the three main categories; a marketing perspective, a branding perspective and an agreement perspective. Since a small-scale cattle producer normally offers more than just a "product" and because they tend to use other sales channels than the traditional beef chain, a marketing perspective was chosen. A theory about branding was chosen- in order to investigate why a brand is essential and if the brand is essential when selling further away from the farm level. Finally, a theory about sales agreement was used to explore what types and what classifications of agreements that can be found and applied to the case studies.
2. *Empirical delimitations:* The study was delimited by covering only two countries, Sweden and Canada. Within each country, further delimitations were made. In Canada, the research and interviews did not cover the whole country. Due to the time limit, the interviews were conducted only in the province of Manitoba. This province, Manitoba, was selected due to contacts, bilateral exchange with the University of Manitoba and because this is one of the most essential cattle, prairie and agriculture provinces in Canada. In Sweden, the same amount of farms was picked but due to the time limit, the farms were picked within a reasonable area and with the help from LRF in Sweden.

Cattle operation was chosen as it is considered being an essential part of the agricultural production. The criteria of suitable cases are presented in chapter two. The empirical data differs between the farms since all data was not available and sometimes the respondent was not willing to share that information or had no answer to it. One of the farms wanted to be anonymous and it was therefore not possible and fair to include that farm in the comparative analysis. Therefore this farm is placed in appendix 1. This work was also delimited by focusing on the producer level. I decided to study the actual farms and to receive the farmers' view and thoughts. Therefore, this study is based upon the farmers' perception about successful marketing, their needs and motives to create a brand and what kind and form of sales agreements that are practicable and favourable. The sales agreements were also delimited by only looking at the sales agreements between the producer and the customers that buy their product. Other stakeholders in the value chain, like sales agreements with slaughterhouses and grain companies, are not included in this study.

3. *Method delimitations:* I am aware of that the case studies are chosen entities that are not representative of the population they are selected from. Further cases studies with different solutions for handling marketing questions were chosen. The presented empirical material represents a status at one point. A follow-up study may therefore show that individuals in each case study have moved on and altered their marketing procedures.

2 Method

The word “method” originates from the Greek and the native meaning is “a way that leads to the goal” (Kvale, 1997, 12). The method implies a plan to gather, organize and to integrate the information or data that will fall into a certain end-product (the research empiric). This chapter provides a deeper description of the method used in this study, selection of case studies and interview techniques. Finally I will explain how I have tried to minimize the effects of potential pitfalls.

2.1 Choice of method and data collection

It is essential to be aware of your purpose and research strategy in order to write a scientific thesis. The problem is the starting point when you begin your research (Ejvegard, 1996). The method should be seen as a tool and a way to solve the problem in form of receiving new knowledge (Holme & Solvang, 1991).

According to Regeringen (2005) there is a lack of comprehensive statistic over the small-scale food production and limited research and facts about branding and sales agreements among small-scale producers. Due to this it makes it hard and less interesting to investigate and search for quantitative data. Therefore I used qualitative data that seeks to explore the meaning of this specific area.

The sequence of this thesis began with a literature review, by reading scientific articles and publications about small-scale production. The literature review provided an understanding of the traditional beef chain production. This knowledge was needed in order to be able to understand why small-scale cattle producers may use other channels and why they left the traditional chain. The whole empirical background is not placed in the thesis but part of the facts and information are found in appendix. Question guides were developed and the questions were based on the theory and the empirical background. After that, an explorative multiple case studies followed where farmers in both Canada and Sweden were interviewed. In the analysis a comparison between theory and empirical findings were made, followed by a discussion.

2.2 Case studies

Case studies are one of several research strategies (Yin, 2003). There are other choices as well such as surveys, experiment and document analysis. Every research strategy has different ways of gathering and analyzing the empirical material and each of them has its advantages and disadvantages. In this section case study as a method is discussed and how the selection of suitable case studies were conducted.

2.2.1 Case study as a method

A case study provides a picture and investigation of a specific phenomenon, for example an institution, a program or one person. This specific phenomenon is chosen because it is of

importance, interesting or because it is part of a hypothec (Merriam, 1994). Usually case studies are preferred when using “how and why” questions and when investigating something within real-life. It can be done to enable the similarities and differences. The case study represents a small part of the reality (Ejvegard, 2003). One thing to consider is that a case study can not fully represent the population.

This thesis is based upon qualitative case studies since the aim is to explore and develop knowledge in the area of small-scale production rather than to try a hypothec or to obtain exact results through sampling. Therefore this is regarded as an explorative study.

In this thesis the comparative cases were based on interviews from Canada and Sweden and secondary material.

2.2.2. Selection of cases

The empirical data is based on case studies in Canada and Sweden. Sweden was chosen since there is a lot of local and governmental support for the small-scale producers in Sweden right now (www, Regeringen, 2007b). Since I had good contact with a professor in Canada I chose to compare the province of Manitoba (a typical farm, prairie and cattle province in Canada) with Sweden. In Canada there is a growing interest away from the conventional cattle chain especially after the BSE case (MAFRI⁶, 2004). In particular the few small-scale farmers are trying to find alternative market channels. The objective is to compare successful and local cattle producers’ brand strategies and forms of agreements in Sweden and Canada.

Criteria for selection of suitable case studies:

- *Scale:* A small-scale farmer that earns income from the production (no “hobby” farmers were included). Since a small-scale farm in Canada will not be considered to be a small-scale in Sweden I have defined what I mean with small-scale farm in each country.
- *Production field:* The common denominator was cattle but they could present their products in different ways.
- *Successfulness:* They should be successful within the genre “small-scale farm” and their brands should also be well-known in the region they are located. Success in this thesis has a broad meaning and therefore success is not only based upon economical factors. Of course each firm should make a satisfied profit and be able to make a living out of it, but this is not the only thing taken into account. Instead success is based on things success such as; job satisfaction (enjoying the business), feeling proud over their products and also to provide high quality products to customers.
- *Location:* due to time and budget constraints, the farms needed to be located in the province of Manitoba and not too far away from the city of Winnipeg. The selected farms in Sweden were more widespread to get producers from different areas in Sweden and to be able to grasp similarities and differences.

⁶ Manitoba Agricultural Food and Rural Initiatives

- *Different sales channels*: to be able to get a wider view, farms with different sales channels were chosen.
- *Initial time of establishment for the business*: The chosen farms have been in business for generations or established quite recently. This criteria was chosen in order to receive and catch aspects from the already established farms and see if there is differences comparing to the newer farms or forms of collaborations.

After these criteria were set up, the selection of the case farms in Manitoba were based upon personally knowledge. This means that cases are chosen based on recommendations from “experienced expertise” in a certain area (Merriam, 1994). One expert and specialist in “Beef feeder and feedlots”, was Michael Buchen, who gave suggestions, information and contact information about potential farms to interview in Manitoba. Help was also received as well as contact information to potential farms from the Egilson Farm Family and Matt Hawn. Matt Hawn had been visiting one of the potential farms about one year ago and gave a special recommendation for that particular farm. All the farms were willing and enthusiastic to participate in my study.

2.3 Interviews

Qualitative interviews also called in-depth interviews were done to understand the respondents’ world and be able to explore a certain area (Kvale, 1997). The interview is a human concept where knowledge is received through a dialogue. For this it is important that the interviewer has knowledge in the area and is able to choose the right approach and make an emphatic entrance into the respondent’s world. These interviews have been the main source for my empirical study.

2.3.1 Tools and documentation

To facilitate the interviews with the farmers, a few questions (see Appendix 1) related to my interview guide were sent out beforehand to let the respondents reflect and think about the subject and their production. Prior to the interviews, Professor Gary Johnson helped me to get an understanding of values and norms before entering the farmers’ homes. According to Kvale (1997), it is of great importance to get an understanding of a cultural context since other countries and cultures may have other norms and behaviour when meeting strangers in terms of initiative, openness and so on.

The interviews were semi-structured and followed a question guide (see Appendix 2) to keep the interview focused. Since the interviews were performed in both Swedish and English two questions guides were made. Kvale (1997) stated that it is essential that each respondent is given an outline for the interview and how long it is expected to take. Each interview started with a short introduction about the aim, how the interview and questions were built up, the use of the Dictaphone and the material. The respondents should be informed that they have the right to interrupt the interview any time and no material will be published without their approval. After finishing recording it is important to let the respondent add and speak about things that they perhaps did not want to say during the recording. By recording an interview it allows the interview to focus on the dynamic and the subject (*Ibid*). It also gives the possibility of listening to the interview over and over again. Notes and keywords were made

during the whole interview to be able to catch and write down body language and facial expression.

After the interview the information was collected and transcribed. The spoken language was translated into a written document. Merriam (1994) explain that one validation is called “participation control” which means that the people that gave the information are reading through the document and the interpretations and decide if the result is trustworthy. Therefore the written documents from the interviews were sent back to the respondents and since the farmers were quite busy I let them receive enough time. In this case they got the chance to read through the information, analyze and add information if it was needed. This means that the respondents validated the information and could correct contingent misunderstandings and information before using the material.

It is essential to remember that the researcher’s information is lost during the whole research process and this is shown in the following figure 2.

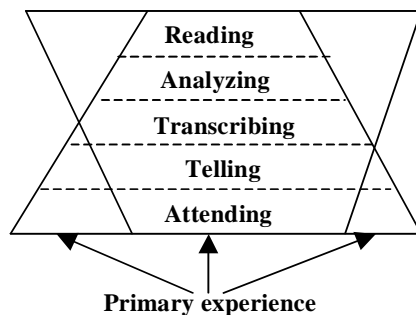


Figure 2. Shows how the information is lost and minimized during the research process (Kohler-Reissman, 1993, 10).

By starting at the base of the figure, *attending*, impressions from the interview like lights, sounds and how the respondents acted are included. The next step, *telling*, is all about telling other people and getting their views. The comments from people and friends might colour the narrative. *Transcribing*, the third step, is spoken language transcribed into a written text. In this step it is hard for the researcher to decide how detailed the transcriptions should be. What the researcher decides to include, arrange and show will affect how the reader will understand the text. In the next step, *analysis*, even more information is taken away and only the information and facts relevant for the thesis will be presented. The fifth and last step, *reading*, comes as the reader reads through the narrative. It is impossible for the writer to tell everything and therefore how the reader perceives and interprets the narrative depend upon the historical background and knowledge of the reader.

2.3.2 Performed interviews

The interviewees were chosen in order to get a broad picture over each selected farm and their products, brand and agreements and these interviews serve as the base for my empirical findings. The Canadian interviews were performed between May 7 and May 18 and can be viewed in table 1. The performance of the Swedish interviews was made during a longer period of time and can be viewed in table 2. Both the interview dates and the validation date (marked in italic) are presented in the interview tables. In addition, interviews with

knowledgeable people within the traditional beef chain were conducted. This was done in order to receive a better knowledge and be able to write the empirical background.

Table 1. Interviews performed in Canada

	Farm/Company	Role	Interview date <i>Validation date</i>
1.	Alfalfa Beekeepers LTD Farm	Jim Lintott, Farmer	Phone interview: 2008-05-09 Personal meeting: 2008-05-16 Email: 2008-06-08 2008-08-26 <i>Email: 2008-07-01</i> <i>2008-08-27</i>
2.	Carver's Knife	Calvin Vaags, Farmer and owner of the meat store Carver's Knife	Personal: 2008-05-14 Email: 2008-07-25 2008-08-28 <i>Email: 2008-08-08</i>
3.	D.A.L Meat	Farmer and owner of a butcher shop	Personal meeting: 2008-05-15 Email: 2008-06-11 <i>Email: 2008-09-12</i> <i>2008-09-15</i>
4.	Le Bouvier Ranch	Helene Bouvier , Farmer and owner of the brand Organic Ranchers	Phone interview: 2008-05-09 2008-05-13 Email: 2008-08-27 <i>Email: 2008-07-21</i>
5.	Neuschwander's Farm	Agabus Neuschwander, Farmer	Personal meeting 2008-05-12 Email: 2008-08-28 <i>Email: 2008-06-08</i> <i>2008-09-02</i>

Table 2. Interviews performed in Sweden

	Farm/Company	Role	Interview date <i>Validation date</i>
1.	Bjärhus Gårdsbutik	Elisabeth Hansson, Famer and one of the owner of Bjärhus Gårdsbutik	Personal meeting: 2008-07-07 Phone interview: 2008-08-21 <i>Written feedback: 2008-08-08</i>
2.	Ejmunds Gård	Odd Norman, Farmer	Personal meeting: 2008-05-30 Email: 2008-07-16 <i>Email: 2008-07-21 2008-08-15</i>
3.	Faringe Kött och Slakt AB	Henrik Stenström, Former Farmer and one of the owners in the slaughterhouse	Personal meeting: 2008-06-12 Phone interview: 2008-08-18 <i>Phone: 2008-08-18</i>
4.	Farm A	Farmer A	Personal meeting: 2008-07-21 Email: 2008-08-27 <i>Email: 2008-08-03 2008-09-08</i>
5.	Gunnarsbergs Gård	Anita Sjösten, Farmer and member of the board of Kaprifolkött	Phone interview:2008-06-10 Phone interview: 2008-08-23 <i>Phone: 2008-08-23</i>
6.	Kaprifolkött	Gerd Johansson Director of Kaprifolkött	Phone interview: 2008-05-30 Email: 2008-06-03 Phone interview: 2008-08-24 <i>Email: 2008-07-16 Phone: 2008-08-24</i>
7.	Svangård	Kjell Svahn, Farmer and member of the cooperative ”Bondens Egna Butik”	Personal meeting: 2008-06-12 Email:2008-07-11 <i>Email: 2008-07-07 Email: 2008-07-12</i>
8.	The Swedish cattle producers (Sveriges Nötköttsproducenter= SNP)	Inger Pehrson, General Secretary	Phoneinterview:2008-08-04 <i>Email: 2008-08-06</i>
9.	The Swedish Meat Industry Association (Kött och Chark företagen)	Åke Rutegård, CEO Swedish Meat Association	Phone interview: 2008-08-04 <i>Email: 2008-08-05</i>

The initial and first interviews with the farmers were made. In most of the cases additional questions arise and the farms were then contacted by email or phone.

2.4 Avoidance and handling possible pitfalls

In all researcher process, it is essential to produce and present valid and durable information. The question about validity, to what extent the result is in accordance with the reality, was controlled by the people that were interviewed and by people and colleges I know. In this case I received comments and feedbacks on the result.

During the interview errors might have occurred and the respondents may have been affected by the verbal and body language from the interviewer. Also mistakes may have occurred when formulating the questions (Kvale, 1997). One weakness could have been, having only one single interviewer. This could imply an inability to receive all relevant information. As mentioned earlier, recording of the interviews was made to eliminate this kind of error. Another error that might have occurred through the process is the handling of the translations between English and Swedish.

Another important factor is reliability, to what extent there is a connection or logic in the result (Merriam, 1994). In order to achieve this I explained what theoretical perspective I used. Also the performance of the study and its conclusion is later being explained in detail. According to Yin (2003), it is up to each reader to decide if they would generalise the information or accept and transform the result of the study. The transferability is less when making case studies but by using a theoretical framework it is possible to increase the chance of generalization.

3 A theoretical framework

This chapter aims to present the concepts and definitions relevant to the study and to make it possible and easier to understand the next coming chapters to all readers regardless to their previous knowledge.

3.1 A marketing perspective

Marketing is very essential today and it is all about finding, developing and making money on opportunities (Kotler, 2002). The concept of marketing was introduced around 1960 and the concept marketing mix was introduced at the same time (Grönroos, 1997). One present definition of marketing is “the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, services to create exchange and satisfy individual and organizational objectives” (Grönroos, 1997, 222). Before, the discussion and research were more based upon production and functionalism but during recent years, relationships and meanings have got an increasing significance (Simic Bronn, 2007). A more modern view would see marketing as relationships. The word “relationship” is said to come from mainly two disciplines- public relations and marketing. Grönroos (1994) described relationship marketing (RM) as way “to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises” (Grönroos, 1994, 9).

The objective with marketing is to be able to understand a consumer and match that with its needs. When the firm discovers this need they create a “market offer”. One way to achieve and reach the goals can be with the help from the 4Ps, also known as the marketing mix.

3.1.1 Marketing mix 4P

The marketing mix can be described as a set of tools and depending on the types of consumers the firms are aiming at, they mix the 4Ps. The marketing mix can be seen as a kind of list with marketing variables but a list can never fit all situations, include every relevant element and becomes old-fashioned (Grönroos, 1997). Due to this, different researchers have came up with further and supplementary Ps. The 4Ps were founded by McCarthy (1960). The 4Ps are product, price, promotion and place. The marketing mix is illustrated below, in figure 3. The right combination of the four Ps can improve the result and make the marketing more effective.



Figure 3. The 4Ps, marketing mix and useful tools to pursue the target market (Illustration based upon McCarthy, 1960 ; Kotler, 2002, 23).

The product is known as the “market offer”. The second p in the marketing mix, *price*, is all about using the right pricing approach and the other costs associated with it, such as delivery costs. The decided price will affect the firms profit and the market share. For a small-scale firm, the third component of the marketing mix, *place*, is really essential. The sales channels will be discussed further down. The place is the different activities and arrangements that will make the product or offer available to the target market. The last component in the marketing mix, *promotion*, includes the different communication activities like advertisement to be able to notify, convince and remind the target market about the product and its advantages.

It is confirmed that small-scale firms lack resources and marketing skills and it is pointed out that they need a better knowledge concerning marketing issues, such as building a brand, cost-effective production and developing products (Welin-Berger, 2007). Marketing and sales is the most common problems in small businesses and has also been pronounced to be the two most essential of all business actions and vital for growth and survival (Simpson & Taylor, 2002). The four Ps can be seen as tools for small-scale producers as well, but due to scarce resources it forces the producer to make strategic choices. This study will focus mainly on only two of the 4Ps; **product** and **place**. The product is essential and chosen since a small-scale producer starts to develop a product that cover a customer need, but the producer highlight and focus on other relevant features such as service, taste and added value. The place and where to start selling their products is really vital and due to scarce resources it forces the producer to make strategic choices. Therefore these two are picked and will be discussed further. The marketing mix, promotion, how to communicate to the customers is also consider essential. Brand as one communication and promotion tool will therefore be discussed in the second theory part about branding.

3.1.2 Product

All firms identify customer needs. When there is a need, a product/concept or service has to be offered. By offer a brand new product or offer the customer something they need or having lack of can create market possibilities. A product is something that a consumer acquires or perhaps would like to acquire to meet their perceived needs. Most products today satisfy more than just one need. A firm can not survive if there is no demand and requirements from the consumers (Hawkins *et al.*, 2004). The product can be described as “the market offer” and features of the product would, for example be packaging and other services, like brand name and warranty (*Ibid*).

It is impossible to satisfy all the consumers’ needs due to different preferences and perceptions about products and brands (Hawkins *et al.*, 2004). Hence, it is important for the marketer to identify groups of buyers and divide them into homogenous and distinct groups with similar needs and consumer behavior. This is known as market segmentation (Keller, 2008). If the market segment is narrow and carefully investigated then it is easier to implement different marketing programs that are able to meet the consumers’ needs. Hawkins *et.al.*, defined market segment as “portion of a larger market whose needs differ somewhat different from the larger market” (Hawkins, *et.al.*, 2004, 16). According to different researchers and theories, goods can be divided into three main classes (Keller, 1998, 8):

1. Search goods: are products with traits; like weight, color, and an ingredients list, a size that can be easily evaluated and seen before purchase. Like the procedure of grocery shopping.
2. Experience goods: these goods can not be evaluated easily by viewing and therefore it is essential to experience the goods to judge quality, use and stability. Actual trial is necessary since it give you a chance to judge quality, safety and stability.
3. Credence goods: with these goods, it is difficult to exactly assess product attributes and utility after consumption. Some examples for such goods are insurances, legal advices, day care and so on.

Due to difficulties interpreting and measuring the product’s features and benefits for the credence and experience goods, branding can be one vital indicator of attributes and quality of the product. Branding will be discussed in the next section.

Normally most food products are seen as search goods but many small-scale producers put a lot of effort into their products and ascribe them different additional values and the customers need to try the products before they can judge the quality.

3.1.3 Product and value-added

The product is the offer to the prospective customer. Several firms are producing more exclusive products and usually at a higher price than average. It can be seen in all sectors within our society. Why consumers choose these products, can be due to better quality or due to the great craft behind the product (SJV, 2008).

The concept value-added is used a lot among many firms and different definitions of “value-added” are used. One organization, the Livsmedelsekonomiska Institutet (SLI) defined it as “features in the commodities that can create additional value when sold at a higher price in the

market. To be able to actualize this value the consumers have to be willing to pay for the more expensive goods” (SJV, 2008, 5). Value-added for a consumer is the value they ascribe to the product. According to Schine (2003) the product should be customized to a market niche in a small business. Many small-scale producers do not sell “food”. They actually sell an experience and work with the different bases that create additional value.

Today, consumers demand something more than just a product. According to SJV the additional value is plenty (SJV, 2008). The added value is the value the consumer ascribe a product and the value grounds is a concept that are connected to the product regardless what the consumer might think (*Ibid* ; pers. com., Mark-Herbert, 2008). Products with value-added, described as products with certain features, can be products produced locally, regionally or in small scale, organic products but also product features that characterize the food production like animal welfare, safe food and environmental concern (Gullstrand & Hammarlund, 2007). The classical 4Ps is seen as value grounds for the added value but also the processing stage, market channel, politics, production method, ethical value, aesthetic value and health added-value is seen as additional value. These value grounds that create additional value can be viewed in figure 4 (pers. com., Mark-Herbert, 2008).

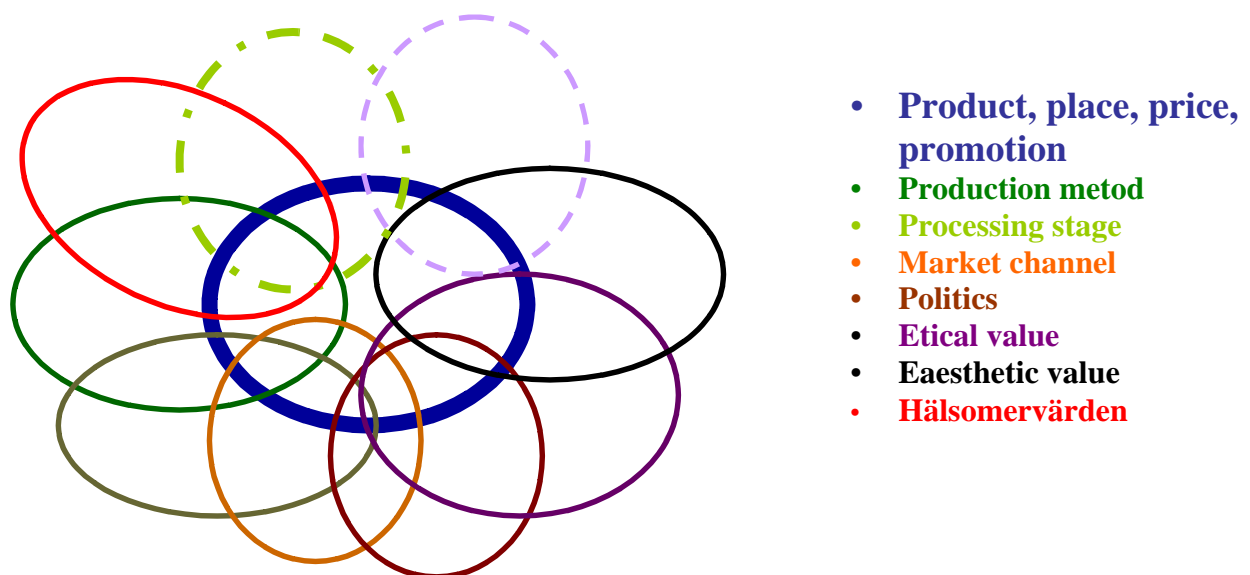


Figure 4. The value grounds for added value in a product or “concept” (pers. com., Mark-Herbert, 2008).

In terms of small-scale food production one example of added value in the processing stage can be when a producer sells fresh meat but also develops and makes more processed products like sausages, which can be at the shelf a longer time of period. Small-scale producers tend to have great knowledge and pride for their production and product.

Marketing can affect the additional value, mainly through commercials and information but also through exposure and accessibility in the stores and the level of service and so on (SJV, 2008). Many time the value grounds for added value products is material features that the consumer actually can see, such as quality, taste, freshness, appearance, packaging and additives (*Ibid*). There are also consumers that are willing to pay for the product features such as organic, environmental friendly, contributing to open landscape and locally produced then

there will be an added value. Finally, the additional value can vary a lot due to consumers' different willingness to pay for the same product and the fact that additional value differs from one consumer to another.

Another essential issue for small-scale producers is to decide if they are going to act on a local or national market, whether to sell only at the farm or to a retailer. These questions and aspects about where and how to sell will be discussed in the next sub chapter.

3.1.4 Place

How and where the producer distributes the products, what kind of information channels they use and where the production is located is some of several aspects of the true meaning of the word place. Since a small-scale producer usually has limited time and resources it is essential to consider where to sell, on a local, regional or national market and which market channels to use. The word *place* is also one of the components in the marketing mix. According to Hawkins *et al.*, (2004) they define *place* as “how the producer made the product or service available at the market and signifies the location where the customers can find the product”. This can be described as the sales channels. In the traditional and conventional production, the producer usually uses intermediaries such as wholesalers (Kotler, 2002). In small-scale production, producers most often process the products themselves. They produce the raw material, store, process, package, distributing and market it. The “traditional” and bigger system involves more actors. According to Jervell (2003), the small-scale producers usually sell their products locally and directly to the consumers. Two examples of direct market channels are selling at the “farmers market” or on-farm shops. By selling it directly it permits the producer to gain the full price. A challenge when selling it directly is that it is hard to reach and know the target consumers and if they are willing to pay the higher price and if so on a regular basis. To reduce the risk it can be a good idea to establish and use different market channels.

A farmer's market is a market where producers and farmers transport their product and sell it directly to the consumer (www, Bondensegna, 2008a). According to Bondens Egna Marknad the food at a farmer's market should come from “local” producers and not be bought-in food. Consumers are getting more conscious and require food that is produced nearby, has a good taste and a high quality (www, IFAC, 2008a). Farmer's market has a lot of advantages both for the farmers, local economy, consumers and for the environment. It is mainly good for farmers and producers since they can get a higher price (middle man cut out), enhanced network and knowledge from other farmers, ability to achieve market and business experience, higher control over their economy and the chance to receive a different source of income. To sell directly to consumer is beneficial for a small one since they have limited resources and since they rarely have the possibility to supply an even quantity and quality this is a good start (Tippins *et al.*, 2002). On the other hand the farmers market offers a lot of advantages for the consumer as well. Consumers get healthy, fresh and locally produced products, take pleasure in the surrounding at the farmer's market and support the community. The consumer also receives the possibility to talk directly to the farmer and ask questions about the farmer's production and product.

Another type of direct marketing is the type of veggie boxes (www, FOE, 2008a). This mean that a firm, cooperative or a commercial body like “The four seasons” (www, Fyra Årstider, 2008) in Sweden delivers locally produced food to consumers on a weekly or periodical basis.

It is common that small-scale agricultural producers find it impossible to compete with the large producers in supplying large-scale grocers and supermarkets (Jervell, 2003). Except that small-scale producers tend to sell directly to the consumer they sometimes and to a less extent sell and market their product through (pers. com., Mark-Herbert, 2008):

- Indirect marketing to the end-consumer (mainly through restaurants where the producers name, farm name or raw material is presented on the menu)
- Selling it further to a retailer
- Selling it further to cooperatives and other types of collaborations

Place is also about the farm location. Farms that are located closer to bigger cities so called edge farms, on the way to the bigger cities or villages or in a typical tourist area will most likely facilitate and attract people to their on-farm shops. Today, there is a variety of products and another essential market concept is *differentiation*. This concept will be discussed in the next section.

3.1.5 Differentiation and positioning

For a consumer to be able to choose one product over another, it is essential for a firm to distinguish their products. Differentiation can be described as offering products or services that distinguish from competitor's (Roos *et al.*, 1998). Factors like customer service, features of the product and brand can be example of factors that can make a product unique. A combination of different factors may help to create a unique product and contribute to a successful differentiation. Differentiation creates grounds for positioning. In this thesis, position is mainly related to the consumers and not related to other firms. The producer needs to have a distinct and central message of what they are offering to their target market. Brand position can be defined as “the act of designing the company's offer and image so that it occupies a distinct and valued place in the target customer's mind” (Keller, 2008, p.38). Volvo for instance, has positioned their cars as the safest cars in the world. It is essential to create a broad positioning but also to express and show the customer's concrete advantages. Kotler (2002, 78-79) mentions different types of positioning used when firms are looking for a specific place in the market. Beneath, a few of them are mentioned, the ones relevant for small-scale food firms are:

- Attribute positioning: in this case, the firm positions themselves with help from *certain attributes or features*. One example can be a brewery guaranteeing that they are the oldest brewery. This alternative creates many challenges for the firm since it is hard to demonstrate an obvious advantage for the consumers.
- Advantage positioning: when the product has a *certain advantage*. One example related to the food sector may be that the producer states a tender meat due to the hanging process. Most marketers work with this kind of position.
- Application positioning: the product can achieve certain *applications or needs*. For example, -a producer position, one part of meat best for making steaks and another one for making meatballs.

- Quality-and price positioning: the product is positioned at a *certain price and quality level*. One example is parmesan cheese, positioned as a product with high quality and a high price.

Positioning is all about using marketing as a way of generating a competitively distinctive position for the product in the minds of the consumers (Burk Wood, 2004).

To offer a unique product and sell in certain places, can be one way to differentiate from competitors. Consumers are exposed to a great variety of products each day and one way to differentiate can be done through creating a brand. Brands can act as a communication tool as well as it has different functions for the consumer. Brand as a communication tool will be discussed in the next theory part.

3.2 Branding- a communication tool

A brand is commonly seen as the company's most valuable asset. The world's probably strongest brand, Coca-Cola, is valued to around 700 billion Swedish crowns (Melin, 2006, 9). This example shows that a brand can create value. Branding can be seen as a bundle of services, values and promises (Kotler, 2002). During the last decades branding has become increasingly important.

3.2.1 A brand-what is that?

Since the supply of our food commodities is steadily increasing, it tends to be even more important for firms to be different. Distinguishing commodities from one producer to another can be done through branding (Keller, 2008). The brand needs to be distinct since consumers come to a decision rapidly. Studies show that the consumers in grocery stores on average make up their minds in 0, 8-1, 2 seconds. Therefore, the first impression is of great importance (Edqvist & Källgården, 2005).

Usually big businesses like fashion labels, car companies and food labels, like McDonalds, is well known and recognized by a majority of people. On the other hand, small businesses might not see themselves as brand and if they do, these firms will most likely not bother about branding activities (Merrilees, 2007). To build a brand is a culture and a lifelong commitment and branding has been used for quite some time. The word originates from the Old Norse word "brandr" (Keller, 2008). This word means "burn" which means that producers and owners of livestock marked their products so that they could be able to identify them (*Ibid*).

There are of course many different definitions of what a brand is. The American Marketing Association (AMA) has one definition that is widely used for the word. The AMA states that a brand is a "name, term, sign, symbol or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition" (Keller, 2008, 2). The key to generate a brand is to decide on a unique name, design of the package or other features that identifies the products and differentiate it from others.

To be able to differentiate the brand from another can be done through creating a brand identity, distinct brand associations that are signifying a guarantee to the customers (Ghodeswar, 2008). For many customers brand products are purchased mainly due to emotional reasons (Doyle, 1994). The customers will for instance purchase local produced meat since it implies closeness and tradition. The customer will choose the brand that will match their personal interest and values. A brand has different function and brand function for the producer and the consumer will be discussed in the next section.

3.2.2 Does a brand matter?

A brand has different functions and needs depending on which stakeholder that are on focus. It is mainly essential for four actors in the market; the law-maker, manufactures (producer), consumers and the competitors (Melin, 2006).

A producer and consumer⁷ perspective

For a consumer, a brand has many essential functions. According to Keller (1998) the most important function is that a brand implies a certain meaning for the consumer. If a prior experience with a certain brand is good and the consumers feel that this brand satisfies their needs, then this brand has a value for the consumer. It is a way of creating a sense of guarantee for the consumer (Melin, 2006). The brand does not necessarily guarantee a product with a high quality but more so an even and consistent quality. For the consumer a brand can give the consumer possibilities to orient themselves at the market and facilitate their decision making process (Melin, 2006). As soon as the consumer has determined to buy a product, then a brand will many times facilitate the choice by the next repurchase if the consumer was satisfied with the product. This will, of course, reduce the transactions cost, both externally and internally (*Ibid*). The brand will thus be time-and cost saving. By choosing an existing and well-known brand, the perceived risk can be reduced, especially if the consumers have received positive experiences.

The brand promise and guarantee something and the customer expect to obtain benefits from when perceive a brand's services or products (Ghodeswar, 2008). As long as the consumers receive benefits, advantages and feel satisfied, they will most likely continue to buy this product.

For the producer, the most essential function with a brand is the competitive advantage (*Ibid*). A competitive advantage allows the producer to communicate directly to customers without using wholesalers. A brand act as an information carrier, where the producer guarantees that the product/products marked with a brand informs about factors such as content, price and quality (Melin, 2006). At the same time, the brand works as carrying an identity, things that are different compared to other brands, like highlight the historical background and the geographical origin. A firm that manages to build up a base with loyal customers tend to develop their brand to become a competitive advantage in contrast to other brand products. If the producer has received loyal customers, the firms obtain a kind of stabilization. When stabilization is obtained, there is a potential growth for the brand. The growth of the brand is connected to something unique and that customers appreciate and perceive as additional value.

⁷ In this case, I use a broad definition of consumer, to include different kinds of consumers from individuals to organizations (private as well as public).

The awareness of a local and regional brand can vary a lot between countries and regions. According to a national investigation done in Sweden by Lindquist *et al.*, (2004), 48 % of the respondents were able to mention a regional brand. Since a brand can mean different things the figure 5 below contains key words demonstrating a summary of what kind of roles a brand plays for the producer and the consumer.

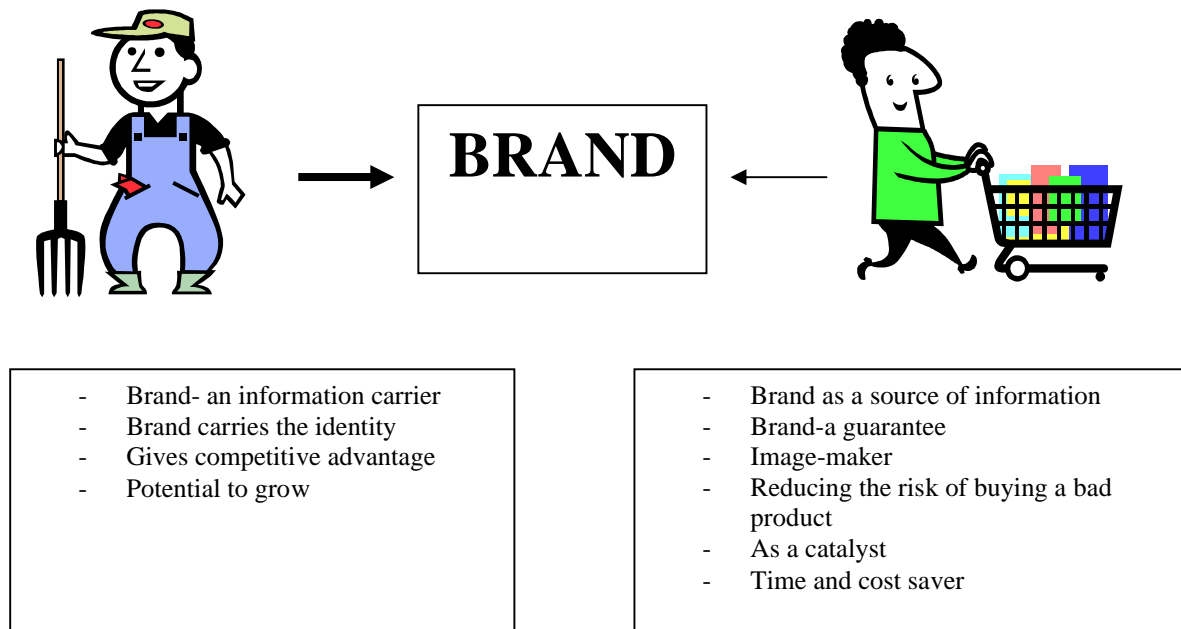


Figure 5. Summarize what a brand represents for the producer and the consumer (own processing).

As mentioned above, a brand can act as a competitive advantage. If small-scale producers would like to expand, they would get further away from the end-customer. One way of still being able to continue to communicate the message with the product can be done through branding. The function of the brand when small-scale producers tend to develop and might expand will be discussed in the next section.

3.2.3 Brand name

On essential component in the branding process is the choice of a brand name. A brand name can be defined as “the component of a brand which can be spoken or verbalized” (Turely & Moore, 1995, 43). The name can include letters, numbers, pictures or words and a short name is normally chosen over a longer and complex name. A brand should include flexibility, distinctiveness, memorability and relevance but it is hard to distinguish what is a relevant and flexible name and depend upon the geographical location and size of the firm as well.

The following brand name classification was used by (Turely & Moore, 1995, 44):

- *Descriptive brand name*: the brand name is illustrating an essential aspect or key benefit and the name hold vital information.
- *Geographical brand name*: this option can be used in many ways. A local or regional touch can be used to create a home feeling or indicating that they are the neighbours to the customers and not someone out of town. A national word can also be used to generate a patriotic emotion. When the firms would like to create an exotic image a

geographical brand name can be used as well. A geographical name is very limited. When the geographical name is picked the product is associated with that location for ever and many firms regret that they picked a geographical name and might make it harder for firms that would like to expand to other areas. On the other hand, consumers that prefer local businesses and have a strong connection to a certain area may prefer and get influenced by a local geographical name.

- *Person-based name brands*: in this case the firms identify the product with the family, the owner, the farm or partner. A person-based name may help to personalize the product and help the consumer to memorize better. A person-based name tends to involve more promotion to be able to generate the name in the customer's mind.
- *Associative brand name*: in this option the firm tends to use a word or symbol that does not have significance matter in that context and normally large promotional tools is needed to get customers aware of the brand. A brand name like this is normally distinct and can create advantages.
- *Alfa-numeric brand name*: when using an alfa-numeric name, normally numbers or letters are used to explain the brand. The numbers can explain something unique and the name first can indicate that the firms have been around for quite some time since it was "first".

3.2.4 Brand strategies and archetypes

Branding is clearly dominated by big firms and seen as strategic tool (Wong & Merrilees, 2005). In a report by Welin-Berger (2007) it is confirmed that small-scale firms lack in marketing skills. Wong & Merrilees stated that Small Medium Enterprises (SME) tend to put little effort into brand presence and normally branding has a little and limited role for them.

Wong & Merrilees (2005) came up with three types of branding strategies or archetypes after been doing a case research on SMEs. These three steps can be seen in figure 6.

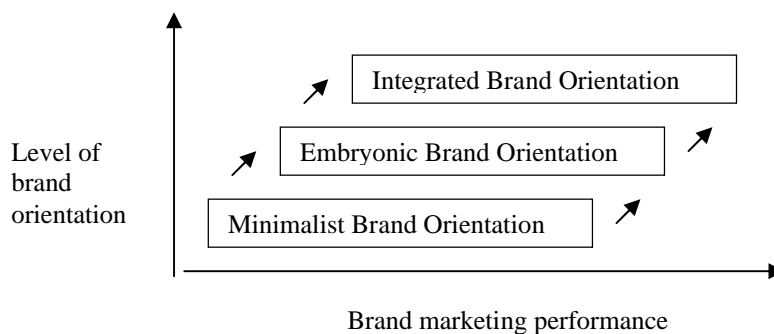


Figure 6. Three branding strategies found in SMEs (Wong & Merrilees, 2005, 158).

At the bottom of their hierarchy, the minimalist branding types is found and at the top of the hierarchy is the integrated branding type.

- The minimalist type: the branding activities are usually very low and have limited brand distinctiveness and a low stage of brand orientation. Usually the firm has a day-to-day focus and a short term focus. Brand barriers seem to be plenty.

- Embryonic type: In this type the firms' strategy activities and marketing questions are more prominent and a greater part of their business. Brand orientation is still constrained. These firms tend to have branding strategy but the brand is more seen as elective. Usually few promotional tools are used and word of mouth is common. These firms are aware of the importance of habitual and individual contact with customers but limited time prevents them from working more on the brand. A brand requires investment and time to be able to increase the awareness. If the firm prospers, these firms tend to consider more promotion to support the brand but this type still see branding as a cost and not as investment for business growth.
- Integrated type: These firms do not see their brand as optional and the brand is part of their strategy. Normally a wider assortment of promotional tools is used and where the promotion is focused on the brand. The firms have strong brand distinctiveness and have a very obvious understanding of customer and their needs. It is not rare that these firms have a notice and description of its brand to remind their employees of it. The integrated branding type and strategy is unusual in SMEs.

3.2.5 Perception of success and the function of the brand according to the small-scale business development/growth

Today, small-scale firms use different market channels and these channels will create different values. Selling directly to customers requires a lot of work from the producer but numerous times, this is the value for both the customer and the producer (pers. com., Mark-Herbert, 2008). A producer and a customer can share knowledge and create a tight bond. This direct contact is said to be essential since it can act as an incubator for innovation and new product assortment (Jervell, 2003).

How well a firm performs is usually measured in financial terms, like numbers of employees, turnover, profit and efficiency (Reijonen & Komppula, 2007). Growth can also be measured by number of contracts and number of orders. Growth in small-scale firms is usually clarified through four perspectives (Reijonen & Komppula, 2007, 691):

- The characteristics of the entrepreneur
- The organisational development (i.e life-cycle models)
- The management within the business (-control and strategic planning)
- Markets structure (-what industry and locational factors)

The role and characteristics of the entrepreneur are really determined if a small-scale firm will grow or not. The entrepreneur's ability, goals and motivation and decisions to maintain the size or to enlarge the firm plays a really essential part. Even if growth is seemed to be essential, many small-scale firms have no intention to grow. Making an enormous profit is not the most important goal. Instead non-financial factors measure their success like capability to balance family and work, flexibility, job satisfaction and quality of the production is usually more important.

If the producers intend to increase their sales and aim for bigger volume, it is natural to move on to the next step; specialized distributors and generic distributors (pers. com., Mark-Herbert, 2008). Specialized distributors would be a wholesaler or distributors that would be

able to deliver a bigger assortment than the producer by selling on the farm. The generic distributors are known as the retailers.

When small-scale producers want to expand, other strategies can be necessary. Previously used strategies may not be appropriate in the next stage. It is hard to go from a small scale to a larger production (Jervell, 2003). If smaller producers want to expand beyond this area, the competition grows and makes it harder to communicate the message with a product. Small-scale producers that sell their products directly to the consumer can more easily communicate their brand (pers. com., Mark-Herbert, 2008). If small-scale producers consider growing and expanding their business, the importance and the meaning of the brand grows, which can be viewed in figure 7. The importance of a brand grows since the producer is further away from having direct contact with the customers. The brand can then carry the identity and consequently make it possible and easier for the consumer to find and recognize the product, associate with value and then buy it.



Figure 7. Shows the importance of a brand when the amount of customers increase (pers. com., Mark-Herbert, 2008).

Small and local businesses located in the countryside, often have monopoly (Dodge *et al.*, 1994). This due to the fact that they are operating in a special geographical region and that they are well-known. As mentioned above, the further the producer gets from the farm level, the harder it gets to communicate the message. Keller (2008) mentioned that ambassadors are pretty helpful for generating brand awareness and tend to grab attention. These ambassadors can help the brand reach through the huge market and communicate the key benefits of the products as well.

Today, branding is essential for all firms and for firms aiming at the "end- consumer" is it a competitive advantage. This statement is also confirmed by Anselmson *et al.*, (2007) that claim that it is essential to also have in mind and that the brand should be built for their sales agent. The research and knowledge among food producers and how they build their brands against their intermediaries is limited. Despite the limitation; the producer should deliver the

products at the right time in a good and practical package and at the same time reduce the store's expenses. The products should be attractive and the producer should be reliable.

3.3 A brief review of sales agreement

Since the theory about agreement is extensive this chapter will give a brief review of agreement theory. A contract can be created, designed and used differently. Here, one classification of exchange will be mentioned. Joining network and organizations has become more attractive among small-scale producers. A theory about network and organizations will be mentioned last.

3.3.1 Exchange and agreement

Exchange has always been an important concept and can be traced all the way back to Roman and Greek traditions. The first literature on contract law came from Aristotle (Gundlach & Murphy, 1993) Aristotle's thought that exchange was a matter of communicative justice and meant that one party could not act in behalf of the other party. Exchange has been vital in buyer-seller relationships and it combines the transacting parties and controls their actions (Pavlou & Gefen, 2005).

According to the transaction costs theory, individuals act as rational as they can and choose the alternative that best achieves their goal. Sometimes, the individuals have incomplete information and it is not possible for them to foresee all probable outcomes (Cook *et al.*, n.d.). This is called *bounded rationality*. Bounded rationality is one of two basic behavioral assumptions connected to the transaction cost theory and the other one is opportunism. An individual can show sign of *opportunistic behavior*; that the individual is selfish and act in behalf of the other party to receive all benefits. It can be done through lying, misleading, stealing or withholding information from the other part. In both cases there will be costs associated with the transaction. The transaction costs have three components (Cook *et al.*, n.d; pers. com., Nilsson, 2008).

Search cost: the costs that arise when a seller and buyer are going to find each other. You have to get information about the circumstances and whether or not to enter an exchange, costs of making the contract, quality, selecting information about the future buyer/seller. One way to get contact can be through advertising, or writing an email.

Bargaining costs: these are the costs associated with the contact, concluding the contract, price, payment, quality, quantity, delivery etc.

Enforcement costs: monitoring and enforcing costs to control that each party has met the requirements and the agreement

According to this theory there are always costs connected to all kinds of transactions. There are several ways to reduce transaction costs. One is to put up written agreements between the parties (Cook *et al.*, n.d.). This was also stated by Williamson (2002) and he said that a written agreement can overcome the insecurity between buyers and sellers.

A written agreement would decrease the chance of opportunism and make it more reliable. Molin (2005) stated that with a written agreement it is easier to prove what the parties have agreed upon, especially if the agreement was arranged a long time ago. It can also be hard to

remember the details and conditions and therefore it is usually good to refer back to a written agreement. Even if an agreement is written there is always something which is incomplete. Slangen & Loucks (2007) said that a written agreement is incomplete due to three factors:

- In a complex and unpredictable world it is difficult, almost impossible, to foresee and predict all possible events
- If it would be possible to foresee all events, it is too hard for the parties to negotiate about all possibilities
- It is extremely complicated to write down everything and make it possible for the court to solve a potential conflict

In our society there are varieties of different agreements and researchers who use different kinds of classifications. Gundlach & Murphy (1993) made one classification that will be discussed in the next section.

3.3.2 One classification of agreement

Gundlach & Murphy (1993) have divided exchange into three types of forms; transactional, contractual and relational. This classification can be viewed in table 3. Every form of exchange is then discussed in terms of the following exchange dimensions:

- Temporal dimensions (include time horizon and nature of the transaction)
- Situational/strategic characteristics (include the reason/purpose for the exchange, investment and
- Outcomes (include division of benefits and burden and complexity)

Table 3. One classification of exchange (Gundlach & Murphy, 1993, 36)

Exchange elements	Forms of exchange		
	Transactional	Contractual	Relational
Temporal Dimensions			
Time horizon	Short	In-between	Extended
Nature of transactions	Short duration, distinct start & end	Longer; transactions linked together	Long duration & transactions merged
Situational characteristics			
Investment	Small	Moderate	Large
Purpose of exchanges	- Economic & narrow	- Social elements & economic	- Economic & social elements - Creation of longer-term initiatives
Strategic emphasis	Low	Moderate	High
Outcomes			
Complexity	Simple offer-acceptance	Increasing complexity	Complex net of operational & social interdependence
Benefits & burdens	Distinct	Compromise & trade-offs	Blur Converge

The transactional exchange form has a distinctive beginning and end and includes short-term and single exchange. In this type of exchange there is said to be no obligations between the parties. On the other hand, relational exchange is a more extended exchange and where the transactions are more related to each other. Usually the exchange is referred back to previous interactions and the relation is close between the exchange parties. A relational exchange can also be described as “embedded relationships”. According to Heene & Van Laere (2003) SMEs have to take care and pay attention to the embedded relationship in order to survive. A relation exchange/embedded relationship is necessary and a good complement to more formal and transactional exchange. Reasons for this is that a relational exchange actually builds trust, rush decision-making, solve the conflict and also might reveal new possibilities for the corporation (*Ibid*).

Lövblad (2007) says that, for instance, small firms can have long duration agreements with their customers relying only on oral agreements and have never experienced a need for any written agreement. A few investigations support this statement and have revealed that small-scale food producers usually have oral agreements with their sales agents, whole sales agents or retailers (Mark-Herbert & Lagerberg-Fogelberg, 2007). An oral agreement may lead to flexibility as well as to uncertainty in the buyer-seller relationship. Larger firms usually more often, due to their policy and size, base their relationship on written agreements (Lövblad, 2007).

All this exchange forms has advantages and disadvantages and nature and the form of the agreements can be quite different depending on the culture, the relationship between the involved parties, the risk of the agreement and other issues (Lövblad, 2007).

3.3.3 Relation, partnership and networking

As mentioned in the beginning of the theory part, *A marketing perspective*, the importance of relationship marketing was mentioned. Small-scale, personality, independence and diversity are features dominating in SME (Heene & Van Laere, 2003). SME should not be considered as smaller copies of big firms. SME has strengths such as unique competences, motivation, flexibility and customization. There are disadvantages as well like tiny spread of risk, functional expertise and diseconomies of scale. Due to their limited resources and lack of a marketing department and R&D division, SME tend to follow their on nice strategy or innovation (*Ibid*) and to collaborate and cooperate with other firms can be a very successful strategy. By entering a partnership and a relation, firms can achieve competitive advantage since relationships are tough to replace, hard to copy and precious (Mohr & Speakman, 1994). By forming a relationship, the firm can also receive benefits like being able to access information away from the firm’s own limits, provide a greater variety of products and services, be able to access new markets and sharing the risk (*Ibid* & Heene & Van Laere, 2003). On the other hand there can be drawbacks as well, like loss of independence, information asymmetry and enlarged complexity (Mohr & Speakman, 1994). To reduce the chances of failure in a partnership and agreement, based on relational agreement, Simcic Bronn (2007) came up with four indicators that summarize a successful relationship

- Trust
- Control mutuality
- Commitment
- Satisfaction

Trust is essential in a relationship and is stated to be the most important trait in a relationship (Heene & Van Laere, 2003). Trust is all about how the parties are confident in each other and are willing to be open up (Simcic Bronn, 2007). If there is trust between firms it is easier to process more difficult information and make quick decisions (Heene & Van Laere, 2003). Within the word *trust*, competence is one important factor, if the firm has the capability to perform what it says (Simcic Bronn, 2007). Also, *dependability* and *integrity* are part of this trust. The second indicator, *control mutuality*, describes to what extent one of the parties has a fair authority to affect another. The third indicator, *commitment*, covers if firms consider it worth spending time and money by forming a relationship. The last one, *satisfaction*, observes if the parties are satisfied with each other and if they received positive expectations.

In what way and how the firms decide to enter and shape the partnership can be quite many. Within the agricultural sector, cooperatives seem to be the most favourable and well-known business form. Reasons for that are that among agricultural firms there is still a thought of fellow-felling, equal treatment and social identification and cooperatives meet this criteria's (Nilsson & Björklund, 2003). Network is also a kind of relation and within a network the partner need to rely on each other and share unexpected remuneration and divide the cost of the exchange. In the master thesis by Erik Olsson (2005), he described network as a few people connected to each other, both informal or formally, through membership, rules or goals. A network can be viewed as a group, where there are ways of contact between people. Bruzelius & Skärvad (2000) illustrated *network* and stated that communication goes horizontally instead of hierarchically and vertically. The active communication concerns advice and information more than exact and distinct order.

Network is essential for small-scale producers. According to Jervell (2003) partnership and networking can generate a level of activity that can cause employment and bring new thoughts. A collaboration and forming as partnership can facilitate and attract customers as well and make it easier to fulfill the quantities the customer demand.

4 Empirical background

This chapter begins with an introduction of Canada and Sweden. In each country, a brief review of the traditional beef chain will be mentioned. After this, small-scale production in each country is presented. This empirical background was written in order to give the reader an insight into the traditional chain and the area of small-scale cattle operation. Due to the time limit, it was not possible to receive exactly the same information in both countries; therefore the Swedish presentation is a little bit longer than the Canadian. To balance this, additional information is available in Appendix.

4.1 The Canadian beef industry

In Manitoba, the beef cattle have at all times been an essential farm commodity and the province has the land to support cow-calf production (Honey, 2007). In the year of 2007, Manitoba had about 1,5 million beef cattle and approximately 6500 cattle farms. The population in Manitoba is currently about 1,1 million people out of a total of roughly 31 million people in Canada (www, Statistic Canada, 2008a). Manitoba has the third largest breeding stock within Canada followed by Saskatchewan and Alberta and the cattle industry is very extensive (MAFRI⁸, 2004). In order to provide the reader with great understanding, a brief explanation of the beef production chain will be given.

Cow/calf producers

The first step of the production chain will be the cow/calves producers, which are the majority of the operators in the province. They account for about 98% of the existing industrial beef cattle operations (Honey, 2007). The farmer has the cows bred for them to produce the calf. Usually most calves are born in the spring (Pers.com, Lintott, 2008). The cows are brought into the pasture when it starts turning green. In the fall the cow herd is brought back home to the farm and the calves are separated from the mothers. The cow/calf producers decide which one of the female calves they should keep as replacements for older cows and also which one of the male calves, which will have been determined at birth (no castration) for bull breeding.

Backgrounders and stock-grasser

Most cow/calf producers bring their calves to a local livestock auction market and sell it to a backgrunder. The backgrunder feeds the cattle up to about 600pounds and then sells it further to a stock-grasser. The stock-grasser raises it up to 850-950 pounds and then transports it to the auction market and then the animals are brought to a feedlot.

Feedlot

Most of the calves sold in Manitoba are shipped west to the province of Alberta or shipped south to the feedlots in the US. These calves have been bought by feedlot operators and to reach a weight to around 1250-1350 pounds. The calves are typically fed with a high protein ration. The finished calves are then transported to the slaughter house. The calves that are not sold through these steps are usually fed on the farm until they reach a finish stage and then go directly to slaughter.

⁸ MAFRI= Manitoba Agricultural Food and Rural Initiatives

Slaughter industry

In Canada there are two types of slaughter facilities; federally inspected and provincially inspected plants. The two types have to follow the same regulations and fundamental food safety rules (MAFRI, 2004). The main difference between these two is that meat from a provincial inspected plant can only be sold within the province while the meat from a federal can be transported outside the province and to other countries as well.

The slaughter industry has gone through structural changes and Manitoba's slaughter industry decline drastically from 1976-2001. Today, the processing capacity is very limited and most of the cattle produced within the province are sold out of the province. Presently Canada has total 13 federally inspected plants and four of these ones accounts for around 89 % of all the federally inspected cattle in Canada (MAFRI, 2004). There are only one federally inspected beef slaughter/processing plant in Manitoba called Winkler Meats. There are approximately 24 provincial inspected plants within the province.

The slaughtered animals are hung for 24-36 hours and then cut into prime cuts and vacuum-packed and then shipped away to a wholesaler, retailer, restaurants or directly to customers.

Wholesaler/distributors:

The beef is usually market through distributors out to the food industry and grocery stores. The main distributors in Manitoba is Mariner-Neptune, Preferred Meats (Winkler Meats), Pratt's Wholesale, Northern Meat Service and Toledo Foodservices (*Ibid*). These distributors typically buy on daily basis, commonly purchasing boxed beef that is vacuum packed. The largest distributor, Pratt's wholesale, on average buys 4000 kg of beef per day. All the big wholesalers/distributors buy from the federal inspected plants and care more about the price than quality. The distributors sell the meat further on to independent stores, co-operative and chain stores. Within in the province of Manitoba the national chains are located and concentrated in Winnipeg but also in the bigger and southern cities. In a master thesis done by Froehlich (2007), she investigated each supermarket chain in Canada and determined what fresh beef products they carried. The result showed that only a few grocery chains presently carry any fresh brand name beef products (*Ibid*). Presently chains like Sobeys, Loblaw Companies and A & P Canada and Thrifty Foods have a few stores carrying brand name beef. Instead many grocery chains offers diverse variants of private label beef. In densely populated areas, fresh brand beef brands are more available. Another great difference between the appearance of beef brands in United States and Canada is that in United States the first and initial beef brand was established by producer groups. In Canada this was not the case, instead it was started by retailers and packers.

4.1.1 Small-scale production

The small and medium sized firms are the backbone of the diverse economy in Manitoba. 97 % of all business in the province has 50 employees or less. The Government is working to support continued success and economic growth as this sector grows. According to Cabak (2008) a small-scale farm is considered a hobby farm or someone who tends to have another job to subsidize the farm. The average size of cow/calf farms is 70-80 cows and a farm only operating in cattle have usually over 100 cows and to be profitable over 150 cows. A farm with a mixed operation will be more viable with a less amount of cattle (*Ibid*).

In Manitoba there is no specific definition over local and regional food but within 25-50 Canadian miles is considered local and regional in excess of that (pers. com., Cabak, 2008).

One single case of BSE⁹ in May 2003 implied trade restrictions on Canadian beef and led to enormous drop in value and a crisis in the beef industry (MAFRI, 2004). BSE created imbalance in the Canadian industry, a country reliant upon exporting live cattle to United States. In order to solve this, a few farmers decided to keep their animals and join different networks and cooperatives to be able to survive. Today, the Canadian consumers demand high quality and consistent beef, safe food and products that actually take the animal welfare and environment into consideration. The local food is not the most modern trend. Still most beef sold is considered “conventional” beef, however the demand for niche markets like organic and natural beef is growing.

4.2 The Swedish beef industry

There are roughly 1.6 million head of cattle in Sweden, divided among around 25,000 enterprises. The largest beef breed is Charolais, followed by Hereford, Simmental, Limousin, Angus, Highland Cattle and Blonde d’Aquitaine (pers. com., Pehrson, 2008 ; Taurus köttträdgivning). There are also some breeds with a very small population. No more than about 20 000 of the beef cows are purebreds and the remaining part consists of crossbreeds.

The beef production is closely integrated with the dairy production and approximately 70 % of all slaughtered cattle in Sweden originate from the dairy production. Most part of the calves are sold at two months old and usually by one of the following channels (pers. com., Pehrson, 2008) :

- Trade in livestock (livdjursförmedling): this means that the slaughter house comes and gets the animals and transports them out to the ones that bought them.
- Specialized breeder of young cattle: one calf producer sells the calves to a specialised breeder of young cattle. This way of doing it has become the most common.
- Calf producers keep the calves and raise them up to slaughter

Slaughter-industry

The slaughter industry has gone through a lot of changes during the last years and today there are no slaughter cooperatives left (pers. com., Rutegård, 2008). The last one to leave was KLS (Kalmar Läns Slakteri). KLS was bought by the Danish slaughter firm, Danish Crown, a few months ago. Today, most slaughterhouses are privately owned. The 16 biggest slaughterhouses slaughter 96 % of all the cattle in Sweden (*Ibid*). The remaining 4 % is slaughtered by approximated 20 smaller slaughterhouses. In Appendix 4, a table indicating the biggest slaughter houses in Sweden is presented.

Cutting, processing and wholesalers (fullsortimentsgrossister)

In the past, there were plenty of separate dismemberment firms but today the rough cut is mainly done by the slaughterhouses (pers. com., Rutegård, 2008).

After the rough cut, the meat parts are placed in cartons, plastic cases or big containers (palletainers) and distributed to:

- Retail stores: The meat is distributed either directly to the stores or goes through the retailer’s central plant. Normally each store puts their private labels on the meat. The Swedish

⁹ BSE= Bovine Spongiform Encephalopathy, Mad cow disease (Galna ko sjukan)

retail and the two main retailers are presented in Appendix 5. Investigations show that the retailers have a positive attitude towards small-scale food. Even if the retailers have a positive attitude, the increasing centralization, distribution and also the enhanced demand for private labels makes it harder for small-scale producers to sell their products to the stores (Regeringen, 2005). Small-scale producers have to follow the criteria, provide sufficient and secure deliveries at certain times and have enough resources for marketing and other requirements that are needed.

Nilsson (2008) wrote that ICA Sweden has a great advantage compared to the other retail stores because each owner in ICA possesses the store. This implies that ICA has greater possibilities to buy commodities from local producers. The individual owner in a Coop store has less space to act and possibilities to skip the central purchase. In 2006, ICA also started a project called "Taste for local". This project was started due to an increasing demand from the consumers for locally and organic produced food. With this project, ICA hopes to get a broader product range and is looking for small-scale producer that can offer value-added products in case of local origin without reduced quality and food safety (www, Livsmedelssverige, 2008a).

- Fullsortimentsgrossister=wholesalers

One part of the meat is distributed to wholesalers such as Menigo, Gunnar Dafgårds AB, Martin Ohlsson and Servera. The wholesalers then distribute it to the private and public "storhushållsmarknaden". Sweden is unique compared to other countries due to its public procurement. To inform the non-Swedish readers a short presentation will be given following a public procurement.

Public procurement

In Sweden a main distinction between private and public organizations can be done but in practice it can be hard to distinguish between them. Jacobsen & Thorsvik (2002) defined public organizations as being owned and ruled by formally elected politicians. Some features of public organizations are that they have more heterogenic coalitions than the private ones. Usually public procurement is defined as municipalities, county councils and governmental organization (www, scb, 2008a) and this classification will be used.

The size of the Swedish public procurement can be defined and measured in different ways. The Swedish public procurement corresponds to approximately 320-400 billion Swedish krona every year which will be around a fourth of the Swedish Gross National Product (Naturvårdsverket, 2005). There are failures in how the public procurement is ruled. Usually huge amounts are handled but there is a lack when it comes to follow-up and evaluate.

Henriksson (2008) wrote that only 27% of the small firms are participating in the public procurement despite that small and medium sized firms are accounting for more than 99 % of the total number of firms in Sweden. He thinks that more firms would lead to better competition and improved business conditions for the public procurement. One of the major reasons why small firms are not participating is due to that they do not find this channel and sector interesting for their business activities. Many firms do not submit a tender because a large amount of time has to be invested. Additionally there are also some requirements that can be considered irrelevant (Henriksson, 2008). To be able to attract more small firms to the public procurement Henriksson states that the process needs to be simplified. More openness and more relevant and proportional requirements have to be offered.

The Swedish public procurement is regulated by the Act on Public Procurement (Lagen om offentlig upphandling, 1992:1528) that is based upon EU-directive (Naturvårdsverket, 2005). The Act on Public Procurement is giving possibilities to the different clients/customers to consider environmental properties during the procurement (*Ibid*). Today it is not possible to require “locally produced” in the public procurement because it will be discriminating and inhibit the trade (www, MSR¹⁰, 2008a). The procuring authorities still have good chances to make it possible for local and small firms to submit a tender through “packaging” their procurement by combining few tenders together. One example can be to submit a tender on a certain assortment or a special division. It is possible to put up agreements with local firms as long as it is the most favourable economic offer. Many times it is necessary for the small suppliers/firms to collaborate to be able to achieve and manage the demanding quantities and deliveries (*Ibid*).

4.2.1 Small-scale food production

In resemblance with the business structure in Sweden as a whole, the food industry is quite similar since it is dominated by small firms. Even if Sweden has many small-scale firms within the Swedish food sector, the main production is done in the bigger firms. In the year 2004, there were approximately 3100 firms in this sector and around 95 % of them had less than 50 employees (Sveriges Riksdag, 2005, 19). Presently, there is a lack of comprehensive statistic relating to small-scale food production.

Small-scale food production is closely related to local and regional food, but it is essential to remember that there may be local and regional actors that are not considered to be small-scale. There is no common definition of local and regional food and different definitions are used among actors (*Ibid*). The National Food Administration used to define small-scale production with respect to the following criteria: the sales of the firm, number of employees, amount of raw material handled, quantity of slaughtered animals, etc (Sveriges Riksdag, 2005, 16-17). These definitions disappeared when the new law came and today there is no exact and well known definition. In Sweden however, the amount of employees will still be considered a reasonable measuring method. This is the most frequent definition of small-scale food production. The European Commission recommends one definition of small-scale food production: “that firms with less than 50 employees are considered small firms and micro firms are firms with less than 10 employees” (Regeringen, 2005, 17). This measurement is hard to use and most agricultural firms are owned by the family or only have a few employees. In this case, almost every agricultural firm is considered small-scale. In this thesis, the following definition of small scale cattle production is used:

“ Beef that is produced and consumed within the same marked area and/or produced in a certain region but not necessary consumed in the same area. The product should have a distinct sender, for example a farm, a producer or a geographical location” (Own definition).

One investigation from Great Britain states that most consumers consider local food to be all about the distance to the producer. In the northern part of Sweden (Norrland), an area of 30-40 Swedish miles, can be considered local whereas a municipality in another part of Sweden is viewed as local. One definition of local food may be when: “production of raw material, processing, distribution and consumption is integrated into one geographical area that is perceived as local” (www, Livsmedelssverige, 2008a). Regional food is another concept that means that the food comes from a certain region but is not necessary consumed within that

¹⁰ MSR=Miljöstylningsrådet, Swedish Environmental Management Council

area/region (*Ibid*). Regional food is many times exported to other countries and regions. The regional products are often highly refined niche products. The European Union is stimulating the development of regional food products and has created different kinds of quality brands. Many investigations have showed that consumers have a positive view on local and regional food. A Swedish investigation states three main reasons why consumers are purchasing local and regional food (www, Livsmedelssverige, 2008a).

- Support the employment
- Promote a good environment for both humans and animals
- A vivid countryside

The Swedish consumers appreciate a distinct “sender”. One of the bigger slaughterhouses in Sweden stated that the direct sale of meat from farmers through their on farm-shop or directly to the store has increased dramatically (Meyer, 2005). The small-scale farmer or groups of farmers either let a slaughter house do the slaughtering and the cut, let the farmers cut the meat or hire a local and small slaughterhouse to take care of it. Farmers tend to collaborate and create a common brand. The importance of a brand increases. A brand makes it possible to distinguish specific meat from the huge amount of anonymous meats. Farmers that created their own brand stated that it is hard to get the added value if you sell through a traditional slaughterhouse. Additionally without a brand it is hard to profile against stores. In local and regional concept, it is not all about the closeness to the producer. There are additional values as well like; breeding in an organic manner, non-stressful slaughter process and the quality of meat, which are gladly highlighted. The competition among small-scale producers will most likely increase. To be able to succeed in the future, factors such as the quality of the product as well as the ability to limit the costs to gain an overall picture are essential.

Regional food is many times exported to other countries and regions. The regional products are many times high refined niche products. The European Union stimulates the development of regional food products and has created different kinds of quality brands. Food processed with a special production method, regional specialities and raw material from a certain region or with features should be protected. At the moment there are three different kinds of brand that are used together with the products’ own brand (www, livsmedelssverige, 2008a):

- Protected mark of origin (ursprungsbeteckning): this quality brand can be seen on products like Parmesan cheese, but no Swedish products have this kind yet. The first Swedish food product that will hopefully receive this type is Kalix Ljörom (Ander, 2008).
- Geographical protected: for example, the Spettkaka¹¹ from the southern part of Sweden called Skåne (Scania) have this protection
- Guaranteed and traditional speciality- Swedish products like “Falukorv” and “Hushållsost”

In the southern part of Europe, many of the quality brands are used but in Sweden these brands are seldom utilized. One possibility and competitive advantage for many local and regional producers in the future would be to start using these protections more in Sweden. According to Ander (2008) there is a growing interest for protected mark of origin in the European Union but so far, few Swedish producers have consider it to a large extent. This type of brand would make it possible for a food product with a regional touch, to generate

¹¹ Spettkaka= a homemade cake made of meringue with sugar

added value. Eskil Erlandsson, the Swedish Minister of Agriculture, also mentioned in that article that, since the interest for locally produced and regional tradition increase, more producers should be able to catch sight of this type of protection.

4.3 Other studies and comments related to small-scale production

Small-scale food production is more popular than ever and the debate is accurate. A investigation done by Coop showed that the product quality, the price and that the commodity is Swedish is the most essential criteria when choosing products (Coop, 2008). In fifth place in this criteria list, came the importance of a product being produced locally.

Despite this great demand, the customers have a really hard time finding locally produced products. Sighroth-Lambe (2008) presents a small-scale pig farmer, in her article. None of this farmer's meat goes to any of the retail stores; instead most of it ends up in luxury restaurants. For this farmer, the production is not enough to supply any of the stores, which is a problem that is not unique for this farmer alone. This problem is common among several small-scale producers. Numerous small-scale producers believe that the retailers are uninterested and only make use of this local trend but, investigations and the retailers own opinions, show the opposite. Several conferences this year are organizing events and happenings with the local touch in focus. For instance, the Food Distribution Research Society Ohio provided a big conference in Ireland, in the middle of October 2008. The theme was "Entrepreneurship in the food chain when "local" is king". One session covered how grocers are dealing with the drive to provide local and organic goods, which is a very accurate subject.

Bureaucracy and administrative rules are commonly seen as main obstacles for small-scale production as well as lack of an organized selling organisations and common distribution centres (Sighroth-Lambe, 2008). Normally, a small-scale producer only has a few products and if every small-scale producer would distribute his/her goods, the transportation will increase even further (Capuder, 2008). It would be better to have one big wholesaler or distributor handling the transportation instead of several ones.

5 The empirical study

In this chapter, the case studies that are the base for my empirical study will be described. At first the farms in Canada will be presented followed by the farms in Sweden. Each farm's background, marketing perspective, brand and agreement will be presented further.

5.1 Canadian case studies

In this subchapter the five case studies in Canada are presented further. Each farm starts with a background to give the reader an introduction to the farm before entering into the marketing perspective, the branding part and the sales agreements. In some of the cases the thoughts and visions about the future is mentioned.

5.1.1 Alfalfa Beekeepers LTD

Background

The farm Alfalfa Beekeepers is run and operated by Jim Lintott and he started farming in 1976 with the leafcutter bees for custom pollinating alfalfa seed (pers. com., Lintott, 2008). Today Jim has three businesses on his farm. The farm itself has 126¹² or more hectares of grain and oil seed production (300 acres). The association has about 162 hectares of hay (400 acres) where some are used for the cattle operation and some for the cash hay market, mostly for horses.

The farm also has 146 hectares of pasture land (360 acres) that is used by the cattle company (*Ibid*). The cattle company; Springfield cattle company, (SCC) is owned by 6 farmers in the area as a way to market forages that they produce in surplus to their other individual needs or to allow forages in the crop rotation. The SCC owns 120 breeding cows and they keep all the offspring to finish, so at the peak they have 300-350 animals. On top of all that SCC runs three herds together to improve efficiency with each age group, machinery and labour. That gives them around 800-900 animals each summer. The feed for the cattle is produced on the farm.

Marketing perspective

As explained in the beginning Jim Lintott has three businesses and the focus will be on the cattle operation (pers. com., Lintott, 2008). Jim Lintott is part and member of the association called "Manitoba Grass-Fed Beef". This organization is completely new and was founded this year. Manitoba Grass-Fed Beef offers "a more natural beef" (*Ibid*). Jim Lintott clarified and mentioned their perceived added value with their product:

- Meat product with health benefits (the meat contains Omega-3 and CLA fatty acids)
- Tender and fresh meat (hanged 14-24 days)
- The cattle is finished on forage/grass only (the animals can not be fed energy in the form of starch (e.g. cereal grains, potato waste)
- Made in Manitoba by Manitoba producers
- No feedlots, antibiotics or growth hormones

¹² 1 acre, equivalent to 0,404695 ha

- Grass-Fed Beef goes beyond the traditional beef chain in Canada

Manitoba Grass-Fed Beef was founded recently and therefore the organization has not accessed many markets and sales channels yet. Their first customer was the Organza market store in Winnipeg (pers. com., Lintott, 2008). At the moment the organization is working and trying to educate potential customers about their product and the customers can ask questions. They have sampling and small brochures about “Manitoba Grass-Fed Beef”. The brochure talks about the advantages, contains the internet address and also suggests cooking tips. This summer Manitoba Grass-Fed Beef will attend the “Farmers markets” around the city of Winnipeg and be present at “ST Norberts Farmers Market” - one of Manitoba’s largest and most well known outdoor markets. Today the organization sells and marketing their products in the following places:

- Specialty stores (the natural and organic grocery store Organza Market in Winnipeg)
- Restaurant Dandelion Eatery (also hoping to get into the restaurant “Confusion Bar and grill”)
- Farmers Market in the surrounding area (this accounts for the greatest sale)

Both the grocery store and the restaurant are located in the heart of the city (*Ibid*). This area is rich, popular and where a lot of “trendy” people gather. Right now the products are not available in any retail stores. According to Jim Lintott the retail business is completely different and Manitoba Grass-Fed Beef do not bother to get into that market. It is too hard to compete against the conventional chains because these have better developed and efficient systems, states Jim Lintott.

“Only about 20% of the market spends it on local products.”
(pers. com., Lintott, 2008).

The thing with retail stores is that they would like to have the “federal stamp” since it ensures the stores they are given the best. The retailers are more concerned about processing and not about the actual value and nor if it is a local product (*Ibid*).

Brand

The brand was created at the same time as the organization and their products were considered (pers. com., Lintott, 2008). According to Jim Lintott the brand symbolizes that the animal is feed on grass, locally produced and has certified meat and the brand can be viewed in figure 8.



Figure 8. The Manitoba Grass Fed Beef brand (www, Manitobagrassfedbeef, 2008a).

When the meat is certified it means that it is possible to verify all claims and when the customer buys a piece of meat it is possible to trace it back to the farm (*Ibid*). In the future, when Manitoba Grass-Fed Beef operates their own butcher shop, they can add a processing number to the packages weight label. The label will identify the actual animal number, the farm and all its production records. Jim Lintott thinks that the brand is an important aspect for the customer.

“I hope our customers will see our brand as a guarantee that it is grass-fed and from Manitoba.”

(pers. com., Lintott, 2008).

By informing the “public”, be visible and hand out brochures will hopefully make our brand more well-known in the nearby area believes Jim Lintott.

Agreements

Today Jim Lintott is part of the association “Manitoba Grass-Fed Beef”. This organization is an agreement between eight farmers (pers. com., Lintott, 2008). The organization was created to be stronger on the market and it is paying a small premium price to the farm. The eight farmers connected to this organization do not have time to do all the marketing and the producers will sell the animals to Manitoba Beef (*Ibid*). Manitoba Beef will do the marketing. Manitoba Grass-Fed Beef will provide a protocol and a third party will monitor the association, which one is not really determined yet. Agreements with their customers, stores and restaurants, are only done oral. Manitoba Grass-Fed Beef calls the customers on a monthly basis and deliver to them. At the moment there is nothing they are dissatisfied with concerning their agreements.

The agreement with the local abattoir is also done orally. The organization calls the abattoir up on customer basis and says that this week they have 2-3 animals ready (pers. com., Lintott, 2008). After Manitoba Grass-Fed Beef has got permission and a date from the slaughter house they phone the butcher to tell him what day.

Future

Manitoba Grass-Fed Beef would like to expand in the future and hopes to be able to deliver to more restaurants and stores (*Ibid*). Jim Lintott mentioned that their goal is to own the butcher shops since butcher shops are often privately owned and most value lies there.

5.1.2 Carver's Knife

Background

Calvin Vaags has his own farm East of Winnipeg in the Dugald area that he took over from his father in November 1986 (pers. com., Vaags, 2008). During the last few years Calvin Vaags has watched when the beef industry in Canada has gone through its toughest period in history. At this time Calvin decided to do things a little bit differently and he opened a new farm-direct meat store in late fall 2004 (*Ibid*). Calvin Vaags named it Carver's Knife. Calvin Vaags reasons for leaving the traditional beef chain was mainly because Calvin wanted to control all parts of the value chain to manage risk of the livestock production.

Calvin Vaags buys the calves at the open auction market and operates calves and yearlings. The calves and yearlings are fed up with mainly corn and grain and the farm as around 750-1500 animal (pers. com., Vaags, 2008). Today Calvin Vaags has three separate financial entities but they are all incorporated and have approximately 20 people working altogether.

The three business units are as following:

- The farm: Clover Spring Farms Inc and the average sale is 3-5 million CAD
- The store: The Carver's Knife and the average sale is 0,5-1 million CAD
- Plains Processors (the packing plant): 1-1,5 million gross sales

Today the farm is considered big-scale, the plant medium scale and the store is considered small-scale.

The marketing perspective

The store, Carver's Knife, offers the highest quality beef only from Manitoba and to reasonable prices and Calvin Vaags consider their products to have the following added value:

- The beef is dry aged
- Not being transported across Canada
- The cattle has been grown, slaughtered, produced and processed within Manitoba
- Offer a variety of products
- Control over the packaging and processing stage

The majority of the meat goes to Calvin Vaags own retail store, Carver's Knife, and accounts for the greatest sale (pers. com., Vaags, 2008). They also deliver to about 30 smaller butcher shops and groceries.

Carver's Knife has no agreements with bigger retail stores at all. Calvin Vaags thinks that the main reason for that will be that the big retailers are so cost-efficient and only care about the cheapest products and do not want any "local food" (*Ibid*). Calvin Vaags thinks that right now Carver's Knife is too small to be able to deliver to a bigger retailer since they can not deliver a guaranteed supply every week. It is really hard to convince the retail store to accept the provincial inspected meat and especially since most small-scale producers get their meat slaughtered at a provincial inspected plant, explained Calvin Vaags. The national retail stores are most likely unwilling to accept the provincial meat and in case they do, it has to be economically feasible. Calvin Vaags thinks there would be a chance to reach the more independent retail stores like Safeway and Soby's and smaller local butcher shops. Independent retail stores seem to be more aware about the environmental issues that are coming up and are more willing to buy "local" (*Ibid*).

The brand

At the same time as Calvin Vaags opened his own retail store in 2004 Calvin Vaags designed a brand called Carver's Knife that can be viewed in figure 9 (pers. com., Vaags, 2008). The brand was created and developed only by "imagination".



Figure 9. The Carver's Knife Brand (www, Carver's Knife, 2008a).

Calvin Vaags believes that the brand is an important aspect for the customers since it is kind of guarantee that the products are high quality products.

"I would like the end-customers in the store to relate the brand with above quality and meat from Manitoba". (Ibid)

The brand is considered to be well-known in the city of Winnipeg (pers. com., Vaags, 2008). Meat products that are delivered out to the smaller retail shops have Carver's Knife brand name on it.

Agreements

All sales are negotiated on a personally sale basis over the phone where the customers call and say what they want. Carver's Knife delivers the products, in a truck that has a cooler inside, usually the same day or the following day.

5.1.3 D.A.L Meat

- Family farm that opened their own butcher shop

Background

Arvid Darzell was born into farming and at age 21 he started cattle and grain farming with his father (pers. com., Darzell, 2008). They farmed until the finances where bad and they were forced to sell the machinery, cattle and assets in order to keep their land (www, Dalmeat, 2008a). Knowing that they needed to have an income off the farm they started a successful construction business and ran that until they became debt free. Arvid Darzell's love for the ranch life pulled him back and they started to build up the ranch again and turned it to an environmentally green ranch. They had a good business until BSE hit in 2003 (pers. com., Darzell, 2008). Arvid and his wife Alison Darzell struggled to get good prices and with no cattle being sold the farm was exposed to another financial disaster. They decided to leave the traditional beef chain and build a meat shop and one year later they were Manitoba inspected. Two years later Arvid and Alison Darzell opened a retail/sausage kitchen in town.

Arvid Darzell's farm has about 324 hectares (800acres), 40cows and approximately three quarters of the land is rent out (pers. com., Darzell, 2008). Other nearby farmers supplies D.A.L meat with pigs and cattle and he buys the calves cheaper from other farmers nearby.

"From a business sense it is essential to look at the best profit you can get."
(pers. com., Darzell, 2008).

The cattle are brought up to a certain weight and then sold at an open auction market and then shipped to feedlots.

Marketing perspective

Arvid Darzell described their meat as "a quality and tasty meat and when you try it you will notice that the taste is different". Arvid Darzell does not like the approach used by the bigger retail stores. The meat in retail stores usually gets aged in the vacuum bag in the store.

"A high percent of the meat in stores are aged too long so when you will take the meat out from the plastic bag there will be an odor to the meat and I do not like that"
(pers. com., Darzell, 2008).

For Arvid Darzell it is all about quality and giving the customers the best meat. D.A.L meats emphasize the following added value with their products:

- Cattle are only fed on natural diets
- Quality and taste meat
- Fresh meat (hanged 14-24 days)
- Meat butchered by themselves
- The meat is processed further in the store (making sausages, bacon, hamburgers etc)

- Personal service

In the initial stage the meat was sold at the Farmers market to get the customers to try and taste the product (*Ibid*). To receive customers outside the market, Arvid Darzell drove around asking stores and restaurants. Arvid Darzell remembered this time “as frustrating and time consuming”. In the beginning someone else butchered and processed the meat until they opened the butcher shop at the farm. Arvid Darzell especially remembered his first customer since it was an 85 years old man (pers. com., Darzell, 2008). Arvid came into the store and promoted his meat and said that it was inspected meat from Manitoba. In this moment the owner looked Arvid straight into the eyes and said: “I hate farmers that sell meat”. Arvid Darzell said that if he had had any marketing skills at that time Arvid Darzell had probably left but instead he stood there and talked about golfing and weather. Arvid returned to this store several times and they never talked about the meat or product. One time the owner said “see you next Tuesday and by the way bring me a bag of that meat”. This is how D.A.L Meat got their first customer. Today stores call Arvid Darzell and ask if D.A.L Meat can supply their store (*Ibid*). Local markets for Arvid Darzell is “about a 50mile area from his farm” but D.A.L Meat delivers to Brandon (80 miles from the farm). This distance would be regional market according to Arvid Darzell’s opinions.

Today D.A.L meats sell their meat to:

- Their retail/sausage store
- Restaurant (around 20)
- Smaller grocery shops (around 9 where most of them are located within a 50 mile area).

After the meat has been hanging a few days it is cut, wrapped and packaged and then Arvid Darzell brings the meat to his cooler and distributes out to the customers. Due to the increasing oil prices D.A.L meat has inserted a distribution fee. Arvid Darzell said that he rather does this than increase the price for the meat.

Brand

When D.A.L Meat opened their retail store and had been in business for a few months Arvid Darzell was invited to a big farm conference (pers. com., Darzell, 2008). A man talked about the importance of a brand and that a farm needs a kind of identification if they would like to expand.



Figure 10. The D.A.L Meat brand (www, dalmeat, 2008a).

The man highlighted that a brand should be something a consumer can recognize at first sight every time.

After the conference Arvid and Alison Darzell hired an artist to design their brand and it became a wagging wheel and a cowboy hat. The brand of D.A.L Meat can be sighted in figure 10. The name D.A.L Meat symbolizes the family (*Ibid*). Today D.A.L Meat has both an ingredient list and nutrition label on their products. The new legislation on nutrition label just came recently and today everyone needs to have it. It was very costly to arrange and get the nutrition label. The process took a very long time since the Food Development Centre needed to analyze and test the products. Since D.A.L Meat has the nutrition label today they have a great advantage in comparison to other small producers. Arvid Darzell indicted that their customers do not have to read their brand, just look at it. The brand is not protected in any way. According to Arvid Darzell he believes that the brand is an important aspect for the

customer and Arvid Darzell sees their brand as a guarantee that the product is good every time (*Ibid*). Of course a product can not be perfect all the time and if the customers do not like it or think there is something wrong with it Arvid Darzell will take it back and replace the product.

“You have to have good service and trust your customer and replace them if they are not satisfied.” (Ibid).

If a customer has been treated badly and nothing has been done to help the customer, the customer will most likely tell 10 other people that tells 10 others (*Ibid*). Then everyone knows you had a bad product and the brand name can easily be destroyed explained Arvid Darzell. Most of the grocery stores put the “D.A.L Meat brand” on the package. Customers that order bulk packages are exceptions since they tend to package by themselves and put their label on it. At the moment the brand is not included and discussed when sales agreements are discussed. D.A.L meat have signs posted on the highway leading into Baldur advertising DAL Meats and they also got business cards -and a web site.

D.A.L Meat’s other main customers, the restaurants, do not generally present the origin of the raw material on their menu. The high end restaurants tend to advertise organic and natural beef on their menu but no local meat (pers. com., Darzell, 2008). For Mother’s day one of D.A.L Meat’s customers had a sign in their paper and advertised for D.A.L Meat. The advertisement said: “buy local beef from D.A.L Meat”. This is how far D.A.L Meat reached but Arvid Darzell hopes that these types of events can increase and change in the future. When Arvid and his wife opened their butcher shop that was exactly what people wanted to see and therefore people and media came from all over Canada. This was a big story. People are recognizing the name wherever Arvid Darzell turns around but that is not enough explained Arvid Darzell.

The brand itself advertises the quality of the product. If Arvid Darzell would like to expand further in the province, like Winnipeg, he does not think that the brand means anything there (*Ibid*). Arvid Darzell thinks that the reason for that is that the consumers can not refer to the farm and also that price is often more important than quality.

Agreements

Arvid Darzell has only oral agreements with his customers. D.A.L Meat has a list with all their restaurant and store customers and calls their customers every Monday to check if they would like to order anything (pers. com., Darzell, 2008). Sometimes it takes 2-3 days before the customers get back to D.A.L Meat and tell what they would like to order. A few restaurants order every third week or call when they need something. Arvid Darzell does not want to bother them when it is not necessary. In 99 % of the cases D.A.L Meat has what the customers ask for (*Ibid*). The oral agreements always include a set price and Arvid Darzell tells the customer right away if the prices go up or down.

“When you have a small business it is essential to get to know your people and customer and build a relationship.”

(pers. com., Darzell, 2008).

According to Arvid Darzell, D.A.L Meat and their customers would never let each other down and Arvid Darzell perceive mainly advantages with an oral agreement compared to a written agreement:

- Touch base and talk with your customer

- Personal
- Building a relationship
- Get to know your customer
- Easier to trust

At the moment Arvid Darzell is satisfied with his agreements and trusts his customers (*Ibid*). Arvid Darzell mentioned that a few times he had to put pressure on some of the customers since they were late on their bills and did not catch up their accounts. Arvid Darzell would like to see the customers pay every second week and if they do not, D.A.L Meat charge interest. In the end it is all about trusting the customer explained Arvid Darzell.

Future

In the future D.A.L Meat would like to have more agreements. These agreements will be more about custom work (pers. com., Darzell, 2008). D.A.L Meat needs agreements since they do not wish to rely only on restaurants, stores and local businesses. These types of agreements make the business more viable and reliable. Arvid Darzell recently agreed upon an agreement with another farmer. This farmer is going to the Farmers market this summer and the farmer will bring pigs to Arvid Darzell. Arvid Darzell is going to do the cutting, wrapping and packaging for this farmer. This agreement will be a cost for the other farmer and an income for Arvid Darzell.

Most of the live animals go to the US, Alberta, Ontario or sometimes even Quebec and today the majority of the beef is processed outside the province of Manitoba (*Ibid*). D.A.L Meat attempted to change this and for a few years Arvid Darzell has tried to open a slaughterhouse within the province that can be federal inspected. This process takes time and there is plenty of paper work. The Government has done investigations to see if the slaughterhouse will be feasible. Arvid Darzell still works with this project and hopes that it will be possible to open a slaughter-house within a near future.

Arvid Darzell plans to continue his farm and business operation for a few years.

“You have to plan to succeed.” (pers. com., Darzell, 2008).

When Arvid and Alison Darzell decide to quit they hope that D.A.L Meat will be run through some else in the family or through somebody else.

5.1.4 Le Bouvier Ranch

- An organic farm and a “rest stop” for cattle with a national brand

Background

Le Bouvier Ranch, located in Manitoba, has been family operated since 1964 and where Helene Bouvier and her brother Robert are living (pers. com., Bouvier, 2008).

Their parents and grandparents were true pioneers and settlers of the Prairies and came with strong will and courage to withstand present hardships. Today, the family is still working through the hardships of farming but the specifics may have changed from horse drawn equipment to the cost squeeze of the present farm input prices.

The farm's primary production is livestock and grain (oat, wheat, flax, straw, hay, pasture). The farm has also taken on the added role of being a certified organic livestock handling facility serving as a rendezvous and rest stop (*Ibid*). The 445 hectares ranch (1100 acre) has always been managed organically but in the year 2000 they got the official certification status recognized by a third party. The primary breed of beef is Angus, which is a good fit with organics and additionally there is a high buyer demand for this breed. Cattle range from May to November and during the feeding season the feed is home grown; hay and grains. Very little is brought in.

Marketing perspective

The product from the Le Bouvier Ranch is 100 % Canadian and certified organic and according to Helene Bouvier the product is defined as a "slow grown in a diversified environment" (*Ibid*). Helene Bouvier mentioned the following as added value with their products:

- 100 % Canadian beef
- Certified organic (these organic methods minimize stress of animals raised in a human and natural manner, avoid synthetic chemicals, promote soil health, ensure diversity of the animals habitat etc)
- Clean and distinct taste " -like you remember your grandma had served"
- Aged to perfection using a method of both dry and wet aging (no water is added at processing stage)
- The package is divided into single serving portions placed within a zip lock pouch
- Freshly frozen

The Le Bouvier Ranch, along with several other organic ranches, supplies Organic Ranchers Canada with certified organic beef that is sold into Canadian retail outlets (pers. com., Bouvier, 2008). Organic Ranchers Canada Inc. is registered as a Certified Organic Handler and Livestock Dealer.

Organza Market and *Eat It*, both in Winnipeg were Organic Ranchers' first customers. They still have those customers but their targeted market is currently limited to Western Canada and specifically to the major urban areas within that region. This means that most of the local meat is consumed outside the province. Helene Bouvier defines local and regional food as "food that is grown and raised, and stays within the Canadian market". Organic Ranchers customers are divided as following:

- Organza market (a natural and organic grocery store in Winnipeg)
- Eat It (Winnipeg's first online grocery store offering affordable organic products).
- Other retail or natural food stores outside the province

At the moment the products have not been taken by any of the big retail chain stores (*Ibid*). Le Bouvier Ranch is located in the central part of Manitoba, just off the Trans Canada No.1 Highway and this makes the location ideally to provide a "rest-stop" service for cattle being trucked into the Midwest USA or Eastern Canada.

Brand

The brand *Organic Ranchers*, is owned by Helene and was trademark protected in 2006 and federally incorporated in 2007. There are today approximately 30 farmers/organic producers

connected to this brand and the brand only markets 100 % Canadian Certified Organic beef (pers. com., Bouvier, 2008). Hopefully more producers will connect to this brand and make their cattle available at fair organic market value, mentioned Helene Bouvier. The brand was also created to act as an identity for the consumer (*Ibid*).

The brand symbolizes that you support small-scale organic cattle producers and at the same time market their product into the established retail chains. Helene Bouvier thinks that the brand is an important aspect for the consumer since the brand is a guarantee that the meat comes from Canadian farmers and that it is organic. Unfortunately the brand is not that well-known around Canada (pers. com., Bouvier, 2008). The marketing costs are too high and therefore it is important to know where to target. It is vital that consumers start asking about the product so that retail stores consider carrying the product. Organic Ranchers will do more promotion through the use of their website, with available stores being highlighted as an important source of information for the interested consumer. Today the product is showcased in stand up freezers (*Ibid*).

Agreements

Organic Ranchers works directly with organic producers to market and supply the Canadian market and they export the excess organic live cattle to USA (pers. com., Bouvier, 2008). Organic Ranchers is small-scale but has now created a value chain and aligned with other small farms and ranches. Together the small-scale farms can attempt to create a more sustainable and long term relationship with buyers to supply regular and premium organic meat products.

The organization and the brand Organic Ranchers are creating working relationships with small firms, like the farm Le Bouvier Ranch (*Ibid*). Organic Ranchers handles the marketing of the product and Helene Bouvier negotiates with the farmers for purchasing their livestock to be packaged as Organic Ranchers product. Organic Ranchers organize and arrange the delivery with processing slots.

The agreements between farmers and Organic Ranchers is agreed to verbally, and then written up to reflect verbal agreement (pers. com., Bouvier, 2008). The written contract is signed prior to accepting cattle. This ensures that all parties understand what they have agreed to. The agreement includes number of head, price per pound live or hot hanging weight, grade, delivery time.

A purchase order from the buyer is received by Organic Ranchers, which includes all significant information, such as-, expected delivery date, location, price, payment terms (*Ibid*). According to Helene Bouvier it is essential with trust in these kinds of agreements. Trust is developed over time with a working relationship based on many things, such as, delivery of consistent quality product and on-time payments.

The future

Le Bouvier Ranch thinks it is very important that the ranchers and farmers receive a premium for their organic products so that farmers remain sustainable and continue to be the great caretakers of the land and water (pers. com., Bouvier, 2008). Right now the Le Bouvier Ranch is for sale and will be sold to the highest bidder. At the moment, Helene Bouvier does not know if the ranch will still serve as a rest-stop or not, it depends on new buyer or otherwise other facilities will be used. Helene Bouvier will continue marketing and promoting the

organic industry. Helene Bouvier will continue to work with the Organic Ranchers philosophy .

5.1.5 Neuschwander Farm

- Family farm with organic cattle operation

Background

Agabus Neuschwander came to Manitoba from Germany in 1980. His father started at the same time to farm conventionally in Manitoba. Six years later they initiated organic farming and got certified in 1989 (pers. com., Neuschwander, 2008). The farm is today a 445 hectare mixed farm (1100 acres) with 162 hectares of grain (400 acres) and the rest is pasture and hay fields. Neuschwander's Farm has around 80 cows and 75 calves and uses a mix breed (*Ibid*). The farm has a red Angus as a base. All feed for the cattle is organically produced on the farm. The farm does not have an official farm name but they tend to call it Neuschwander's Farm and this name will be used through the thesis.

Marketing perspective

Neuschwander's Farm defines their product "as a quality meat that is fairly lean with some marble without containing growth hormones and medication" (pers. com., Neuschwander, 2008). Agabus Neuschwander considers the following additional value with their product:

- Certified organic approved by OPAM (Organic Producers Association of Manitoba).
- Lean and fresh
- Meat cut into individual packages
- Good and personal service
- Meat been hanging 10 to 18 days (to naturally age and tenderize)
- Healthy
- Locally produced
- Consistency of product (the animals raised in the same manner)

Becoming established as an organic beef supplier has been very hard (*Ibid*). Today the farm has two main channels:

- Selling meat directly to customers (these cattle are finish on the farm)
- Selling live animals into the US

Neuschwander's Farm finish around 60 animals per year where as 48 of these go down as a herd or single ones to the US and around 12 animals go to private customers (pers. com., Neuschwander, 2008). For the live animals going to the United States, the farm gets a premium price as well. When delivering direct to the customers they meet up at a central place in the city of Winnipeg. In 1993 the farm started to sell organic beef to Winnipeg customers for the first time (*Ibid*). During the first few years the customer base grew quite well, four to five new customers every year. Today the farm has 60 families for sure, that buys from them on a regular basis and in 2008 they had one new family that orders beef.

Brand

The Neuschwander's does not have a specific brand (*Ibid*). The farm delivers the animals to a local slaughterhouse called Jarvell's meat. The slaughterhouse puts their brand on it and the kind of cut. It does not say "organic" on the package because the slaughter-house is not

certified organic and therefore it is losing its values. There are only a few organic producers (no more than 15 within the province) and therefore it would be too costly for a local and provincial slaughterhouse like Jarvell's meat to become certified. Agabus Neuschwander does not feel worried about this since their customers know this already (pers. com., Neuschwander, 2008). Agabus and his wife Mari Neuschwander sell their meat to private customers in Winnipeg. These customers care about the animals and if the animals have been brought up on organic feed and not been given any medications or growth hormones. The Neuschwander's customers also know and are informed that in order to be able to raise livestock without the need for medications, these animals need to be raised in a stress free and clean environment. The farm highlights that the meat is locally produced and that the customers are supporting an organic family farm from Manitoba. All the marketing is based upon word of mouth (*Ibid*). "Without a brand it would make it harder to expand but we have no intentions of doing that", explained Agabus Neuschwander.

Agreement

The Neuschwander's Farm is a part of and also certified by OPAM. If the farm follows the organic standards they will get a Certificate of Compliance. The farm delivers to about 60 families and the agreements with them are orally based.

The customers have to purchase a minimum of 1/6 of an animal and after slaughtering, trimming etc that will be 34-36 kilo¹³ of meat (75-80 pounds) in average. Each customer gets a variety of meat like ground beef, roasts and steaks. The customers contact the farm in May and say what they would like to have. When it comes to delivering the meat, Agabus Neuschwander and his wife would like to deliver three animals at a time and for a total of 15 animals that would mean five delivery times spread out through the months of delivery; July to October (pers. com., Neuschwander, 2008). About one week before the delivery date, customers get contacted in order to agree upon a time and meeting place. Agabus and Mari Neuschwander like to meet the people who support them on a personal level and to get a first hand report on the quality of the product.

"Customers have at times come out to our farm to visit us and see the animals in their natural environment" (Ibid).

The farm has also oral agreements with the local and provincial slaughterhouse (*Ibid*). Agabus Neuschwander observes no disadvantages by having oral agreements, only advantages:

- No need for a written agreement since it is working well
- More flexibility
- Business is small enough and specialized

There is nothing the Neuschwanders are dissatisfied with concerning their agreements.

"Both the slaughter-house and our farm have a reputation to uphold to and we support each other and build up a relationship, no one would like to jeopardize that" (Ibid).

Agabus Neuschwander highlights the importance of trust and the farm feels confident with both the local slaughter-house and their customers.

¹³ 1 pound equivalent to 0,454 kilo (source <http://www.uddq.se/pound-till-kilo.php>)

5.2 Sweden

In this subchapter the five case studies in Sweden are presented further. Each farm starts with a background to give the reader an introduction to the farm before entering into the marketing perspective, the branding part and the sales agreements. In some of the cases the thoughts and visions about the future is mentioned.

5.2.1 Bjärhus Gårdsbutik

Background

Elisabeth Hansson grew up on the farm that has been family operated in six generations. The only time Elisabeth Hansson left the farm was during her education. The main production at this time was grain and pasture (grassland). Elisabeth Hansson and her husband Lars Hansson wanted to have a sustainable agriculture and they started to grow organic vegetables (pers. com., Hansson, 2008). A few years later Elisabeth and Lars Hansson asked the bigger retail stores if they wanted to start supplying the organic vegetables from Bjärhus. The stores had no interest in that. To comply the customers' demand, Elisabeth and Lars decided to start selling their organic vegetables directly to customers. This was in the year of 1989 (*Ibid*).

After a few years, the couple started with lamb production as well and used different breeds. By using different breeds they could get the ewes to lamb at different times during the year and suddenly the farm could supply fresh lamb meat all year around. In 1996 they had a dismemberment part and they started to sell lamb meat and vegetables over counter (*Ibid*). At the same time a nearby farmer, Leif Persson, was contacted. Leif Persson and his wife had a cattle production and they became part-owners of the farm-shop.

In 2001, the farm-shop expanded and also received an approved food facility part where the meat could be further processed (pers. com., Hansson, 2008). Also cooling facilities and a smokehouse was built. Later on, the owners realized that they could not use all the meat and always had left-overs. To solve this they started to produce sausages. The owners took courses to develop their skills and knowledge in this area. In 2005, the part above the farm-shop was built to a conference and meeting area, also a catering operation was started (*Ibid*). The same year, the owners hired a chief. The farm-shop is mainly divided into two parts; one with the dry commodities and one where all the meat products are located.

Today, Bjärhus farm consists of 30 hectare; divided into 4 hectares potatoes, 7 hectares oats and peas. Elisabeth and her husband, Lars Hansson, have approximately 150 ewes and 300 lambs. In 2007, the turnover of Bjärhus farm was 1,5 million SEK. The farm-shop, on the other hand is a trading company (handelsbolag) and the average turnover was 2,0 million SEK in 2007.

Marketing perspective

Bjärhus farm-shop offers unique products that can only be found in the shop and Elisabeth Hansson said that it is going to continue to do so. To guarantee that the farm-shop always have meat they work together with two other nearby suppliers; one cattle farmer and one pig producer (pers. com., Hansson, 2008). All the vegetables and root vegetables grown on the farm is sold in the store. In case of any surplus, it is sold to other nearby farm-shops. Elisabeth Hansson stated the following added-value with their products:

- Always fresh meat (e.g. the minced meat is grind during the customers´ stay in the shop)
- A variety of products
- Processing the meat further (egen vidareförädling)
- Selling their own products
- Meat can be hanged
- Selling directly to customers
- Limited use of aroma subjects
- Organic production (vegetables and root vegetables certified in accordance to KRAV, lamb European organic (EU ekologiskt), cattle and pigs).
- Produced locally
- Pasture organic and all feed produced on the farm

Elisabeth Hansson said that it is all about the customers and giving them the best quality and service (*Ibid*). Quality and service are essential standpoints within the company.

“Customers are not in a hurry and it is actually the customers that have made what we are today”

(pers. com., Hansson, 2008).

If the farm-shop has run out of a certain meat part the owners suggest other parts and give recipes that can be made from another meat parts (*Ibid*). The farm-shop is only open twice a week. Elisabeth Hansson said that the owners rather prefer two busy days than fewer things to do over 5 days and that gives them time to work with the farming and the animals as well.

The farm-shop is opened Fridays and Saturdays and has in average 200-300 customers during these two days (pers. com., Hansson, 2008). Compared to the bigger retail stores and their opening hours, Bjärhus farm-shop has limited open hours. Bjärhus first customers were buying vegetables and as the farm-shop expanded with meat products, the number of customers grew. Most customers come from a distance of 2-3 miles (*Ibid*).

In the year of 2003, a school and a kindergarten both belonging to the public procurement contacted the farm-shop (*Ibid*). Bjärhus Farm-shop was the only one offering the high quality products they were looking for and was located nearby (pers. com., Hansson, 2008).

Today the owners sell their meat to:

- Bjärhus Farm-shop (95 % of the meat is sold in the store)
- Public procurement (5 % of the sales)

Elisabeth Hansson said that they have no intention to start selling to local grocery stores.

“If we would start delivering to local store, our active communication with our customers would most likely disappear”.

(*Ibid*).

The owners would like to keep the close relation with their customers and hear what they think about the products. The customers ask questions and this helps us to develop new products said Elisabeth Hansson.

Brand

When the farm-shop opened in 1996, a brand was created. The brand in figure 11 is not protected in any way. Elisabeth Hansson explained that they feel no need for that since they are only operating “locally” and have no intention to expand further. The brand symbolizes that all roads lead to Bjärhus but the brand does not say that much but Elisabeth said “but neither do ICA’s or Coops brand”. Most customers come from the local and nearby area and Bjärhus Gårdsbutik uses no marketing at all, only word of mouth (pers. com., Hansson, 2008).



Figure 11. The Bjärhus brand (www, Bjärhus, 2008a).

The brand name is a guideline and recognition for the customer that Bjärhus stands for quality, knowledge and feeling said Elisabeth Hansson. She also said that “as soon as a customer visits our farm-shop for the first time and try our products they will notice about our quality and taste. Most of the first time visitors come back (*Ibid*). Next to the meat there is an information folder about Bjärhus. To increase the attention about their farm-shop and the brand, the owners attend to smaller events, especially in the southern part of Sweden.

Agreements

The farm-shop has collaboration with two nearby farmers. The farm-shop benefits from this since it will receive more meat and then be able to produce a greater product assortment (*Ibid*). A small part, only 5 %, of Bjärhus’ meat goes to the public procurement. Bjärhus has an oral agreement with their two customers in the public procurement (pers. com., Hansson, 2008). One of them calls Bjärhus once a week and tells them what they would like to have and how much. The customer usually wants fresh products like steak, minced meat or “Falun sausage”. The oral agreements also include that the customers pick up the meat themselves and pay the same price as the customers in the farm-shop.

The other customer within the public procurement gets their meat delivered by Bjärhus (*Ibid*). They tend to order a variety of products and both the customer and Bjärhus call each other continuously.

The future

The owners do not wish to expand; they rather keep the same level and continue with designing new products (pers. com., Hansson, 2008). Perhaps education will be our next step said Elisabeth Hansson. During the years, the owners took plenty of courses and learned by doing. Their knowledge and experience can be useful for other small-scale firms that will try to reach a nisch market.

5.2.2 Ejmunds Gård

Background

The farm is situated on the island Gotland about twenty kilometres from Visby. The farm has been owned by the family since 1860 and Odd represents the fifth generation of the family (www, Ejmunds, 2008a). Odd Norman purchased the farm in 1976. At this time there were no animals at the farm except one bull in the barn and the land was leased out. Gradually the family started to breed up bull calves to slaughter and increased the amount of cattle each year (pers. com., Norman, 2008).

The profitability increased and in 1994 beef cattle was the main production (*Ibid*). Six years later, in 2001, the farm started to sell directly to stores.

Since January 2001 the formal farm name is “Ejmunds Gård och Såg AB” (pers. com., Norman, 2008). Ejmunds Gård itself comprises 100 hectares of arable land, 30 hectares of forest and 3 hectares of pasture. Together with the leasehold they farm on around 150 hectares of arable land, divided into 80 hectares of organic grassland and 70 hectares of grain. In addition to this they lease 300 hectares of uncultivated pasture. In 2003 Ejmunds Gårdskött AB was founded and this company handles the processing, sale and distribution of the meat. Ejmunds Gårdskött AB is run together and owned by the Norman Family and Rickard Rönnberg.

Today the beef cattle calves are purchased from selected herds of suckling cows (*Ibid*). All cattle are beef breeds and mainly cross breeds of Hereford, Angus, Charolais and Simmental (www, Ejmunds, 2008b). The breeds are crossed to be able to combine good features from different breeds. Right now the farm collaborates with SLU to be able to create a new breed (pers. com., Norman, 2008). Ejmunds Gård has approximately 600 cattle per year and collaborates with another farm, Stafva, which has around 1000 beef cattle. Calves are bought in and sold during the whole year and in total the farm sells approximately 2000 cattle a year. Ejmunds Gårdskött AB’s annual turnover in 2007 was 12 million SEK and the estimated turnover for 2008 is 18 million SEK. The animals have free access to a whole-feed mix, mostly produced on the farm. Spendrups, a brewery, provide the farm with bi products from the production used in the feed for the cattle.

In the writing moment, “Ejmunds Gård och Såg AB” has five permanent employees; Odd Norman, his wife Maud Norman and three others (*Ibid*). Ejmunds Gårdskött AB has 2 permanent employees. Both “Ejmunds Gård och Såg AB” and “Ejmunds Gårdskött AB” hire part-time office staff from LRF-Konsult.

Ejmunds Gård left the traditional beef chain because the family wanted to eat their own meat and always be able to receive “good” meat. By breeding up their own animals, the family does not have to worry if the meat is Swedish or not, nor if the meat comes from a beef or dairy breed.

Marketing perspective

Ejmunds Gård produces delicious prime beef of consistently high quality and mentions the following as additional value:

- Free-range cattle
- Natural pasture
- Most feed grown on their own farm
- Quality assured beef production (quality assurance is certified and done by a revision firm and will then be a guarantee for both the consumer and customers.
- Animals of certified origin (individual slaughter codes that makes it easy to keep track of which animal that goes to which shop)
- Locally produced
- Deliciously marbled beef
- Animals lovingly cared for
- Variety of products
- No pork mixed together with the beef
- Products do not contain soy, gluten nor lactose

The animals have the possibility to spend time outdoors almost all year around. Odd and Maud Norman highlight this possibility as the importance for love and care to their animals. The animals are harmonic and are used to be transported between the pastures. Odd Norman mentioned the farm's slogan and strategy: "if the animals are happy the farmer are happy too" (pers. com., Norman, 2008). The farm offers a variety of products, from fresh to frozen and to processed products like meatballs and ranch burgers. Ejmunds Gård first customer was a big retail store, ICA, from the area of Stockholm. In the year of 2003 Ejmunds Gård sold to approximately ten different stores. Today they have around 50 customers and sell through the following sales channels:

- Around 40 retail stores (food stores like Coop, Ica, VIVO, NK Saluhall)
- 10 restaurants
- The own farm-shop
- Farmers market in Stockholm
- Wholesalers and other farm-shops (mainly on Gotland)
- Public procurement (a few schools)
- IKEA

The animals are slaughtered at Swedish Meats in Visby, 17 km from the farm (*Ibid*). The carcasses are sent in trucks with cooling facilities and goes by boat to Fruängens Kött in Stockholm. After the meat has been cut up, it is tenderised by vacuum-packing or hanging for 2-5 weeks at Fruängens Kött. Fruängens Matfrakt distributes it out to the customers or to other firms in the close by area. These firms process and package the meat for Ejmunds Gård, therefore Ejmunds Gård does no cutting at all. Odd Norman said that the farm rents services which imply that they do not need to hire employees, locales and machineries.

Approximately 95 % of the customers are located in the area of Stockholm (*Ibid*). The main part of the sales comes from the Coop stores, nearly 80 %. All Coops stores can order frozen and processed meat products through Coop's central warehouse. The stores in Stockholm and Uppsala also receive fresh meat. The Norman Family has put down a lot of time and effort to get into the retail market. The sale to the stores increased dramatically when Ejmunds

Gårdskött AB was founded. As mentioned above, Rickard Rönnerberg is one of the owners in Ejmunds Gårdskött AB and Rickard is a qualified butcher and has worked as a chief and economist. Rickard Rönnerberg works with customers, shops and new product development (www, Ejmunds, 2008c). Before Rickard Rönnerberg came to Ejmunds Gård, Rickard worked as a sales manager in one of the Coop stores in Stockholm. Odd Norman thinks Richard has a valuable contact with stores and great knowledge about meat.

The farm brand

The name Ejmunds Gård has been in the family since 1860 and when they obtained their first customer in 2001 they had no brand on the product (pers. com., Norman, 2008). The store required a brand on the package. During the same period of time, the family visited United States and looked at the Angus brands. The family received inspiration and ideas from there and brought them back home.



Figure 12. The Ejmunds brand (www, Ejmunds, 2008a).

The family contacted an advertising agency that helped them to design the brand. Their brand can be seen in figure 12. Today the brand is not protected in any way. Odd Norman explained that no one else can call and use the brand Ejmunds since it is already owned by another family (pers. com., Norman, 2008).

In 2003 the name and firm Ejmunds Gårdskött AB was approved by the Swedish Patent and Registration Office. The brand was created to act as an identity and communication tool for the customer. The brand tells a story and represents the family behind the product (*Ibid*). The island of Gotland is visited by plenty of tourists each summer and for many tourists the island symbolizes first-class food, holiday and sun. With a brand it creates a base signal for the things the customer has experienced before.

“Our brand symbolizes and promises a delicious product with even and consistent quality that is trust worth” (pers. com., Norman, 2008).

The Norman family believes that their brand is an important aspect for the customer since the brand helps customers to choose when they would like to have something extra (*Ibid*). Today, Ejmunds sells all their meat, under the brand name of Ejmunds Gård Bifffraskött.

In the grocery stores Ejmunds' products are presented in the meat department as fresh and sliced meat and in the smaller stores in a package (*Ibid*). The frozen and processed products are located within the freeze section. The larger stores carry a wider range of products. In conjunction to the meat, information flyers about the farm, family, production, and contact information are placed. Each product carries the brand, a background picture of the farm and the farm's slogan and phone number. Most of the restaurants that carry meat from Ejmunds present the farm on their menu and a secure delivery is very essential.

Agreement

Ejmunds Gård is participating in a few collaborations, one is with a neighbour farm, Stafva (pers. com., Norman, 2008). Stafva feed up the animals in the same manner as Ejmunds and together they have created Ejmunds Stafva AB. Knowledge about cattle production has

Ejmund's gained through experience and interest. Awareness through attending different seminars organized by Swedish actors within the slaughter, retail and charcuterie industry has also been made (*Ibid*). The family has also attended study visits. Beyond this, the farm is also part of network such as Product Gotland, Goda Gotland, Regional matkultur, Bondens Egna Marknad and Svensk Lantmat. The annual and average cost for belonging to these networks is 5000 SEK and Odd Norman thinks that it is a good commercial for their products and their brand. By joining networks, the farms can help each other and also exchange knowledge. Several of the networks include other firms from other industries than just agriculture and that can be essential and helpful sometimes.

Ejmunds Gård has a mixture of both oral and written agreements with their customers. In the following table 4, Ejmunds different agreements and forms of agreements can be viewed (pers. com., Norman, 2008; pers. com., Mark-Herbert, 2008a).

Table 4. Overview of the agreements in Ejmunds Gårdkött AB (pers. com., Norman, 2008)

Sales channels	Main product	Form of agreement and things included
Coop Forum – Central warehouse	Frozen and fresh meat	- Oral agreement concerning the fresh products and they keep continual contacts - Written agreements with the frozen products
ICA NK Saluhallen	Fresh meat	Oral
IKEA	Processed meat products	Written agreement
Other (ex Medeltidsveckan and other events)		Oral
Own farm-shop	Frozen meat and minced meat and truffle	-
VI-butikerna (Bergendahlgruppen)	Frozen minced meat products	Written agreement
Restaurants on the island	Beef, entrecote, fillet of beef	Oral, with a notice (call or email one day prior)
Restaurants in Stockholm		Oral
Wholesalers Gotland: Röcklinge gårdsbutik Privab Keges	Frozen meatproducts and minced meat products. Roast beef, beef and entrecote	Oral, with a notice (call or telefax one day prior)

Agreements with retail stores and grocery stores: The agreements with the retail and grocery stores include both written and oral agreements (*Ibid*). With the smaller stores Ejmund's Gård has an oral agreement with the purchaser of meat in each store. Each small store and Ejmunds Gård tries to agree on deliveries every second week and the stores have the possibility to decide if they want something or not. The stores have no obligations to purchase. Ejmund has a written agreement with their major customer, Coop. The written agreement with Coop clarifies that all Coop Forum stores should always have the frozen products. Additionally this agreement indicates that Ejmunds Gård is required to notify a price increase at least one month prior.

Restaurants: the agreements with the restaurants are oral and the chiefs' act as "ambassadors" for the customers said Odd Norman. The agreements with the restaurants started in 2005 and today Ejmunds delivers to around 10 restaurants (*Ibid*). One problem that often occurs is that the restaurants always want specific parts of the animal and sometimes it can be hard for Ejmunds to satisfy that. As soon as Ejmunds Gård knows what the restaurants want they agree on it orally. In many cases the restaurants have a hard time to estimate how much they need

and many restaurants, especially on the island, are depended on the weather. The restaurants also want a secure delivery and quality meat, the price is less important.

Public procurement: In 2007 Ejmunds Gård had agreements with a few schools. Today the schools order when they need something (pers. com., Norman, 2008).

Odd Norman explained that it is good to have a mixture of agreement. Odd further the advantages with a written agreement as knowledge of what to fulfil and how to sell. On the other hand with a written agreement you are bonded and you might end up loosing money if the price is too low. At the moment there is nothing Ejmunds Gård is dissatisfied with concerning their agreements (pers. com., Norman, 2008). An establishment of new customers is based upon relations and shared values. Great possibilities arise when Ejmunds Gård meets a firm or an organization in person. The brand is always discussed at the same time as agreements are being made.

Future

Ejmund's farm business idea is to "grow but still keep the traceability" (pers. com., Norman, 2008). The quality control is approved and monitored by a revision firm and other organizations as well and acts as a guarantee that makes the customers come back.

At the moment Ejmunds Gård is looking over the possibilities of exporting to the capital of Latvia, Riga.

"Our goal is to be among the elite and give that little extra thing" (pers. com., Norman, 2008).

In Riga Ejmund's Gård will most likely sell to a store, hotel or restaurant and Odd Norman has already established contacts there (*Ibid*). In case they will receive and make any arrangement in Riga they would highlight that their products are quality meat from Sweden and produced on the island of Gotland. Perhaps it will be necessary to redesign their brand to highlight that the meat is Swedish.

5.2.3 Faringe Kött och Slakt AB

Background

Lars-Henrik Stenström is a farmer and has always operated dairy cows. In the year of 2002, the farmer had two major choices; to expand his dairy farm or join as a part owner of the small-scale slaughterhouse Faringe Kött och Slakt AB (pers. com., Stenström, 2008). Since Lars-Henrik had been farming all his life and been neighbour with the slaughterhouse, he decided to try something else and joined as a part-owner.

Today, Lars-Henrik has no active animal production but still grows grain and seeded grassland. A neighbour rent his barn. The slaughterhouse has a long history and was started in 1925 (*Ibid*). In 1992, the slaughterhouse and a firm, Faringe merged into Faringe Kött och Slakt AB. Today the slaughterhouse has a capacity to slaughter 2000 animals per year and is KRAV certified. In 2007, they rebuilt and expanded the slaughterhouse to be able to manage the increased capacity (pers. com., Stenström, 2008). It slaughters three times a week and in average 15-20 animals a day. During high-season the slaughterhouse has a maximum of ten employees and the average turnover is 18-20 million SEK.

Marketing perspective

Faringe Kött och Slakt AB is a small-scale operation and therefore differentiates from other bigger slaughterhouses (*Ibid*). Lars-Henrik mentioned the following as added value with their product compared to the bigger slaughterhouses:

- Meat with high quality
- Produced locally
- Good and personal service
- Better embarrassment quality

Faringe Kött och Slakt AB performs the broad cut and their customers need to have possibilities to cut the meat further (*Ibid*). Their first customer was the formerly store Rätt Pris, today WiLLY:S. This was in the 1990's. Today they sell their meat to:

- 11-12 grocery stores (Ica, WiLLY:S, Hemköp. ICA and WiLLY:S receive nearly 95 % of the meat)
- 2 restaurants

The customers are located within 3-7 miles. Lars-Henrik Stenström explained that local food for him is food that is produced and processed within one location and consumed within the same area. Faringe Kött och Slakt AB clarifies that their local areas count within a 10 miles radius. Lars-Henrik Stenström has heard that an accepted definition of local food is “within 25 miles” and for Faringe Slakt och AB this will include Stockholm.

The brand

Before 1992, the brand was “Faringe Styck AB” but when the two firms merged they extended the name to Faringe Kött och Slakt AB (pers. com., Stenström, 2008). They have not utilized any marketing to increase the awareness of the brand. Instead, Faringe Kött och Slakt AB has worked with good service, quality meat and conducted the obligations. In this manner, Faringe will spread its reputation with word of mouth instead. Lars-Henrik Stenström said that too much marketing could have lead to more customers and increased capacity which Faringe probably could not have managed. Faringe Kött och Slakt AB rather achieves and manages the customers it has than jeopardize the firm.

Quite recently, Faringe Kött och Slakt AB added Huddunge beneath the brand since the slaughterhouse is operating in the village of Huddunge and not Faringe (*Ibid*). This is one small change and lets the customers accustom to the change. Lars-Henrik Stenström believes that the brand is essential for the customers. Mainly since the consumer would like to know more about the product and their origin, not only that it is Swedish. The brand of Faringe Kött och Slakt AB is a confirmation that the animals are produced locally. As mentioned above Faringe Kött och Slakt AB has done fairly little marketing and therefore the brand is not that well-known.

In the ICA stores, Faringe's brand is placed on each product and this started in the spring of 2007 (pers. com., Stenström, 2008). After one of the stores advertised that they supplied local meat from Faringe Kött och Slakt AB, the sale increased dramatically. Their other major customer, WiLLY:S in Uppsala, do not put Faringe's brand on their products and are not interested in doing that either. The slaughter number is though presented on the package and

the customers can ask in the stores if they do not know the number, explained Lars-Henrik Stenström. Lars-Henrik Stenström believes that WILLY:S would probably sell more meat if they had put Faringe's brand on it instead of their own (*Ibid*). In the grocery stores, the products are presented fresh and from midsummer this year Faringe also offers one frozen product, hamburgers. There are no information brochures about Faringe Kött och Slakt AB placed in the grocery stores. The restaurants do not present on their menu that the raw material comes from Faringe Kött och Slakt AB but they have a sign that says that the restaurants carries meat from Faringe Kött och Slakt AB.

Agreements

Faringe Kött och Slakt AB has only oral agreements with all their customers. The main reason for that, Lars-Henrik Stenström believes, is that it is hard for a small-scale producer to receive written agreements since they have a hard time to meet the requirements and quantities (pers. com., Stenström, 2008). Advantages with an oral agreement are that you are not bonded and the relation is more important than a written paper, explained Lars-Henrik Stenström. Of course it is the other way around described Lars-Henrik Stenström; without a written agreement you are more vulnerable and exposed to a higher risk. If we could guarantee a secure delivery each week perhaps we might have had written agreements that could imply greater security for us, indicated Lars-Henrik Stenström.

Faringe Kött och Slakt AB calls the grocery stores once a week and agrees on what they would like to have as well as the quantity (*Ibid*). The slaughterhouse follows the market price and one of the owners at Faringe handles the price negotiations. Every meat detail is priced per kilo and guidelines are followed, price has to be fairly close to the bigger competitors, like Scan.

The oral agreements are not time limited and continue to be accurate as long as both parties follow the obligations and requirements (pers. com., Stenström, 2008). Concerning the agreement with the restaurants it is usually the owners that call Faringe Kött och Slakt AB if they need anything.

At the moment, Faringe Kött och Slakt AB has around 150-200 farmers that supply them with animals (*Ibid*). Most of the farmers have dairy or beef cattle. Faringe Kött och Slakt AB has oral agreement with them as well and the farmers call a few weeks in advance and book a time for delivery and slaughter date. "The relation with the farmers and to handle the situation with due care are extremely important issues", explained Lars-Henrik Stenström. If they mishandle something, the farmers have to quickly know about it. Faringe Kött och Slakt AB is one of the few slaughterhouses that still handwrites its bills and does not have any deduction for things when slaughtering the animals.

There is nothing Faringe Kött och Slakt AB is dissatisfied with regard to their agreements and they trust their customers (*Ibid*). Lars-Henrik Stenström highlighted that everything in this business is about mutual confidence and to create relations with the customers.

Future

Faringe Kött och Slakt AB plans to continue its business and to have a satisfied growth and in terms it implies to be able to manage its operation, both mentally and physically (*Ibid*). They take only one small step at a time and do not agree to things they are not able to achieve. Lars-Henrik Stenström enjoys this, but at the same time it is a lot of paper work and to keep up to date.

5.2.4 Gunnarsbergs Gård

Background

Anita Sjösten and her husband were working in the city of Gothenburg at the time they started as “hobby farmers”. In 1987, they decided to quit their fulltime jobs in the city and instead move out on the countryside to start a conventional cattle operation (pers. com., Sjösten, 2008). In 1995 the farm and their production was certified in accordance with the standards of KRAV.

At the moment Gunnarsbergs Gård has around 120 cattle, where 45 of them are used for recruitment (*Ibid*). The farm has two breeding bulls and in average 45 of them is fed up to slaughter and some of the calves are sold as breeding animals. The farm uses the Hereford breed. The breed was chosen since this light beef breed does not require as much feed as a heavier beef breed. This breed is also most suitable for uncultivated pasture (rough grazing) and therefore Gunnarsberg’s chose this one.

Gunnarsbergs is self-sufficient on feed (*Ibid*). The cattle receive ensilage and no grain and the system is loose housing. The farm consists of 135 hectares, divided into 60 hectare arable land, 30 hectare forest, 20 hectare uncultivated pasture and 25 hectares of coast grazing. Gunnarsbergs Farm is run as a private business.

Marketing perspective

Before Gunnarsbergs Gård joined the organization Kaprifolkött, the organic cattle were sent to the same slaughter-house as they are doing today (pers. com., Sjösten, 2008). Today Anita Sjösten has no other market channels than Kaprifolkött but is selling some of their calves. The farm offers the following additional value with their product:

- A taste, healthy and hanged meat
- Free range cattle
- Produced locally
- By buying this kind of meat the consumer contribute to an open landscape
- The production is in accordance with KRAV
- Kaprifolkött has their own classification

Each member of Kaprifolkött does not need to bother about the distribution and sale (*Ibid*). When the cattle have been slaughtered the slaughter-house takes it to the big Coop store in Värmland. Here the meat is further cut for the smaller stores though do not have an own charcuterie. After this step the packaging and distribution is being made as well as the shipment to those stores. The bigger stores on the other hand receive the meat right away from the slaughter-house and process the meat by themselves. The meat is sold in approximately 30 stores, both smaller and bigger ones (pers. com., Sjösten, 2008). Everything is done locally. For Anita Sjösten, local food is food that is not transported far and are slaughtered and consumed within the same area.

Brand

The brand was created at the same time as Kaprifolkött was founded (pers. com., Sjösten, 2008). All members of Kaprifolkött belong to the brand that is protected by the Swedish Patent and Registration Office (*Ibid*). The brand is considered to be well-known among the people nearby since the flower represents the state flower (honeysuckle) of Bohuslän. The brand is presented in figure 13.



Figure 13. The Gunnarsbergs Gård brand/Kaprifolkött (www, Kaprifol, 2008).

“Our brand promise that only the highest quality meat gets labelled with our brand”

(pers. com., Sjösten, 2008).

Kaprifolkött has own classification and norms (*Ibid*). Only the young animals that follow the norms with right weight and fat get branded with Kaprifolkött. Animals that is older, lighter and heavier than Kaprifol’s norms do only receive the brand of KRAV. Anita Sjösten believes that the brand is a really essential aspect for the customers. If they try the product and like it, a brand would make it easier to recognize during the next purchase. “I hope our customers associate the brand with good and high quality that is produced nearby”, explained Anita Sjösten. When the meat is packaged the brand is placed on as well. Every time a new agreement is discussed the brand is part of that discussion (*Ibid*). All stores carry fresh meat and an information brochure about Kaprifolkött is placed right next to the meat. Once in a while there is also a farmer and member of Kaprifolkött in the stores. The visiting farmer speaks about the production and gives the customers a chance to try the product. Since a farmer can not be there all the time, the grocery stores are extremely important explained Anita Sjösten.

“The stores are our ambassadors and they have to have a great knowledge about our meat and production”

(pers. com., Sjösten, 2008).

If a store does not manage the requirements they are not going to get any meat from Kaprifolkött (*Ibid*). Occasionally, stores make their own promotion and sometimes Kaprifolkött is mentioned. Quite many of the farms and members are located in a tourist or at least a well visit area. To clarify and highlight this, each farm has a sign and explanation to demonstrate that Kaprifolkött is produced on that particular farm.

Agreements

Gunnarsbergs Gård is member of the cooperative society Kaprifolkött. Kaprifolkött was started as a project in 2001 and after the project was completed, it continued as a cooperative society. To read more about the start-up process please see appendix 6. Due to the limit of time the material is only available in Swedish.

Gunnarsbergs Gård became a member of Kaprifolkött in the year of 2003. The reason why they applied was because the farm already had the concept Kaprifolkött required and to hopefully obtain a better economy. Anita Sjösten sees many advantages with this type of

agreements, for instance the ability to be a stronger business partner since a big organization like Kaprifolkött always has a supply whole year around.

At the moment there are approximately 100 members and each of them has to pay a membership fee, 500 SEK. To be able to be a member you have to have at least 1 hectare of uncultivated pasture and follow the European agricultural rules. A farmer with one hectare of uncultivated pasture can deliver 4 animals and another farmer with 10 hectare of uncultivated pasture can deliver 40 animals. Another criteria for new members, is that the farm has to be certified in accordance with KRAV and be located in the area where Kaprifolkött operates. Each new member has to submit a written application. If the new member fulfils the norms of Kaprifolkött, they become a supplier of cattle. There are no obligations for the members; they do not need to deliver a certain amount of animals. The members can exit the Kaprifolkött whenever they want to. The size of farms and amount of cattle vary between the farms. No new members are discriminated due to their size, as long as they follow the requirements.

Anita Sjösten has distinguished a lot of advantages during her time as a member, for example the farm's profitability has increased. Kaprifolkött organize activities, like farm visits. During these activities the members meet and can exchange knowledge. Sometimes guest lectures are organized as well.

There are different types of agreements. Kaprifolkött has a written agreement with the slaughterhouse. Kaprifolkött is not selling any meat at all but Kaprifolkött always observes that they have the right amount of cattle and withdraw licence fee.

Kaprifolkött also has a written agreement with CILAB (Coop Inköp Logistik AB) and this agreement regulate each party's commitment. The agreement includes no specific details and request (for example the amount of animals or delivery time). This agreement has a longer duration period than the first one mentioned.

5.2.5 Svansgård

Background

Kjell Svahn grew up on the family farm Svansgård, located in the middle part of Sweden where the nearest big city is Örebro. Kjell Svahn took over the production responsibilities from his brother in 1986. At this time the main production was dairy cows but after a few years Kjell Svahn sold them and continued with only bulls (pers. com., Svahn, 2008). Later on, the farm switched over to organic and only used steers instead. In 2002 the farm and the production method got KRAV¹⁴ certified.

Today there are about 110-120 steers and each year 60-70 of them are sent to slaughter (*Ibid*). The calves are bought in from a nearby farm, also certified organic. By this time they are three months old and castrated and dehorned (www, Svansgård, 2008a). The calves are usually Swedish Red Cattle (SRB) pedigree (pers. com., Svahn, 2008). This breed tends to grow better and gives a better quality. All feed is produced on the farm and the surplus is sold

¹⁴ KRAV is a player in the organic market in Sweden that develops standards and promotes the brand. KRAV is an active member of IFOAM – International Federation of Organic Agriculture Movements (<http://www.krav.se/sv/System/Spraklankar/In-English/KRAV-/>)

to Lantmännen¹⁵. The farm has totally 75 hectare, divided into 15-20 hectare of grain and 55-60 hectare of grassland.

There is no official farm name but the farm has always been called Svansgård (*Ibid*). The farm is run as a private business owned by Kjell Svahn. Since this is the first year it is hard to know what the sale will be this year but is estimated to be around 1, 5 million SEK.

Marketing perspective

The meat has an even and high quality and is organic. Kjell Svahn mentioned following additional values with his product:

- Locally produced (shorter transport for the animals and therefore also better for the environment. A topical subject since Sweden talks about “climate branding”
- Organic (animals grow slower, have been outdoors (as long as possible) and been fed with an organic feed)
- Meat is hanged (around one week)
- More marbled meat (steers grow slower than bulls)
- Even and consistent product (only use steers)

During the last years Kjell Svahn has sold the animals to one of the bigger slaughter-houses and had no idea where the meat went (pers. com., Svahn, 2008). For a few years Kjell Svahn had the dream of selling the meat by himself. Finally, last year Kjell Svahn had the right amount of cattle to comply his dream. By selling his own meat, Kjell Svahn felt that he got a more meaningful work when reaching the end-customers right away and knows where the meat goes and can earn more money. Kjell Svahn still has contract with the big slaughter-house and if there is a surplus of animals the animals are sent to there.

“ To keep the contract with the big ones is a good price comparison”.
(pers. com., Svahn, 2008).

In the summer of 2007, Kjell Svahn took the meat back for the first time and delivered it to two smaller grocery stores (*Ibid*). Today, Kjell Svahn sells his meat at the following places:

- The Farmers Own Shop (“ Bondens Egna Butik”, a shop in the city of Granhammar)
- 2 grocery stores (Coop stores)
- 2 smaller stores carrying nisch products

The Coop stores account for the greatest sale. To get into the retail stores Kjell Svahn has done a lot of work, driving around trying to promote his product and the additional value and built up a relationship.

¹⁵ Lantmännen is one of the Nordic area’s largest Groups within food, energy and agriculture. The Group is owned by 42,000 Swedish farmers (<http://www.lantmannen.se/en/Lantmannen-COM/About-the-Group/About-Lantmannen/>)

Brand

A brand, see figure 14, was considered when Kjell Svahn decided to take his meat back. The brand says “locally produced organic beef”. The family helped to design the brand and left it to a printer. In the fall of 2007, the farm had created the brand. Kjell Svahn thought that a brand was truly needed when selling directly to customers.



Figure 14. The Svansgård brand (www, Svansgård, 2008a)

The brand was therefore created in order to give a message to the customers and help them relate the meat to this specific farm (pers. com., Svahn, 2008). The brand also has a web address that makes it easier for the customer to receive information about the production and also about the farm and its history. The brand symbolizes happiness in terms of growing from calf to steer, Kjell Svahn stated.

”With my own brand I wanted to become well-known among the direct customers and the stores with a locally produced quality product. The timing for this felt completely right since the awareness among the society has increased”. (Ibid)

The brand is put on all of Svansgård’s products. It is part of the oral agreement and if the store packages the meat by them selves they have to put Svansgård’s brand on it. In the grocery stores the products are presented both fresh and frozen (*Ibid*). The small stores have only the frozen products. Information brochures containing a picture on Kjell Svahn and information about the farm are placed right next to the meat. “Hopefully these brochures and flyers help to increase the awareness about my product, brand and make the customer feel a connection to the farm”, says Kjell Svahn. The other meat brands just say Scan or some other brand name and no connection to an actual farm. Since Kjell Svahn’s brand is quite new it is too early to say if it has been establish in the local area of Örebro.

Agreements

Kjell Svahn is part of a cooperative society called “Bondens Egen Butik” that was started in the turn of the year 2007/2008 (pers. com., Svahn, 2008). Currently there are 14 members and the cooperative society owns the store “Bondens Egna Butik” in Granhammar. By joining this organization, Kjell Svahn receives benefits like getting access to a larger market, use the common sale channels and also carry his products in the store.

The membership fee is 5000 SEK as well as an annual fee (*Ibid*). In august 2008 the goal is to set up a truck that deliver the products direct to customers on an annual basis. This truck will carry products from all the members and have both a refrigerator and freeze facilities. This concept is similar to “Farmers Market” but the Farmer’s Market is only open two months a year.

The agreement and collaboration with “Bondens Egna Butik” is oral (*Ibid*). Kjell Svahn brings what is needed and keeps continual contact with the store. Since Kjell Svahn’s steers are slaughtered every second week he is always able to deliver meat.

The agreement with the stores is only oral as well (*Ibid*). Kjell Svahn calls the purchase manager at the meat department and agrees on delivery time, quantity and price. Kjell Svahn keeps continual contacts and to be able to deliver during the summer months, a trailer with

cooling facilities to preserve the meat is used. Concerning the price, an oral agreement is decided with each store. It is essential to keep track on the “market value” on similar products out in the stores and observe if the prices go up and down believes Kjell Svahn. The stores pay a price per kilo on what they receive. Kjell Svahn perceives many advantages with an oral agreement:

- Flexibility
- Ability to deliver to others as well
- Creation of a personal relation
- An open dialog

“Of course an oral agreement makes it more unsecure and it is easier to break it, but I still prefer oral agreements” explained Kjell Svahn. Today the agreements are working well but Kjell Svahn indicated that it was hard to estimate the demanded quantity in the beginning. By keeping close and continual communication, they have now established acceptable levels.

5.3 Summary of the empirical findings

This part will summarize the empirical findings and present an overview of each farm, see table 5. It will also serve as a base for the analysis chapter.

Table 5. Short summary of the case studies/farms in Canada and Sweden

CANADIAN FARMS	Alfalfa Beekeepers	Carver’s Knife	D.A.L Meat
Business form	Private business and member of cooperative society	Limited company	Private business
Sale/turnover (2007)	-	0,5-1 million CAD	-
Amount of cattle & breed	800-900 breeding cattle, Black Angus	750-1500 cattle, mix breed	40 cattle on the ranch, in average 200 animals through their meat shop per year
Greatest added-value	Ability to direct market the cattle and thereby eliminating the risks	Taste and quality	Processed products (deli meats)
Kind of sales channels	- Specialty grocery store - Restaurant - Farmers Market	- The meat store - Smaller butcher shops	- Their retail store - Restaurant - Smaller grocery shops
Geographic (most distant customer)	In the city of Winnipeg, 20-40 miles	In the area of Winnipeg	Brandon, 80 miles
Brand created	Yes	Yes	Yes
Motives to create a brand	Get the customer to identify to their protocol, quality, and that it is locally produced	To guarantee the consumers high quality products	Recognize at first sight
Agreement tradition	Oral	Oral	Oral

	Alfalfa Beekeepers	Carver's Knife	D.A.L Meat
Success	Able to market all the grass fed beef - Produce high quality and a price that pays market firm - Producer get a premium price	-	Putting out a good product that customers will buy

	Le Bouvier Ranch	The Neuschwander's Farm
Business form	Private business	Private business
Sale/turnover (2007)	-	-
Amount of cattle & breed	Anywhere from 223 head/year or as demand requires (about 2,000 available), Black Angus	150 cattle a year, use red Angus as a base
Greatest added-value	Organic	Converting organic grain into organic beef
Kind of sales channels	- Specialty stores - Other retail or natural food stores outside the province	- Selling live animals into the United States - Selling directly to customers
Geographic (customer furthest away)	Western Canada	Winnipeg, about 100 miles from the farm
Brand created	Yes	No
Motives to create a brand	Long-term sustainability	Jarvis Meat's put their brand on it but the customers are aware of that
Agreement tradition	Oral and written up to mirror verbal agreement	Oral
Reason for leaving the "traditional beef chain"	Belief in organic practices and health	Belief in organic
Success	Success is sustainability for all parties, while enhancing the environment and treating livestock humanely	Enjoy what they do, have satisfied and repeated customers and at the same time make a profit to make everything work.

SWEDISH FARMS	Bjärhus Gårdsbutik	Ejmunds Gårdskött AB	Faringe Kött och Slakt AB
Business form	Trading company	Limited company	Limited company
Sale/turnover (2007)	2 million SEK (2007)	12 million SEK	18-20 million SEK
Amount of cattle & breed	530 animals/year (cattle, sheep and pigs)	In average 600 animals /year (the collaboration gives about 2000animals/year), mix breed of beef cattle	Slaughter capacity 2000animals/year
Greatest added-value	High quality (taste, value, tender)		Personal service
Kind of sales channels	- On Farm-shop - Public Procurement	- Retail stores - Restaurants - On Farm-shop - Farmers Market - Wholesalers & other farm shops - Public procurement - IKEA	- Grocery stores - Restaurants
Geographic (customer furthest away)	Surrounding area (in average 5miles)	Mainly Stockholm (20miles)	Local area (3-8miles)
Brand created	Yes	Yes	Yes
Motives to create a brand	To create an identity	Create and identity and home feeling	Already created, act as a guarantee
Agreement tradition	Oral	Oral and written	Oral
Reason for leaving the "traditional beef chain"	The retailers had no interest in organic and due to the customers demand Bjärhus started to sell directly to customers	To eat their own meat and always know what they receive	-
Success	To enjoy their work and feel proud, positive feedback from customers and make a satisfied result	To enjoy their business, be among the elite & give that extra thing	Satisfied growth and manage and enjoy their business

	Gunnarsbergs Gård	Svangsgård
Business form	Private business	Private business
Sale/turnover (2007)	-	-1,5 million SEK (estimated for 2008)
Amount of cattle & breed	About 120 cattle, Hereford Breed	About 120 steers
Greatest added-value	Organic	Organic
Kind of sales channels	- Retails stores	- Farmers on shop - Retail stores - Specialty stores
Geographic (customer furthest away)	The area of Bohuslän och Dalsland	The area of Örebro
Brand created	Yes	Yes
Motives to create a brand	Identity and facilitate for the consumer	Give a message to the consumers & connect them to the farm
Agreement tradition	Oral and written up	Oral
Reason for leaving the "traditional beef chain"	In accordance with the beliefs and values of the cooperative Kaprifolkött	To comply his dream, get a more meaningful work & know where the meat goes
Success	When consumers appreciate the product and its quality and are prepared to pay for it	Enjoy what they do

This table gave a brief introduction of the farms and their production. The perceived added value was mentioned, as well as the sales channels and geographical location. The farms' different motives to create a brand was presented and what kind of agreement tradition that is used. Finally the farms' reasons why they decided to leave the tradition beef chain and how they perceive and explain success was mentioned.

6 Analysis

The analysis relates the theory to the empirical material. This chapter starts by analyzing each farm in both Canada and Sweden. The chapter ends with a summary in order to obtain the main points and ideas and further give a base for the discussion in chapter 7.

6.1 Canada

In this subchapter, each Canadian case study is related to the theory and each farm is analyzed and divided into the marketing perspective, the brand and the sales agreements.

6.1.1 Alfalfa Beekeepers Ltd

Marketing perspective

Differentiation can be described as offering products or services that distinguish themselves from competitors (Roos *et al.*, 1998). Factors like customer service, product features and brand can be examples of factors that can make a product unique. Alfalfa Beekeepers Ltd, member of Manitoba Grass-Fed Beef differentiates itself mainly by offering a unique product with many specific features and states its product as tender meat. In this case, the meat products are a typically experience good. Therefore actual trial is needed in order to judge use, stability and quality (Keller, 1998).

Value grounds are a concept that is connected to the product regardless of what the consumer might think. Value-added products can be products produced locally, regionally or in small scale, it can be organic products but also product features that characterize the food production like animal welfare, safe food and environmental concern (Gullstrand & Hammarlund, 2007). In this case, Manitoba Grass-Fed Beef has decided to profile and highlight added value related to the actual product (tender and fresh meat since it is hanged 14-24days), health (contains Omega-3 and CLA Fatty Acids) and production method (they do not allow antibiotics, growth hormones and the cattle can not be grown up in a feedlot).

It is common that small-scale agricultural producers find it impossible to compete with the large producers in supplying large-scale grocers and supermarkets. The easiest way for a small producer is to sell directly to customer (Jervell, 2003). This is in accordance with what Alfalfa Beekeepers felt and decided to supply smaller specialty stores and to sell the products at the Farmers Market. There are some reasons why small firms decide to sell directly to customers (www, Bondensegna, 2008a). To gain the full price, get an enhanced network and knowledge from other farmers (*Ibid*). The ability to discuss with the direct customer and to achieve market and business experience is also considered strong reasons (www, Bondensegna, 2008a). By meeting the direct customer, the association hopes to get a personal contact, to educate and to tell the customer about their product (pers. com., Lintott, 2008).

Branding

Manitoba Grass-Fed Beef states and hopes that customers see their brand as a guarantee that their cattle are always fed with grass and not with energy in form of starch. Assurance that a brand can act and function as a guarantee is in agreements with Melin (2006). When deciding a brand name, different options can be chosen and hence a geographical brand name can be picked (Turely & Moore, 1995). Manitoba Grass Fed-Beef wants to highlight the product's

geographic location and has put “Manitoba” on the brand and placed a map of the province to make it even clearer. This is in accordance with Turely & Moore (1995) since by using a geographical brand name, the geographic location is highlighted by using a local or regional name to provide a feeling of where the products come from. By using a geographical name it is easier to connect to the market than with a less connotative national brand.

Wong & Merrilees (2005) stated three different types of branding types; minimalist, embryonic and integrated. Manitoba Grass-Fed Beef sees branding as informal and uses few promotional tools. The marketing is done by Manitoba Beef. These features are commonly seen in the embryonic branding type (*Ibid*). To get a clearer understanding of the customer needs and to integrate branding as part of their business, Manitoba Grass Fed-Beef are going to attend farmer markets in order to be able to meet potential customers.

Sales agreements

Alfalfa Beekeepers farm is part of the association “Manitoba Grass-Fed Beef”. The reason why Jim Lintott joined this organization was to be stronger in the market, be able to pay a small premium price to the farm and have an organization handling the marketing due to the time constrain among the farmers. In order to become stronger in the market and to obtain competitive advantages are several reasons why firms decide to enter a partnership or organization (Mohr & Speakman, 1994 and Heene & Van Laere, 2003). This study indicated that the association Manitoba Grass-Fed Beef has a relational exchange with their customers. They have continual contact and transactions are merged since Manitoba Grass-Fed Beef call their customers on a monthly basis. When transactions have a long duration period and are based on a relationship, they are perceived as oral agreements and are in accordance with the relational exchange described by Gundlach & Murphy (1993).

6.1.2 Carver’s Knife

Marketing perspective

A market opportunity occurred for Calvin Vaags when he decided to skip the traditional beef chain and manage the risk with livestock production. By controlling all parts of the chain, he is guaranteeing and offering the customer a brand new product. By offering a brand new product or supply the customers with something they need or lack, market possibilities can be created (Hawkins *et al.*, 2004). Carver’s Knife offers meat products only from the province of Manitoba and the cattle have been grown, slaughtered, produced and processed within the province. The beef is also dry aged and there are a variety of products and processed products as well.

According to SJV, the additional value is plenty (SJV, 2008). The added value is the value that consumers ascribe a product and the value grounds is a concept that is connected to the product regardless of what the consumer might think. Carver’s Knife highlight and use the production method (the meat is dry aged longer than “conventional meat”) and locally produced (since the cattle is grown, produced, processed within the same area) as value-added.

Bigger retail chains have huge power, are cost-efficient and do not care for local products (pers. com., Vaags, 2008). Carver’s Knife can not deliver to these retail chains since Carver’s Knife can not guarantee a supply every week. It is common that small-scale agricultural

producers find it impossible to compete with large producers in supplying large-scale grocers and supermarkets (Jervell, 2003).

Branding

The store Carver's Knife defines the brand as a guarantee and a trustworthy signal that customers will receive above quality meat from Manitoba and this is in accordance with Melin's (2006) and Nyqvist & Wikström (2002) description and views of a brand. Carver's Knife consider the brand to be a strategic tool, as stated by Wong & Merrilees (2005). The brand was created by imagination (pers. com., Vaags, 2008) but they wanted to highlight the geographical location as well. The brand emphasizes that the products come from Manitoba and have a geographical brand name (Turely & Moore, 1995).

Carver's Knife use limited promotional tools and does not focus on marketing and brand activities. Time and financial resources prevent them from working actively with the brand. In cases when branding activities are low and brand barriers are many, a firm is described as a minimalist type, one of the branding types stated by Wong & Merrilees (2005).

Sale agreements

Carver's Knife has a personal sales method. All sales are negotiated over the phone where customers call and say what they want. As soon as Carver's Knife receives an order, delivery will usually occur on the same day or the following day. The agreement is based upon an oral exchange and can then be viewed as a relational exchange in accordance with the exchange classification (Gundlach & Murphy, 1993). The purpose of a relational exchange is to create longer-term initiatives (*Ibid*) and that is what Carver's Knife highlighted as important with the exchange.

6.1.3 D.A.L Meats

Marketing perspective

Market possibilities can be created by offering a brand new product or by supplying the customers with something they need or lack (Hawkins *et al.*, 2004). BSE hit Canada in 2003 and made it impossible for D.A.L Meat to sell any cattle to the US which resulted in a lack of meat. Because of BSE and bad prices, D.A.L Meat decided to open their own retail store in order to offer the customers a product and fulfill the customers needs and lack. D.A.L Meat offers a unique product with a high quality and tasty meat and as soon as the customers try it, they will notice the difference (pers. com., Darzell, 2008). The meat is described by Arvid Darzell of having a different taste from conventional beef. Trial is therefore necessary before it is possible to judge quality and taste. Keller (2008) explained "experience goods" as a commodity that can not be easily evaluated by viewing it, therefore trial is vital, as seen in D.A.L Meat. D.A.L Meat also sells and offers a large quantity of processed products.

According to SJV, the additional value is massive (SJV, 2008). The classical 4Ps are seen as value grounds for added value. The processing stage, market channel, politics, production method, ethical value, aesthetic value and health added-value are also seen as additional value (pers. com., Mark-Herbert, 2008). D.A.L Meat highlights and uses the processing stage (meat butchered by themselves and highly processed products), the product (a quality and taste meat since it is hanged) and personal service as added value.

Farmers Market is one sale channel where the producer sells directly to customers. This is beneficial for small-scale food producers since they normally have limited resources and rarely have the possibility to supply an even quantity and quality. Selling directly to customers makes it easier for the consumer to try and taste the product (Tippins *et al.*, 2002). D.A.L Meat started selling their products at the Farmers market in order to meet potential customers and to let them try the product.

It is hard for a small-scale producer to get access to the bigger retail store since a small-scale can not compete and supply the quantity on a regular basis (Jervell, 2003). D.A.L Meat realized this and therefore they do not aim at the bigger stores. Instead, the main channels are smaller grocery stores, restaurant and their own retail store.

Branding

D.A.L Meat decided to create an own brand after visiting a brand conference. The lecturer in this conference talked about the importance of a brand. The farm knew that they wanted to have a brand name connected to the actual family and decided to use the family name, D.A.L. A person-based brand name symbolizes the owner, a person or family. A firm introduces it because they would like to associate a brand directly with a farm, which gives a personal touch (Turely & Moore, 1995).

When a brand acts as an information source, it will be a trustworthy signal if the brand meets the customers' expectations (Nyqvist & Wikström, 2002). A brand functions as an information source and a guarantee, as stated by Melin (2006). This is how D.A.L Meat hopes that the consumers perceive the D.A.L brand. In case customers' expectations are not met during several occasions, consumers might switch to another brand and lose their loyalty for the brand. D.A.L Meat is aware of this problem and if customers complain or do not like the meat, D.A.L Meat takes the meat back and replaces it.

D.A.L meat sees branding as something necessary but branding activities is not integrated in their business and could therefore be seen as a embryonic type according to Wong & Merrilees (2005). They use a few promotional tools, like having signs posted on the highway leading into Baldur advertising DAL Meats and they also got business cards and a web site

Sale agreements

D.A.L Meat's agreements are only based on relations and there is no written/transactional exchange. The purpose of the agreements is to create long term plans with a long duration time which is valid until one of the parties end the relation. This is how Gundlach & Murphy (1993) describes the relationship exchange. At the moment, Arvid Darzell is satisfied with his agreements and trusts his customers (*Ibid*). In a relational exchange, trust is stated to be the most essential trait (Heene & Van Laere, 2003 & Simcic Bronn, 2007). Arvid Darzell pointed out "trust" as being very vital and that customers need to be competent and do what they have agreed upon. Arvid Darzell mentioned that occasionally, he had to put pressure on some of the customers since they were late on their bills but Arvid Darzell still trust them. Heene & Van Laere (2003) mentioned that SME:s has to take care and pay attention to the embedded relationship in order to survive. This is something D.A.L Meat has realized and takes care of the relationship by calling the customers every week in order to get to know them. With a relational exchange it may be easier to build trust, make faster decisions and make a relation more personal (Heene & Van Laere, 2003). This is something that is prominent and viewed in D.A.L Meat.

6.1.4 Le Bouvier Ranch

Marketing perspective

There is a demand for organic and Canadian beef (pers. com., Bouvier, 2008). The association Organic Ranchers offers a new product that created an opportunity for both the consumer and the organic beef producers. The reason why firms decide to introduce a new product is because the customers demand it or because there is lack of something and they offer something unique (Hawkins *et al.*, 2004 & Ross *et al.*, 1998). Organic Ranchers offers the customers 100 % Canadian beef that is certified.

Livsmedelsekonomiska Institutet (SLI) defined value-added as “features in the commodities that can create additional value when sold at a higher price in the market. To be able to actualize this value the consumers have to be willing to pay for the more expensive goods” (SJV, 2008, 5). Value-added for a consumer is the value they ascribe to the product. Organic Ranchers highlights the following as added value; production method (certified organic), clean and distinct taste, processing method (no water is added and the meat is aged to perfection by using a method of both wet and dry ageing) and the package (single severing portions that make it easier for the consumer to just take out one at the time from the freezer).

“Place” is how the producer made the product or service available in the market and signifies the location where customers can find the product (Hawkins *et al.*, 2004). According to Jervell (2003), small-scale producers usually sell their products locally and directly to the consumers. Organic Ranchers follow this statement and sell the meat to two local specialty stores. The rest of the meat is sold to other smaller food stores outside the province. Reasons for this is because Organic Ranchers has found no marketing opportunities in this province and reasons for a firm to introduce a new product is because the customers demand it or there is lack of something (Hawkins *et al.*, 2004).

It is essential to create a distinct and valued place in the target customer’s mind (Keller, 2008). Organic Ranchers positioned themselves by using a certain attribute. Organic Ranchers guarantee that they have 100 % Canadian and organic beef. When a certain attribute or feature is highlighted, it is described as an attribute positioning (Kotler, 2002, 78-79). It can be a challenge to show this to the consumer (*Ibid*) but since Organic Ranchers is certified, this will help to notify the consumer.

Branding

The brand Organic Ranchers is owned by Helene Bouvier and approximately 30 organic producers are connected to this brand. This brand has a descriptive name, where organic is the main benefit and the countryside is highlighted, as well as by using cowboy hat. A descriptive brand name is used when a key aspect or benefit is emphasized (Turely & Moore, 1995). Organic Ranchers hopes that the brand is seen as an essential tool and an information source and guarantee that the meat comes from Canadian farmers and that it is organic. Melin (2006) and Nyqvist & Wikström (2002) emphasize that a brand can function as a source of information and guarantee for the consumer that the brand should be seen as a strategic tool, something Organic Ranchers have realized. Even if Organic Ranchers realized this, the marketing costs are too high and therefore limited promotional branding tools have been used.

Organic Ranchers put little effort on increasing brand awareness and branding has so far had a limited role. This is common in SME (Wong & Merrileis, 2005). Organic Ranchers have not

been able to create a distinct brand and been able to deliver a unique brand in the minds of customers. In this case, the branding used by Organic Ranchers can be described as being something between the minimalist and embryonic type (Wong & Merrileis, 2005).

Sale agreements

The organization and the brand Organic Ranchers are creating working relationships with small firms, like the Le Bouvier Ranch (pers. com., Bouvier, 2008). Opportunism can easily occur, for example when one party acts in behalf of the other party by receiving all benefits by withholding information (Cook et al., n.d.). To decrease the chances of opportunism and to ensure that all parties understand what they have agreed upon, agreements are decided verbally, and then written in order to reflect verbal agreement. A written contract is not always complete (Slangen & Loucks, 2007) and Heene & Van Laere (2003) mentioned that a relationship exchange should supplement a formal exchange. Organic Ranchers have a mix of both formal and relational exchange and mentioned that trust is essential in all kinds of agreements and that it is developed over time. The purpose of the exchange and agreement is to connect and socialize small organic farmers and to let the small-scale farmers receive a price premium. In this case, the purpose of the agreement is social and economic elements and could then be classified into the contractual exchange, described by Gundlach & Murphy (1993).

6.1.5 Neuschwander's Farm

Marketing perspective

The product can be described as “the market offer” and features of the product would, for example be packaging, quality and other services, like brand name and warranty (Hawkins *et al.*, 2004). The Neuschwander's Farm offers a quality meat that is fairly lean with some marble without containing growth hormones and medication.

Gullstrand & Hammarlund (2007) explained value-added as products with certain features and value-added can be products produced local, regional or small-scale or organic products but also product features that characterize the food production like animal welfare, safe food and environmental concern. The added value is the value the consumer ascribes a product and the value grounds is a concept that is connected to the product regardless of what the consumer might think. The value grounds for the Neuschwander Farm is production method (certified organic), locally produced, lean and fresh (since the meat is hanged for 10-18days and let it age and tenderize naturally), service (continual and personal contact), healthy (containing no growth hormones or) and the package (meat cut into individual packages).

According to Jervell (2003), small-scale producers usually sell their products locally and directly to the consumers. By selling it directly, it permits the producer to gain the full price. This is in accordance with the Neuschwander that decided to sell directly to customer. When selling it directly it is hard to know if the target consumers are willing to pay the higher price and if so, if they do it on a regular basis. To reduce the risk it can be a good idea to establish and use different market channels (*Ibid*). The risk is reduced by selling live animals to the US as well (pers. com., Neuschwander, 2008).

Branding

The farm delivers their meat to a local slaughterhouse that puts their brand on it. The farm has managed to build and deliver something unique to the customers. The Neuschwander Farm knows that their customers are aware of the organic production and that the livestock are grown up in a stress free and clean environment. When meeting the customers, the farm highlights that the meat is locally produced, branded by the local slaughterhouse Jarvell's Meat and that the customers are supporting an organic family farm from Manitoba. By doing this, the brand will still serve as a source of information, where the customers know what the brand stands for, even if the brand does not clarify the name of the Neuschwander Farm. The brand states the quality and the price, which is considered being essential information for a consumer (Melin, 2006). Since the farm does not have an own brand, it makes it hard to distinguish and classify Neuschwander into any of the branding types (Wong & Merrilees, 2005). All marketing is based upon word of mouth and that is how the awareness about the farm and the product is increased. If small-scale producers consider growing and expanding their business, the importance of the brand grows since it gets harder to communicate the message (pers. com., Mark-Herbert, 2008). The Neuschwander Farm has no intention of growing and selling their meat to specialized distributors and therefore the importance of a brand is not so essential.

Sales agreements

A relational exchange is characterized by a long and extended time period, where the social aspects are one of the purposes of the exchange Gundlach & Murphy (1993). The Neuschwander's contact their customers in May each year and follow up with personal meetings during the months of delivery, July to October. The most essential for the Neuschwander Farm is to actually meet the customers on a personal level and to receive a first hand information about their products' quality. This indicates that social aspects play a vital role for the Neuschwander's and could be explained as a relational exchange (*Ibid*).

The Neuschwander Farm state that relational agreements give them more flexibility and that they feel no need for written contracts. They trust their customers and they support each other. Relational agreements may lead to flexibility as well as to uncertainty (Mark-Herbert & Lagerberg-Fogelberg, 2007). Heene & Van Laere (2003) implied that an exchange/embedded relationship is necessary and a good complement to a more formal and transactional exchange. The Neuschwander Farm stated that they have no reason to agree upon a formal contract since their business is small enough and specialized. Their relationship is built on trust, which is one of the essential traits in a successful relationship (Simcic Bronn, 2007).

6.2 Sweden

In this subchapter, each Swedish case study is related to the theory and each farm is analyzed and divided into the marketing perspective, the brand and the sales agreements.

6.2.1 Bjärhus Gårdsbutik

Marketing perspective

In the initial phase, the retail stores had no interest in organic products but customers demanded organic products (pers. com., Hansson, 2008). When there is a need, a product/concept or service has to be offered (Hawkins *et al.*, 2004). To fulfil and satisfy the customers' need, Bjärhus decided to produce and sell their products directly to customer by

offering unique products that can only be found in the Bjärhus farm shop. Differentiation can be based on factors like customer service and features of the product (Ross *et al.*, 1998). Bjärhus Gårdsbutik is clearly distinguished by focusing on service and by always helping the customer. If Bjärhus is out of a specific meat detail, they help and suggest other meats part instead as well as cooking tips. Bjärhus Gårdsbutik further process the meat and make their own sausages.

Value-added for a consumer is the value they ascribe to the product and Schine (2003) states that many small-scale producers do not sell “food”. They actually sell an experience and work with the different bases that create additional value. Bjärhus works with the additional value and highlights, market channels (selling directly to customers make it possible to get feedback by next repurchase), locally produced, processing stage (Bjärhus process the meat further and the meat is always fresh), health benefits (limited use of aroma subjects and no allowance of hormones) and KRAV certified. Bjärhus Gårdsbutik helps the customer to get a positive feeling when visiting the store. In small-scale production, producers often process the products themselves and produce the raw material, store, process, pack, distribute and market it (Jervell, 2003). This is what Bjärhus does, except for the slaughtering part.

Small-scale producers usually sell their products locally and directly to the consumers and this allows them to gain the full price and to get a close and relational contact with the customer (Jervell, 2003). Bjärhus sell most of their meat through their own farm shop and by doing so, they can gain the full price and keep the active communication with the customers. When selling to retail stores the active communication will most likely disappear (pers. com., Hansson, 2008).

Branding

A brand name can actually help the customer remember the product and facilitate the decision-making process (Turely & Moore, 1995). Bjärhus Gårdsbutik wanted to use the farm name. The motives for introducing a brand were to create an identity. Bjärhus Gårdsbutik uses a wind wane. With this brand they want to show something unique, that all roads lead here and that the farm-shop always has different things and are constantly changing, like the wind. This brand can be described as an associative brand name. An associate brand name is used when something unique is illustrated and distinguished from competitors (Turely & Moore, 1995). It can be rather hard to establish an associative brand name in the mind of the consumers and a huge quantity of promotion is needed in order to implement this strategy.

Bjärhus Gårdsbutik uses almost no marketing at all. Bjärhus Gårdsbutik sees branding as very informal and uses few promotional tools. The chosen brand can be described and placed between the minimalist and embryonic branding type (Wong & Merrilees, 2005). Working with branding activities is not the most essential issue for Bjärhus. Limited time and financial resources are described as explanation factors for why SMEs has less focus on branding activities (Heene & Van Laere, 2003). Instead, the relation and the direct contact with the customers are more essential. If Bjärhus fulfil the customers’ need and associate the store with something unique, the brand awareness will most likely increase. Bjärhus Gårdsbutik also attends smaller events in order to increase the awareness.

Sale agreements

Bjärhus Gårdsbutik collaborates with two nearby farmers and receives more meat and they are therefore able to produce and provide the right quantity and offer a greater product assortment. Collaborating with other firms and farmers may be a very successful strategy

(Heene & Van Laere, 2003) and by forming a partnership and starting a collaboration, the firms may be able to provide a greater variety of products (Mohr & Speakman, 1994).

Most of their customers are direct customers that buy from the farm-shop but Bjärhus Gårdsbutik has also oral agreement with two customers in the public procurement. These agreements are based on relational exchange and not on transactional exchange, where economic factors are the most essential issues (Gundlach & Murphy, 1993). Bjärhus Gårdsbutik definitely employ a relational exchange, since the social factors like continuously contact and personal meeting are seen as vital.

6.2.2 Ejmunds Gård

Marketing perspective

According to SJV, the additional value is abundant and the value grounds is a concept that is connected to the product regardless of what the consumer might think (SJV, 2008 & pers. com., Mark-Herbert, 2008). Products with value-added, described as products with certain features, can be products produced locally, regionally or in small scale. They can also be organic products but also product features that characterize the food production like animal welfare, safe food and environmental concern (Gullstrand & Hammarlund, 2007). Ejmunds Gård emphasizes and uses the production method (free range cattle, animals of certified origin, quality assured production), the product (a delicious and marbled meat, including no soya, gluten or lactose and a variety of products), ethical value (the animals are lovingly cared for and their slogan “if the animals are happy the farmer are happy too” reflects their operation) and locally produced as value grounds.

Jervell (2003) stated that usually small-scale producer sell directly to customers and is the easiest way to initiate a sale. This was not what Ejmunds Gård considered and they started selling their products to a big retail store and not directly to customers. Ejmunds Gård uses a wholesaler that handles the packing and distribution. Ejmunds Gård has several sales channels, like its own farm shop, wholesalers, restaurants and retailers.

Factors like customer service, features of the product and brand can be examples of factors that can make a product unique. A combination of different factors may help to create a unique product and contribute to a successful differentiation (Ross *et al.*, 1998). Ejmunds Gård has examples that differentiate it from others. They offer a meat without the use of gluten, soya and do not produce pork meat.

Branding

The brand is an important aspect and the name Ejmunds Gård has been in the family since 1860 (pers. com., Norman, 2008). For a consumer, a brand can act as a source of information, a guarantee and a time saver and for the producer, a brand can carry an identity (Melin, 2006). This is in accordance with what Ejmunds states, that its brand is created to act as an identity and communication tool for the customer. The brand tells a story and represents the family behind the product (pers. com., Norman, 2008).

The brand name is a typical geographical brand name, since the name has a local or regional touch that creates a home feeling that indicates that they are the customers’ neighbours and not complete strangers (Turley & Moore, 1995). Turley and Moore (1995) said that using a geographical brand name can be limited, making it harder for firms that would like to expand

to other areas. In this case, it actually is the other way around for Ejmunds and the use of a geographical brand would definitely not be seen as a limitation. Ejmunds highlight the geographical name; Gotland. Since Gotland is visited by plenty of tourists each summer, many tourists associate the island with first-class food, holiday and sun and therefore the geographical brand name will create a base signal for customers' previous experiences. In these cases the brand will most likely facilitate future purchases if the product fulfilled the customers' needs (Melin, 2006).

Ejmunds Gård has several sales channels and direct sale accounts for a really small part. The further the producer gets from the farm level, the harder it becomes to communicate the message (pers. com., Mark-Herbert, 2008). A brand can be helpful in order to be able to communicate the message. Ejmunds Gård demonstrates and participates in store demonstrations once in a while to create and inform the direct customers in the retail store.

Ejmunds Farm is aware of branding activities and these activities are prominent. To increase the awareness of the farm, a sign is put up on the road (the farm is located in a tourist and well visited area). Further, once in a while, the farm demonstrates their products in the stores and Ejmunds keeps a good and personal relation with their customers who are aware of the farm's production, value and brand. In this case, the stores and restaurants intermediate the story and act as ambassadors. Ambassadors can be pretty helpful for generating brand awareness and grab attention. These ambassadors can help the brand to reach through the huge market and communicate the key benefits of the products as well (Keller, 2008).

Also, in conjunction to the meat, information flyers about the farm, family, production, and contact information are placed to further increase the awareness about the brand. Each product carries the brand where a background picture of the farm and the farm's slogan and phone number are placed. Most of the restaurants that carry meat from Ejmunds present the farm on their menu and therefore a secure delivery is very essential. All this indicates that Ejmunds use a wide set of promotional tools and seem to have an obvious understanding of the customers and strong brand distinctiveness. These features are prominent in the integrated branding type (Wong & Merrilees, 2005).

Sales agreements

Ejmunds Gård is part of different networks and participates in a few collaborations with, for example, their neighbours. By joining networks, the farms can help each other and exchange knowledge (pers. com., Norman, 2008). This is in accordance with what Mohr & Speakman (1994) said, that collaboration can help the firm to achieve competitive advantage since relationships are tough to replace, hard to copy and precious. It can also help the firm to receive benefits, like being able to access information away from the firm's own limits, provide a greater variety of products and services and being able to access new markets and sharing the risk. By collaborating and forming a partnership with their neighbour, the farm always has the right amount of cattle and can therefore provide a greater range of products.

Opportunism, meaning that one party act in behalf of the other party to receive all benefits by withholding information may occur (Cook et al., n.d.). To decrease the chances of opportunism and to ensure that all parties understand what they have agreed upon, Ejmunds sales agreements are based upon a more contractual and transactional exchange rather than a relational agreement. In a transactional exchange the obligations and requirements are distinct and time horizon tends to have a clear start and end. Ejmunds could not be placed into a transactional exchange, more in between in the contractual agreement. Therefore the burdens

and benefits are not too specific and both social and economic factors matter and Ekmund's could be in accordance with a contractual form of exchange.

6.2.3 Faringe Kött och Slakt AB

Marketing perspective

Today, it is essential to be different and to be distinguished from competitors. Customer service, features of the product and brand are examples of factors that can make a product unique (Ross *et al.*, 1998). Faringe Kött och Slakt AB position a certain advantage and highlight that the meat has high quality due to better environmental quality. Advantage position is used when the product has a certain advantage (Kotler, 2002).

Customers perceive a product not only as a commodity. They appreciate the products added value (SVJ, 2008). Why consumers choose these products, can be due to better quality or due to the great craft behind the product (*Ibid*). Faringe Kött och Slakt AB use local and quality meat, personal service and good environmental quality as value grounds.

It is common that small-scale agricultural producers find it impossible to compete with the large producers in supplying large-scale grocers and supermarkets (Jervell, 2003). In this case, Faringe Kött och Slakt AB sells only to bigger retail stores and by selling to a few restaurants, indirect marketing can be used to the end-consumer as well. Indirect marketing is when the raw material, producer's name or farm is presented on the menu (pers. com., Mark-Herbert, 2008). None of the restaurants advertise that the meat origins from Faringe Kött och Slakt AB.

Branding

The brand was created in 1992 and Faringe Kött och Slakt AB can be seen as a typical minimalist branding type since no branding activities are done and Faringe has limited brand distinctiveness and a low stage of brand orientation (Wong & Merrilees, 2005). To increase the brand awareness, Faringe works with quality, good service and conduct their obligations. By doing so, they hope their good reputation reaches out to other customers. All their marketing is based upon word of mouth.

The brand is essential and it has different functions for a customer (pers. com., Stenström, 2008). Faringe Kött och Slakt AB hopes that the customer sees their brand as a source of information and a guarantee that the product is a high quality meat and that it is locally produced, in accordance with the functions discussed by Melin (2006).

The brand name signifies that the meat comes from a certain area and Faringe Kött och Slakt AB wanted to create a feeling of closeness and to show the origin of where the meat comes from. Faringe Kött och Slakt AB chose a geographical name and that is typically used when a firm would like to create a feeling of "home" or to indicate that they are the customers' neighbours and not someone from out of town (Turely & Moore, 1995). Consumers that prefer local businesses and have a strong connection to a certain area may prefer and get influenced by a local geographical name.

Sales agreements

A transactional exchange can be viewed as a written contract, where the obligations and the benefits and burdens are very distinct. The purpose for this kind of exchange is only economic (Gundlach & Murphy, 1993). If Faringe were able to secure a delivery each week, they might consider a transactional exchange since it would imply greater security. At the moment, Faringe have only relational exchanges. Their agreements are valid during an extended time period since their agreements continue to be accurate as long as both parties follow the obligations and requirements. The time horizon is normally extended in relational exchange (*Ibid*).

Lars-Henrik Stenström highlighted that everything in this business is about trust, mutual confidence and creating relations with the customers. In a successful relationship, Bonn-Simic (2007) mentioned trust as one of the four indicators that summarize a successful relationship and a way of reducing the chances of failure. Trust is all about how the parties are confident in each other and are willing to open up (*Ibid*) and that is exactly what Faringe Kött and Slakt AB works with and considers being essential.

6.2.4 Gunnarsbergs Gård

Marketing perspective

Value grounds are a concept that is connected to the product regardless of what the consumer might think (SJV, 2008 ; pers. com., Mark-Herbert, 2008). Products with value-added, described as products with certain features, can be products produced locally, regionally or in small scale. Organic products but also product features that characterize the food production like animal welfare, safe food and environmental concern are considered value-grounds (Gullstrand & Hammarlund, 2007). Gunnarsbergs Gård is, as previously mentioned, part of the cooperative Kaprifolkött and therefore both the farm and the cooperative have the same perception about the added value for the products. The farm consider their value grounds to be connected to the production method (KRAV certified and since the cooperative has their own shape and fat class only the meat that fulfils these requirements get labelled with the brand of Kaprifol), processing stage (that the meat is hanged in order to get the best flavour) and produced locally.

In most cases, small-scale producers find it impossible to compete with large producers in supplying large-scale grocers and supermarkets (Jervell, 2003). In this case, Gunnarbergs sell their animals through the cooperative and the cooperative handles the marketing and the contact with the retail stores (Coop). Since the cooperative has many members, the cooperative has the quantity and can compete with large producers. Jervell (2003) stated that it can be a good way of using several market channels in order to reduce the risk but Gunnarsbergs only sell through the cooperative and no other market channels are used.

Branding

The brand is an important aspect in the cooperative of Kaprifolkött. All members, where Gunnarsbergs Gård is one of them, belong to the brand, which is protected by the Swedish Patent and Registration Office. A brand should include flexibility, distinctiveness, memorability and relevance (Turely & Moore, 1995). This brand presents the state flower (honeysuckle) of Bohuslän and would be memorable for the people in that area and relevant as well. The brand illustrates something essential and mentions that it is organic and certified in accordance with KRAV. It is also clarified that the meat comes from the province of

Bohuslän and Dalsland. This brand can then be seen as a typical descriptive brand, since the brand name illustrates an essential aspect or key benefit and the name holds vital information (Turely & Moore, 1995).

The brand of Kaprifolkött promises and guarantees that only the highest quality meat gets labelled with the brand. The cooperative has its own classification and it is only the young animals that follow the norms with right weight and fat that get branded with Kaprifolkött. Most customers that try the product for the first time like it and during the next purchase the brand will make it easier for customers to find and recognize Kaprifolkött (pers. com., Sjösten, 2008). In this case the brand will work as a guarantee, a time saver and an information source for the consumer (Melin, 2006). Since Gunnarsbergs products are available only in food retail stores, the brand is very essential. The further the producer gets from the farm level, the harder it becomes to communicate the message (pers. com., Mark-Herbert, 2008). To be able to communicate the message, ambassadors can be pretty helpful in generating brand awareness and by grabbing attention. These ambassadors can help the brand to reach through the huge market and help communicate the key benefits of the products as well (Keller, 2008) and in Kaprifolkött, the retail stores work as ambassadors. The stores need to have great knowledge about Kaprifol meat and their production and if a store does not manage these requirements they are not getting any meat from Kaprifolkött (pers. com., Sjösten, 2008).

The cooperative handles the branding activities and these activities are prominent and the brand is not seen as optional, it is rather seen as a part of their business. Many of the farms and members of Kaprifolkött are located in a tourist and well visited area. To clarify and highlight this, each farm has an explanatory sign to demonstrate that Kaprifolkött is produced on that particular farm and to show the brand. Further, once in a while, there is also a farmer and member of Kaprifolkött in the stores. The visiting farmer speaks about the production and gives the customers a chance to try the product. Also, all stores carry an information brochure about Kaprifolkött that is placed right next to the meat. All this indicates that Kaprifolkött is using a wide set of promotional tools and seems to have an obvious understanding of the customers and strong brand distinctiveness. These features are prominent in the integrated branding type (Wong & Merrilees, 2005).

Sales agreements

Gunnarsbergs Gård is a member of the cooperative Kaprifolkött. Mohr & Speakman (1994) said that by entering a partnership and a relation, firms can achieve competitive advantage since relationships are tough to replace, hard to copy and precious. A firm can also receive benefits like being able to access information away from the firm's own limits, provide a greater variety of products and services, be able to access new markets and share the risk (Mohr & Speakman, 1994 ; Heene & Van Laere, 2003). Gunnarsbergs Gård highlighted that reasons for joining the cooperative was to be able to be a stronger business partner. A big organization like this always has quantity all year around and Gunnarsbergs could reach new markets that would not be possible without the partnership.

A cooperative is the most common business form when several agricultural firms are included (Nilsson & Björklund, 2003). A cooperative is favourable since it contains features such as equal and democratic treatment, education, a guarantee market and social identification (*Ibid*). Gunnarsberg's had the same ideas as Kaprifolkött and the members receive education and lectures are organized now and then.

Kaprifolkött as a cooperative has agreements with CILAB (Coop Inköp Logistik AB). The agreement regulates each party's commitment. In a contractual exchange the time horizon is longer and benefits and burdens are tradeoffs (Gundlach & Murphy, 1993). The purpose of the exchange is both social and economic. In this case, Kaprifolkött is between a transactional and relational exchange since the exchange is neither short nor extended. The benefits and burdens are not distinct nor blur, like in the relational exchange. The agreement is more based on compromises and trade-offs since the exchange includes no distinct obligations like specific details and request (for example amount of animals or delivery time).

6.2.5 Svansgård

Marketing perspective

The classical 4Ps are seen as value grounds for added value but also the processing stage, market channel, politics, production method, ethical value, aesthetic value and health added-value are seen as value grounds (pers. com., Mark-Herbert, 2008). Svansgård highlights and uses the production method (KRAV certified which means animals grow slower, been outside as long as possible, organic feed), the product (a consistent product since only steers are used and the meat is hanged to give a more marbled meat) and locally produced (shorter transport for the animals and good for the environment) as value grounds.

A small-scale producer usually has limited time and resources. It is essential to consider where to sell, on a local, regional or national market and which market channels to use. A challenge when selling it directly is that it is hard to know if the customers are willing to pay the higher price on a regular basis (Jervell, 2003). To reduce the risk, it can be a good idea to establish and use different market channels. Svansgård uses different market channels in order to reduce the risk and sell to both specialty stores and retail stores for reaching a wider range of customers.

Branding

A brand can have many essential functions for a consumer and Melin (2006) mentioned that a brand might act as a source of information, a guarantee and a catalyst. Svansgård wanted to become well known among the direct consumer and by having a brandname, Svansgård hopes that it will work as a source of information. Melin (2006) said that a brand might help the consumers to orient themselves in the market and as soon as the consumer has chosen a product the brand will facilitate the next repurchase (be a time and cost saver) and distinguish itself from other brands. Kjell Svahn implied that this brand could be different from other bigger meat brands and be a cost and time saver.

A descriptive brand may be used when a key aspect or a benefit would like to be highlighted (Turely & Moore, 1995). Svansgård has a typical descriptive brand since the brand highlights the following key aspect as organic, locally produced and going from calf to steer. At the bottom of the brand, also some geographic information is used where the actual farm is mentioned.

The meat products are available both in farm-shops, specialty stores and retail stores. The further the producer gets from the farm level the importance of the brand increases since the amount of customer increases and it gets harder to communicate the message with the product (pers. com., Mark-Herbert, 2008). In this case the brand is less essential in the farm-shop than in the retail stores. Wong & Merrilees (2005) described and classified SME into the following

branding types; minimalist, embryonic and integrated type. The minimalist type uses few branding activities and has limited brand distinctiveness. In the embryonic type the firm's marketing and branding activities are more prominent and a greater part of their business. Brand orientation is still constrained (*Ibid*). Svansgård can be described as something between the minimalist and embryonic type since branding activities is not the most prominent and it has a low stage of brand orientation. This concept and brand were started about one year ago and therefore brand barriers like limited time and financial resources have been seen as limitations for Svansgård. At the moment, information brochures containing a picture on Kjell Svahn and information about the farm are placed right next to the meat. These brochures are a kind of brand strategy and hopefully these brochures can help to increase the awareness about the product, the brand and make the customer feel a connection to the farm.

Sales agreements

A relational exchange is characterized by blur benefits and burdens, the transactions are often merged, a long duration period and the purpose of this type is to get both the social and economic elements and create long term initiatives (Gundlach & Murphy, 1993). These features are obvious in Svansgård. This study indicated that all agreements in Svansgård are based upon relations and oral temporary agreements. Kjell Svahn calls the purchase manager at the meat department and agrees on delivery time, quantity and price. By having a relational exchange, it creates an open dialog and a personal contact where both social and economic factors matter.

Kjell Svahn is part of a cooperative society called "Bondens Egen Butik" that was started in the turn of the year 2007/2008 (pers. com., Svahn, 2008). Kjell Svahn received benefits like getting access to a larger market, using the common sale channels and having his products in the store. These characteristics and advantages may be the reason why firms decide to enter into an organization or a partnership (Mohr & Speakman, 1994 & Heene & Van Laere, 2003). In the fall of 2008, the cooperatives goal is to open a "commodity bus". This "commodity bus" will contain products from the members and the cooperative drive to the customers where they can get on the bus and buy local products all year round. This demonstrated that this type of collaboration can be a very successful strategy (Heene & Van Laere, 2003).

6.3 Summary of the analysis

This part presents a summary of the main points that occurred in the case studies and aims to give a base for the discussion in chapter 7.

6.3.1 Marketing perspective

Gullstrand & Hammarlund (2007) explained value-added products as being products with certain features. Value-added can be products produced locally, regionally or in small scale or organic products but also product features. This study clearly indicated that these small-scale producers work with the different value grounds. They offer a product with all the basic needs but also other experiences and values as well. The following table 6 summarize the value-added that was highlighted and mentioned in each farm.

Table 6. Summary of the value grounds among the case studies

	Quality & taste	Locally produced	Nature & env.	Organic	Security	Animal welfare	Healthy	Pro-cessing	Service
Canada									
Alfalfa Beekeepers	X	X	X			X			
Carver's Knife		X						X	X
D.A.L Meats	X					X		X	X
Le Bouvier Ranch	X			X		X		X	
Neuschwander's	X	X		X			X	X	X
Sweden									
Bjärhus Gårdsbutik	X	X		X				X	X
Ejmunds Gård	X	X	X		X	X		X	
Faringe Kött & Slakt AB	X	X							X
Gunnarsbergs Gård	X	X	X	X		X			
Svangård	X	X	X	X				X	

The empirical study revealed that the farms pointed out quality and taste, produced locally and the processing stage as the most essential value grounds. Keller (1998) said that goods can be divided into experience and credence goods and almost all farms pointed out quality and taste as one value ground. Therefore the meat is typically an experience commodity that the customers need to try before they actually know if they prefer it or not.

As mentioned above, a small-scale producer usually has limited time and resources and therefore it is essential to consider where to sell, on a local, regional or national market and which market channels to use. By selling it directly, it permits the producer to gain the full price. The following table 7 summarizes the sales channels, where the Canadian and Swedish case studies have decided to sell their products.

Table 7. Summary of the case studies

	Direct sale 1. Farm shop 2. Farmers Market 3. Personal	Specialty/ niche stores	Through the cooperative	Restaurants	Other	Retail store	Accounts for biggest sale
Canada							
Alfalfa	2	X		X			Direct sale
Carver's Knife	3	X					Direct sale
D.A.L Meat	3	X		X			-
Le Bouvier Ranch	3	X					-
Neuschwander	3				X		Selling live animals
Sweden							
Bjärhus Gårdsbutik	1 & 3				X		Direct sale
Ejmunds Gård	1					X	Retail
Faringe Kött & Slakt AB				X		X	Retail
Gunnarsbergs Gård			X			X	Retail
Svangård	2	X	X			X	Retail

According to Jervell (2003), small-scale producers usually sell their products locally and directly to the consumers. The summary table clearly indicated what Jervell stated and this is the case among the case studies. Reasons why small-scale agricultural producers decide to sell their products directly is that they find it impossible to compete with the large producers in supplying large-scale grocers and supermarkets (Jervell, 2003).

6.3.2 Branding

To distinguish commodities from one producer to another can be done through branding (Keller, 2008) and this is exactly what most of the case studies decided to do. The case studies clearly indicated that the different farms believed and hope that the customers see their brand as a guarantee and as a source of information. From the producer's perspective a brand works as carrying an identity and where the geographical and historical backgrounds are often mentioned (Melin, 2006). A brand can also be a competitive advantage. Most of the cases wanted to create an identity and the case studies highlighted that by creating an own brand, this would lead to competitive advantage and differentiation to other products and brand products.

The actual brand name is essential and Turely & Moore (1995, 44) described five different types of brand name classifications. Among the case studies, a *descriptive brand name* and a *geographical brand name* were the most used ones. A geographical brand name is often used when a home feeling is conveyed and to create a connection to customers (Turely & Moore,

1995). For the case studies, this was clearly the reason and they saw no disadvantages with a geographical name. Consumers that care for local businesses and have a strong connection to a certain area may prefer and get influenced by a local geographical name (*Ibid*). The majority of the case studies used a combination of a descriptive and geographical brand name. A descriptive name is illustrating an essential aspect or key benefit and the name hold vital information.

Figure 15 illustrates three types of branding strategies or archetypes in SMEs, The majority used by the case studies is marked in bold. The study indicates that the majority of the case studies are an embryonic branding type since the case studies are aware of their brand but no active work is done to increase the awareness. Wong & Merrilees (2005) mentioned that this type of enterprise uses few *promotional tools* and state the importance of *word of mouth*. This is exactly what was prominent in almost all cases.

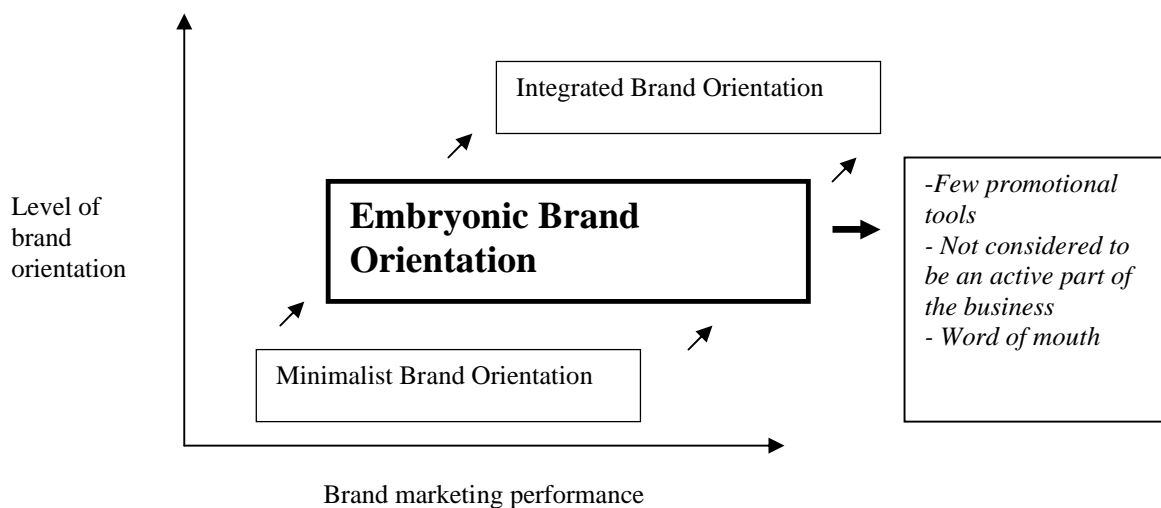


Figure 15. Three branding strategies found in SMEs (Wong & Merrilees, 2005, 158, modified).

The importance of a brand grows when the producer is further away from having direct contact with the customers (pers. com., Mark-Herbert, 2008). This can be viewed in figure 16. The empirical study revealed that the Canadian farms to a larger extent, sell directly to customers and specialty stores and therefore the brand is less important. By selling it directly the small-scale producers, they can more easily communicate their brand and the values (Jervell, 2003, pers. com., Mark-Herbert, 2008). If smaller producers want to expand beyond this area and the direct sale, the competition grows and makes it harder to communicate the message with a product (*Ibid*). A few of the case studies intend to move from the direct sale to the more specialized and bigger distributors and therefore the importance of the brand increases. A brand can then carry the identity and consequently make it possible and easier for the consumer to find and recognize the product, associate it with value and then buy it.



Figure 16. Demonstrates that the importance of a brand grows as the producer moves away from the farm level (pers. com., Mark-Herbert, 2008, modified).

The role and characteristics of the entrepreneur are really determined whether a small-scale firm will grow or not (Reijonen & Komppula, 2007). For producers that intend to increase their sales and aim for bigger volume, it is natural to move on to the next step and sell to specialized distributors and retailers (pers. com., Mark-Herbert, 2008). Even if growth seems to be essential, many small-scale firms have no intention of growing (Reijonen & Komppula, 2007) and the greater part of the case studies in this study had no intentions of expanding from the direct sale and in this case their brand is less vital since they are able to communicate directly with the customers.

6.3.3 Sales agreements

Exchange has always been an important concept and Gundlach & Murphy (1993) divided exchange into three types of forms; transactional, contractual and relational. These can be viewed in Table 8.

Table 8. The exchange in relation to the empirical study

Exchange elements	Forms of exchange		
	Transactional	Contractual	<i>Relational</i>
Temporal Dimensions			
Time horizon	Short	In-between	Extended
Nature of transactions	Short duration, distinct start & end	Longer; transactions linked together	Long duration & transactions merged
Situational characteristics			
Investment	Small	Moderate	Large
Purpose of exchanges	- Economic & narrow	- Social elements & economic	- Economic & social elements - Creation of long-term initiatives
Strategic emphasis	Low	Moderate	High
Outcomes			
Complexity	Simple offer-acceptance	Increasing complexity	Complex net of operational & social interdependence
Benefits & burdens	Distinct	Compromise & trade-offs	Blur Converge

The majority of the case studies have an extended time exchange with their customers and the purpose of exchange is often based upon both economic and social factors, to create long term initiatives and where no distinct obligations and needs are required. This is in accordance with the relational exchange and the relational characteristic was viewed in the majority of the case studies. An oral, direct and relational exchange is said to be essential since it can act as an incubator for innovation and new product assortment (Jervell, 2003). This was one of several reasons why the case studies prefer relational exchange.

Only two of the case studies had a mix of both a transactional and relational exchange. A more transactional exchange has a distinctive beginning and end and includes short-term and single exchange (Gundlach & Murphy, 1993). This type of agreement secures quantity, price and obligations and Ejmunds Gård was one of the case farms that had a transactional exchange. In the case of Ejmunds, they have a mix of both relational and transactional agreements and according to Heene & Van Laere (2003) a relation exchange/embedded relationship is necessary and a good complement to more formal and transactional exchange. Also, the Organic Ranchers has a mix of both since the agreement is agreed upon verbally and then written up to reflect verbal agreement (pers. com., Bouvier, 2008). In this case, the agreement is a security and a guarantee for all parts since it ensures that all parties understand what they have agreed upon. A transactional agreement will also decrease the chance of opportunism and make it more reliable.

7 Discussion

This chapter includes a discussion based on the theoretical framework, the empirical material, the information from previous chapters and studies. The structure of the discussion is grouped into the following sections: market perspective, branding and agreements. Each section aims to address the research questions in chapter one.

7.1 Marketing perspective

What are the perceived added value grounds for the product?

The discussion and importance of added value is a concept widely discussed today. Added value is the value the consumer ascribes a product and the value grounds is a concept that is connected to the product regardless of what the consumer might think (*Ibid* & pers. com., Mark-Herbert, 2008).

The empirical study clearly indicated that the small-scale producers work with value grounds. The most common value grounds seem to be the production methods, how the animals are fed and the processing method. Value grounds are also based on the product and small-scale producers highlight that it is not just any product. For the small-scale producers it is essential to sell an experience and a story behind the product. The value grounds are based upon the consumers' view as well. Consumers are getting more conscious and require food that is produced nearby, with a good taste and a high quality (www, IFAC, 2008a). This has of course implied a great chance for small-scale producers. The consumers and the producers do not mention and highlight the same added-value and this may lead to problems and contradictions. It is essential that the producers highlight the same added value that consumers demand and appreciate. Only one of the interviewed farms in the empirical part pointed out security as essential and an added value. The farm, Ejmunds Gård, highlighted quality assured beef production as one added-value. Since the quality assurance is certified and done by a revision firm, this will be a guarantee for both the consumer and customers that the meat is safe (pers. com., Norman, 2008). For many big retail stores and restaurants, quality assurance is vital and would not accept the meat if the meat was not safe.

Small-scale producers have a really hard time competing with large producers, being able to deliver the required volume (Jervell, 2003) and considering where to sell. This statement was also highlighted by Sighroth-Lambe (2008). She said that few small-scale farms sell to retailers; instead most of it ends up in luxury restaurants. Most of the case studies in Sweden have managed to get into the retail stores and that is great, especially since this is hard to achieve. It is still almost impossible for small-scale Canadian farms to reach the retailers. This problem needs to be solved and the retailers need to act, since they are the main actor that can affect and influence the supply of locally produced products in stores. One conference in October discussed the importance of the grocers and that is one step towards the right direction.

If the small-scale producer decides to sell to a retailer and the retailers do not show the products and highlight the unique production, the added value of the product will most likely disappear in the enormous amount of other products. Due to scarce resources, small-scale

producers have difficulties making large investments and have to make strategic decisions (Welin-Berger, 2007). It seems that few of the case studies have a hard time to decide where to actually sell their products.

7.2 Branding

What are the conditions for building a brand?

As previously discussed, a brand has many essential functions for the consumers, as well as for the producer. The most essential functions of a brand for producers are to get a competitive advantage and to let the brand carry the identity (Melin, 2006). The article by Meyer (2005) show the similar results and that the Swedish consumers appreciate a distinct sender. The article mentioned that normally, a farmer or several farmers collaborate and create a common brand in order to distinguish the meat from the huge amount of anonymous meat. This was shown in the empirical part as well, where both single farms, like, Ejmunds Gård, and different farmers, created a common brand, like Manitoba Gras Fed Beef. The thoughts about a distinct sender seem do not seem to be that clear and obvious among customers and producers in Canada. The master thesis done by Froehlich (2007) showed that only a few grocery chains presently carry fresh brand name beef products. If they do it, it is normally the store's own private beef label. In addition, currently most beef brands were established by retailers and packers and not by the actually producer. If not the brand is established by the producer, the whole idea of a distinct sender and creation of an identity around the brand would most likely disappear. The interviewed case studies in Canada are exceptions, though their brands are initiated and created by the producers themselves. In the extend, each brand can symbolize the identity and something the producers stand for.

A brand is not that important when selling directly to the customers, since the producer may be able to communicate and "talk" for the product (pers. com., Mark-Herbert, 2008). The further the producer gets from the direct customer, the harder it becomes to communicate the message and the products and importance of a brand grows. Several of the case studies indicated that a brand was needed in order to be able to distinguish from other meat products. But this is not the only thing that counts and it is vital to work actively with the brand and the brand identity, in order to keep customers. The empirical study revealed that few of the farms consider brand activities and marketing as being vital and being the main priority. Reasons for this according to Welin-Berger (2007) is that small-scale producers have scarce resources and tend to put little effort into brand presence and normally branding has a little and limited role for them (Wong & Merrilees, 2005). Most of the case studies have a potential to move up to the middle level or the highest level if the farms do more promotion through the use of their website and with available stores being highlighted. The small farms, at first, work with the actual production and what they enjoy the most and if they have additional time, marketing and brand activities are considered. As mentioned earlier, the brand Uplandsbonden has created its own brand but it took a great deal of time, effort and money to create the brand and get it well-known (Johansson, 2008). Several of the case studies mentioned that they once in a while attend events and demonstrate their products, like in retail stores and restaurants, and this will of course indirectly increase the awareness of the brand and hopefully strengthen it.

Another essential condition for building a brand is to consider the actually brand name. The empirical study revealed that the producers seem to pick a geographical name, where the purpose is to highlight the local or geographical name (Turely & Moore, 1995, 44). In this

moment there is a great support for organic and small-scale production in Sweden and the government has put money aside to strengthen it (www, Regeringen, 2007b). In Canada, consumers demand high quality and consistent beef but the local food is not the most modern trend but it is growing (MAFRI, 2004). A support for local production will most likely promote the geographical and local brands. Turely & Moore (1995) stated that consumers that prefer local businesses and have a strong connection to a certain area may prefer and get influenced by a local geographical name. On the other hand, a geographical brand can be a disadvantage because it can make it harder to expand to other areas. Upplandsbonden would like to expand but not too far away from the area where they operate. If they would do, they think that their brand would be just like any other brand (Johansson, 2008). This is essential to consider for all small farms. During the interviews it came up that the different farm brands were available mostly on the nearby market and no one has expanded too far from the actual production area. A geographical brand and local touch will most likely become strong and well-known in that particular area. Expanding too far away from the geographical area may imply a greater risk. Consumers that do not know that geographical area and that do not recognize the farm and the name, will most likely pick a better known brand, like Scan for instance. The majority of the case studies have no intentions of expanding and therefore a geographical brand name would not be a disadvantage, rather an advantage for the consumers that care about local food products. The exception was Organic Ranchers because they could not find a demand for the product within the local area and therefore needed to expand and sell to bigger cities in Western Canada.

A brand is commonly seen as the company's most valuable asset (Melin, 2006) and a brand can be protected. Only a few of the case studies have protected their brand. An unprotected brand would make it harder to expand and go beyond the boundaries. Protected mark of origin (ursprungsbeteckning) is the highest protection a product can receive in the European Union (www, livsmedelssverige, 2008a). According to Ander (2008) there is a growing interest for protected mark of origin in the European Union but so far, few Swedish producers have considered it to a large extent. This type of brand and protected mark of origin would make it possible for a food product with a regional touch to generate added value. Eskil Erlandsson also mentioned in the article that since the interest for locally produced and regional tradition grows more producers should be able to catch sight of this type of protection (Ander, 2008) Similar observations have been viewed in the Canadian case studies and few of the farms have protected their brand. Since small-scale producers have limited resources and lack of financial resources, this can be one explanation factor (Welin-Berger, 2007).

7.3 Agreement

What determines the form of the sales agreement?

In the theoretical part, one classification of exchange was mentioned. The forms of exchange were transactional, contractual and relational. The interviews from the case studies indicated that the producers tend to have a more relational exchange. A relational exchange can be compared to an oral sales agreement. An oral agreement is as legally binding as a transactional and contractual one, but it is hard to define and prove (Mark-Herbert & Lagerberg-Fogelberg, 2007). The case studies have proved that *quantity* is one of the factors that determine the form of sales agreements. The smallest producers, in terms of produced quantity, supply less volume on a regular basis and therefore tend to have a relational and oral agreement to a larger extent than the case studies with a regular and bigger quantity. Since the

smallest ones can not guarantee a quantity, they are less willing to bond to a written agreement. A relational agreement gives more flexibility for the producer and this is what the case studies indicated as well.

Additionally, small-scale producers that belong to a collaboration or cooperative, also tend to choose a more transactional (written) sales agreement. By joining collaboration or cooperative small-scale producers obtain additional volume and can supply customers on a regular basis (Mohr & Speakman, 1994 & Heene & Van Laere, 2003). This was also in accordance with the result from the case studies.

Another factor that determines the form of sales agreements is the type of *sales channels* used by the producer. When selling directly to customers, there is no need for a transactional (written) agreement since the agreement is done right away and the agreement is based upon a continual contact. On the other hand, if the small-scale producers get further away from the direct sale, the amount of customers grows and the amount and variety of products increase. In this case it would be even more uncertain for small-scale producers (Mark-Herbert & Lagerberg-Fogelberg, 2007) since nothing is agreed upon or written on paper. When nothing is written down the customer can suddenly starts by from another producer. The case studies preferred this type of agreement but, by having a relational (oral) agreement, the whole business is endangered. In today's competitive environment it is essential to spread and limit the risks but this is not something that has been considered and highlighted in the interviewed case studies.

7.4 Canada and Sweden

This part intends to provide a comparison between Canada and Sweden, where the three parts; marketing perspective, branding and sales agreements act as a base for the discussion.

7.4.1 Marketing perspective

The majority of the cases studies in both Canada and Sweden clarified that the taste of their meat and the quality is so different compared to “conventional produced meat” and as soon as the consumer have taste the meat they will notice it. Similarities between the countries are that these producers do not sell “food”. They sell an experience and work with different bases that create additional value. One main difference between Canada and Sweden is that the Canadian farms in general seem to highlight animal welfare (ethics) as an additional value more compared to Sweden. The difference may depend on the fact that Swedish animal welfare is already well known among consumers, since Sweden is above the required animal welfare standards in the European Union. On the other hand, both countries highlighted organic or natural as value grounds compared to conventional production methods.

Most of the interviewed Canadian farms are currently selling directly to customers. The producers in this study tend to use different sales channels and, after direct sale, the second most used sale channel is selling to specialty and niche stores. It is common that small-scale agricultural producers find it impossible to compete with the large producers in supplying large-scale grocers and supermarkets (Jervell, 2003). This is a difference between the countries. None of the respondents in Canada sell their product to any retailer or bigger food chain. For the Canadian retailers and wholesalers it is more about price than quality (MAFRI, 2004). Among the Canadian retailers, no support for locally produced food has been

observed. In Sweden on the other hand, almost everyone sold his or her meat to a retailer. Projects like ICA's "Taste for local" (Smak på lokal) signify an interest, since ICA is looking for local producers due to an increasing demand from the consumers (Nilsson, 2008). A project like this will of course facilitate for the small-scale producers to become a supplier and the whole debate about locally produced food. The political support for locally produced food, a vivid countryside in Sweden and the stated goal will of course also facilitate and support this area. No material in Canada was found where clear and obvious objectives were mentioned. Despite this increasing demand and interest for locally produced products in Sweden, it is hard to find local products in retail stores (Sigroth-Lambe, 2008).

7.4.2 Branding

The brand is essential for the small-scale producer. One similarity between both countries is that the farm brand is created. In Canada though, brands are not very often initiated by the producers themselves; generally it is done by the retailers or packers (Froehlich, 2007). The only one that did not have a brand, The Neuschwander's, used the brand of the slaughterhouse/packer. In this study the case studies wanted to create a brand in order to create an identity and indicate a local origin.

As previously discussed, the meaning of a brand grows the further away producers get from the farm level. The Canadian case studies sell mostly directly to customers and specialty stores and less to restaurants and retailers. Therefore, one distinction between the two countries is that a brand is less vital for the Canadian case studies than for the Swedish ones.

7.4.3 Sales agreement

In general, no main distinction can be viewed between the countries. In both countries the small-scale producers seem to value and prefer a relational agreement, based upon trust, rather than a transactional agreement with a distinct beginning and end.

8 Conclusions

The aim with this master thesis is to investigate and to get a better understanding of how farmers successfully managed to communicate their brand and if a brand can facilitate the sales agreements. The objective is to compare successful and local cattle producers' brand strategies and forms of agreements in Sweden and Canada.

The main factor in this process, as I see it, is that, in order to be able to successfully manage to communicate their brand, the small-scale producers need to be consequent in how they communicate and show it to the customers. As stated earlier, the small-scale producers tend to work less with branding activities and it is unclear if the brand is well known and recognized in the local area, where the producers operate. Ways to communicate their brands is by attending events, meeting both current and potential new customers.

The majority of the case studies started at the farm level and at farmers markets. By doing this the farmers get a close dialog with customers and the farmers can highlight the product, its advantages, added value and speak for the brand. Selling directly to customers usually involves fewer customers. When moving away from the farm level and aiming at bigger volumes, it gets harder to communicate the message and the meaning of the brand grows. For example, Ejmunds Gård sells their meat to more than 40 retail stores and for them it is not possible to be there all the time and talk to the customers and therefore other approaches are used. The brand can be communicated by using information brochures and information folders, placing them in a near location where the meat is produced. Another vital approach is to use ambassadors to communicate the brand. Several of the case studies highlighted that the customers, like retailers and restaurants, work as ambassadors and it is essential that they are aware of the production and can answer the questions that might occur.

The process of how the case studies generally should work and how a brand can be communicated is visualized in figure 17. First, small-scale producers create a brand in order to create an identity. But in order to receive this identity, they need to actively communicate with the customers. If they succeed in this communication, a value is created for the small-scale producers, strengthening their brand. The same process can be applied regardless of whom they sell their product to.

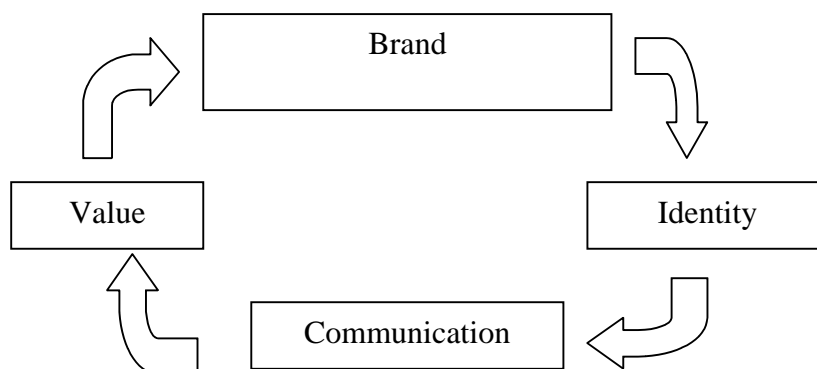


Figure 17. How to generate and communicate the brand (own creation).

The case studies indicated that a relation is all about trust and that a continual contact is much more vital than a written agreement. The study signified that the farmers generally do not want to bond to anything nor sign papers, since they can not guarantee a supply on a regular basis. An oral agreement is suitable when selling directly to customers but when farmers use other channels and their products are presented indirectly it gets harder to control the agreement. To secure the transaction and to protect the brand, the possible need for a written agreement increases. It increases the further the small-scale producer gets from the farm level, which is illustrated in figure 18.

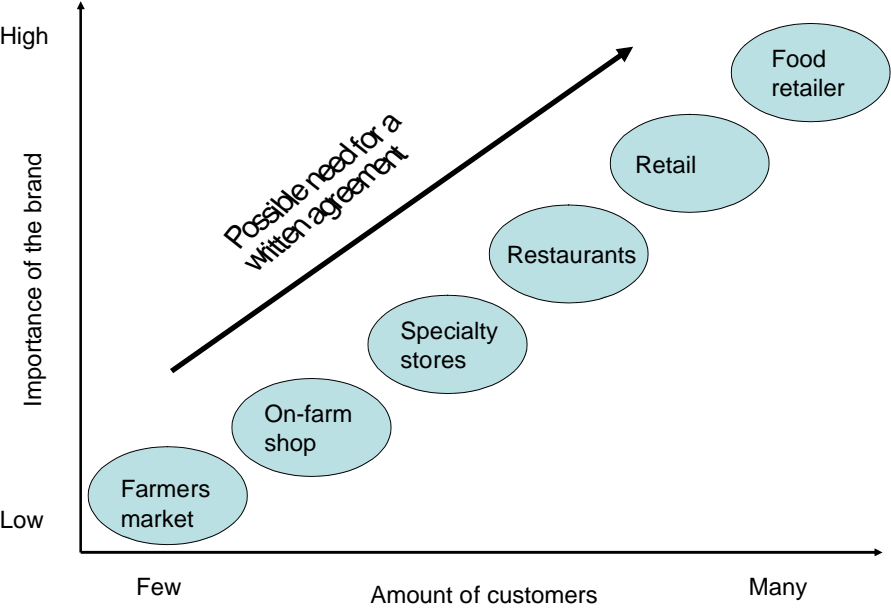


Figure 18. The increased need for a written agreement (pers. com., Mark-Herbert, 2008, modified).

Of course, there should be a balance and like Heene & Van Laere (2003) said a relation exchange/embedded relationship is necessary and it is a good complement to a more formal and transactional exchange. A written agreement does not have to be too specific and does not have to include all details. Among other details, the agreement can mention the main obligations and the duration period to secure that the farmers actually supply meat to their customers.

Epilogue

This chapter will give a brief description over the limitations and challenges that occurred during the process and give suggestions for future studies.

This paper's possibility to enter deeply into the area of small-scale production has been a very interesting and an exciting journey. Of course, all projects go up and down and I am aware of that the interviews with the farmers took plenty of time, as well as the collection of data and the transcription of the information. One idea could have been to have fewer case studies and to combine the analysis instead of analysing each case. In order to facilitate for the reader, a summary of the main points was placed in the end of the empirical and analysis chapters. As previously noticed in this paper, the demand for locally produced products increases. There are still a lot of unsolved questions and challenges within this area that act as a good base for further and future studies:

Distribution and logistic

The transportation and distribution of the products have many times revealed to be a huge cost for small-scale producers. Transportation systems and logistic solutions and challenges could therefore be investigated. At the moment, different actors in Sweden published a report about "The local food producers and retailers-a map-obstacles and possibilities-suggestions" (Lundquist *et al.*, 2008). This report could act as a starting point.

Study the angles from the consumes' and retailer's perspective

The focus of this study is at the producer level but further research could approach views and subject from different angles. One view could be to investigate the interest and the actual purchase behaviour among consumers. Does it matter if the brand is domestic, foreigner or a local brand? For instance, one farm brand could be followed and one can investigate the share in that particular store. Since retailers have the biggest power, their view would be interesting to cover as well. What are they doing to increase the local products? They clearly state that they want local products but still it is almost impossible to find local products in some of the stores. What are the requirements and rules for a small-scale cattle producer? Presently, actors in Sweden discuss and try to shape a quality system suitable for small-scale firms.

Investigate the brand in a juridical perspective

It would be interesting to study why different farms decided whether to protect their brand or not. Does it have to do with the costs or is it because they do not know why they should protect it?

Continue to investigate the agreement tradition further

The sales agreements are an interesting part and could be further discussed. For instance, how could a contract be designed without being too detailed and what requirements are seen as essential and as being part of an agreement?

Financial and investment aid

It would be interesting to investigate what kind of aid they apply and which one is most important. From what sources do the farmers normally apply and have they applied from the Rural Area Program (which contains support to Swedish Agriculture and the countryside)?

Bibliography

Literature and publications

- Ander, G. Ministern manar fler att söka ursprungsskydd. Land Lantbruk nr 10 10oktober 2008.
- Bruzelius, L.H. & Skärvad, P-H.1995. *Integrerad organisationslära*. Studentlitteratur. Lund.
- Capuder, A. Närproducerat-en växande verksamhet. Nordvästra Skånes Tidningar. 4augusti 2008, s.A7.
- Cook, M., Iliopoulos, C & Chaddad, F. not dated. *Cooperative Theory: A New Institutional Economics Approach*. In Cobia, D. & Anderson, B. Unpublished book. *Cooperatives: An Economic and Management Perspective* (chapter 7). Prentice-Hall, Englewood Cliffs, NJ.
- Coop rapporten 2008. Internet: http://www.coop.se/upload/modul/coopse/om_coop/coop-rapporten_2008_7.pdf
- Davidsson, P., Delmar, F & Wiklund, J. 2000. *Tillväxtföretagen i Sverige*. SNS Förlag. Stockholm.
- Dodge, R., Fullerton, S. & Robbins, J.E. 1994. Stage of the Organizational Life Cycle and Competition as Mediators of Problem Perception for Small Businesses. *Strategic Management Journal*, 15, No. 2 pp. 121-134.
- Doyle, P. 1994. *Marketing Management & Strategy*. Prentice Hall, UK.
- Edqvist, K. & Källgården, E. 2005. *Svenskt Sigill-starka och svaga sidor*. Examensarbete 410. Department of Economics. SLU. Uppsala.
- Ejvegard, R. 1996. *Vetenskaplig metod*. Studentlitteratur Lund. ISBN 91-44-36612-4.
- Froehlich, E.2007. *An Investigation into the Willingness-to-Pay for Branded Fresh Beef Products in Canada*. Master Thesis submitted to the Faculty of Graduate Studies. Department of Agribusiness and Agricultural Economics. University of Manitoba. Winnipeg.
- Ghodeswar, B. 2008. Building brand identity in competitive markets: a conceptual model. *Journal of Product and Brand Management*.17:1, pp.4-12.
- Grönroos, C.1997. Keynote paper: From marketing mix to relationship marketing-towards a paradigm shift in marketing. *Management Decision*. 35:4, pp.322-339.
- Grönroos, C. 1994. From marketing mix to relationship marketing-towards a paradigm shift in marketing. *Management Decision*. 32:2, pp.4-20.
- Gullstrand, J. & Hammarlund, C. 2007. *Säljer svenska mervärden på EU-marknaden?*. Rapport 2007:3. Livsmedelsekonomiska Institutet. Lund.

Gundlach, G. & Murphy, P. 2003. Ethical and legal foundations of relationship marketing exchanges. *Journal of Marketing*. 57, pp.35-46.

Hallberg, I. Björklund, H. Cardoso, M. Gebresenbet, G. Gossas, C. Ljungberg, D. Strömblad, F. 2008. *De lokala matproducenterna och dagligvaruhandeln-karläggningshinder och möjligheter-förslag*. Ultuna Repro. ISBN: 978-91-85911-59-2.

Internet:http://www.livsmedelssverige.org/regmat/pdf/rapport_lokalmat.pdf

Hawkins, I., Best, R. & Coney, K. 2004. *Consumer Behaviour-building marketing strategy* (9th edition). McGraw-Hill Companies. New York.

Heene, A. & Van Laere, K. 2003. Social networks as a source of competitive advantage for a firm. *Journal of Workplace Learning*. 15:6, pp.248-258.

Hennriksson, L. Små företag stängs ute. Uppsala Nya Tidningen. Debatt sidan.18april 2008.

Holme, I. M. & Solvang, B. K. 1991. *Forskningsmetodik – om kvalitativa och kvantitativa metoder*. Studentlitteratur, Lund.

Honey, J. 2007. *Manitoba cattle and beef industry 2006-2007*. Prepared for Department of Agribusiness and Agricultural Economics University of Manitoba. Canada.

Hörle, S. 2008. Bönderna tror på lokal producerat [The farmers believe in locally produced food]. *Lantbrukets Affärstidning*.

(Internet: <http://www.atl.nu/Article.jsp?article=44645&url=nyhetsbrev>)

Ingvarsson, A. 2008. Närproducerat hetaste mattrenden. *Land Lantbruk* lördag 28 april.

(Internet: <http://www.lantbruk.com/Article.jsp?article=36218>)

Jacobsen, D. I. & Thorsvik, J. 2002. *Hur moderna organisationer fungerar*. Studentlitteratur, Lund.

Jervell, A.M. 2003. *Marketing channels for the entrepreneurial farmer*. Nordlandsforskning-NF rapport nr.26/2003. Entrepreneurship in regional food produktion. Norge.

Johansson, S. Hårt arbete bakom eget varumärke. *Lantbrukarnas Affärstidning*. 17oktober 2008 nr 75, s.12-13.

Keller, K.L. Cop.2008. *Strategic Brand Management*. 3rd ed. Prentice Hall, New Jersey.

Kohler-Reissman, C. 1993. *Narrative analysis*. Sage publications Inc. Newbury Park. California.

Kotler, P. 2002. *Kotlers marknadsföring. Att skapa, vinna och dominera marknader*. Upplaga 1:2. Liber AB. Lomma.

Kotler, P. 2003. *Marketing management*. 11th ed. Pearson Education, Inc., Upper Saddle River, New Jersey.

Kvale, S. 1997. *Den kvalitativa forskningsintervjun*. Studentlitteratur, Lund.

Lundquist, M. Alströmer, A. Hallberg, I. Sandberg, G. von Perner, G. Danielsson, E. 2004. *Lokal och regional mat- en studie om konsumenters, producenternas och handelns inställning och erfarenhet av lokal och regional mat*. Ipsos-Eureka. Rapport 10659. (Internet: http://www.livsmedelssverige.org/regmat/litt/Lokal_regionalmatRapporten.pdf).

Lövblad, M. 2007. *Mindful commitment? A proposal for an explorative study on the impact of psychological contracts upon relationship commitment in industrial supplier-customer relations*. Department of Forest Products. Swedish University of Agricultural Science. Uppsala.

Manitoba Agriculture, Food and Rural Initiatives (MAFRI). 2004. *Beef processing in Manitoba: Feasibility Analysis*. Prepared by Meyers Norris Penny LLP.

Mark-Herbert, C. & Lagerberg-Fogelberg, C. 2007. Success factors for marketing regional foods. Work in progress. A paper that was presented at 1st IFOAM International Conference on Marketing of Organic and Regional Values, Schwäbisch Hall, August 26-28 2007.

McCarthy, E.J. 1960. *Basic marketing*. Homewood, Illinois, Irwin.

Melin, F. 2006. *Varumärkesstrategi-om konsten att utveckla starka varumärken*. Liber Ekonomi, upplaga 1:3 Malmö.

Merriam, S. 1994. *Fallstudien som forskningsmetod*. Studentlitteratur. Lund.

Merrilees, B. 2007. A theory of brand-led SME new venture development. *Qualitative Market Research: An International Journal*. 10:4, pp.403-415.

Meyer von Bremen, A-H. 2005. Artikel från *Tidningen Köttbranschen* 2008-03-18, utgiven av Kött och Charkföretagen. Nr1-2 Februari. (Internet: <http://www.kcf.se/papers.jsp?year=2005>)

Mohr, J. & Speakman, R. 1994. Characteristics of partnership success: Partnership attributes, communication behaviour, and conflict resolution techniques. *Strategic Management Journal*. 15: 135-152.

Molin, A. 2005. *Avtal. Praktisk handbok om hur du skriver avtal och kontrakt*. 2 upplagan. Media Print, Uddevalla.

Naturvårdsverket. 2005. En mer miljöanpassad offentlig upphandling- förslag till handlingsplan. Rapport 5520. Stockholm. Internet: <http://www.naturvardsverket.se/Documents/publikationer/620-5520-8.pdf>

Nilsson, J & Björklund, T. 2003. *Kan Kooperationen klara konkurrensen? Om marknadsorientering i livsmedelssektorn*. Rapport 149, Institutionen för Ekonomi, SLU. Uppsala.

Olsson, E. 2005. Grisproduktionen på Gotland- Möjligheter och hinder för expanderad produktion. Examensarbete 419. Department of Economics. SLU. Uppsala.

- Pavlou, P.A. & Gefen, D. 2005. Psychological Contract Violation in Online Marketplaces: Antecedents, Consequences, and Moderating Role. *Information Systems Roles Research*. 16:4, pp.372-399.
- Reijonen, H. & Komppula, R. 2007. Perception of success and its effect on small firm performance. *Journal of Small Business and Enterprise Development*. 14:4, pp. 689-701.
- Rogstad, B. 2005. *Norwegian Agriculture. Status and trends 2005*. Oslo. Norwegian Agricultural Economics Institute. (ISBN 82-7077-620-3 ISSN 1501-4991).
- Roos, G., von Krogh, G. & Roos, J. 1998. *Strategi*. Studentlitteratur. Lund.
- Schine, Gary L. 2003. *How to Succeed as a Lifestyle Entrepreneur*. Chicago, IL, USA: Dearborn Trade.
- Sigroth-Lambe, S. Svårt för kunden att hitta närodlat. *Uppsala Nya Tidning* 15 september 2008, s.A6.
- Sigroth-Lambe, S. Inte en enda kotlett till matbutikerna. *Uppsala Nya Tidning* 15 september 2008, s.A7.
- Simcic Bronn, P. 2007. Relationship outcomes as determinants of reputation. Norwegian School of Management. *International Journal*. 12:4, pp.376-393.
- Simpson, M. & Taylor, N. 2002. The role and relevance of marketing in SMEs: towards a new model. *Journal of Small Business and Enterprise Development*. 9:4, pp.370-382.
- SJV (Jordbruksverket). 2008. *Mervärden för svensk kött-studie 2007*. Rapport 2008:5. Jönköping (Internet: <http://www.sjv.se/download/18.1c72e95711857a2245380005066/Rapport+merv%C3%A4rdet.pdf>).
- Slangen, L. & Loucks, L. 2007. *Institutional Economics and Economic Organisation Theory*. Wageningen University: Agricultural Economics and Rural Policy Group, The Netherlands.
- Strand-Nilsson, A. ICAs engagemang inte trovärdigt. Svenska Dagbladet 31 mars 2008. (Internet: http://www.svd.se/opinion/synpunkt/artikel_1029277.svd)
- Sundell, O. & Wikström, R. 2008. *Lokal matproduktion har framtiden för sig*. [Local food production is the future] Debattartikel ATL. (Internet: <http://www.atl.nu/Article.jsp?article=44459>, 2008-02-10)
- Sveriges Riksdag. 2005. Förutsättningar för småskalig livsmedelsproduktion- uppföljning. Miljö- och Jordbruksutskottet.
- Tippins, M., Rassuli, K. & Hollander, S. 2002. An assessment of direct farm-to-table food marketing in the USA. *International Journal of Retail & Distribution Management*. 30:7, pp. 343-353.

Turley, L.W. & Moore, P. 1995. Brand name strategies in the service sector. *Journal of Consumer Marketing*. 12:4, pp.42-50.

Welin-Berger, S. 2007. *Försörjning av kompetensutveckling för småskaliga livsmedelsföretagare*. Livstek Centrum för praktisk livsmedelsteknik. Lövsta Roma.

Williamson, O.E. 2002. The theory of the firm as a Governance Structure: From choice to contract. *Journal of Economic Perspectives*. 16:3 Summer 2002, pp. 171-195.

Wong, H. & Merrilees, B.2005. A brand orientation typology for SMEs: a case study research approach. *Journal of Product & Brand Management*. 14:3, pp.155-162.

Wood, M.2004. *Marketing Planning-principles into practice*. Pearson Education limited. London.

Yin, R.K. 2003. Case study research: Design and methods. 3.e.d. Sage publications Ltd., Thousand Oaks.

Internet

Bjärhus, www.bjarhus.se

a. Från jord till bord [From soil to table] 2008-07-20

http://www.bjarhus.se/02_gardsbutik/OmOss/OmOss.html

Bondens Egna Marknad, www.bondensegen.com

a. Koncept [Concept] 2008-04-25

<http://www.bondensegen.com/hemsida/MenyLeft/KonceptMenyLeft.htm>

Coop, www.coop.se

a. *Butiker* [Stores] 2008-04-24

http://www.coop.se/includefiles/moduler/ccms/show_page.asp?iMappeID=182&sSideNavn=Butiker

b. *Företagsinformation* [Business information] 2008-04-24

http://www.coop.se/includefiles/moduler/ccms/show_page.asp?iMappeID=182&sSideNavn=F%F6retagsinformation

D.A.L Meat, www.dalmeat.com

a. Our story 2008-07-16

<http://www.dalmeats.com/index.asp?sec=3390&too=30&eve=1&ppa=2587>

Ejmunds Gård, www.ejmunds.se

a. *Gården* [The farm] 2008-07-21

<http://www.ejmunds.se/GARDEN.htm>

b. *Våra djur* [Our animals] 2008-07-04

<http://www.ejmunds.se/VARA%20DJUR.htm>

c. *Ejmunds Gårdskött* [Ejmunds Farm meat] 2008-07-21

<http://www.ejmunds.se/EJMUNDS%20GARDSKOTT.htm>

Friends on Earth, www.foe.co.uk

a. *The economic benefits of farmers' market*

2008-04-25

http://www.foe.co.uk/resource/briefings/farmers_markets.pdf

Fyra Årstider, www.fyraarstiderna.se

a. *Om oss* [About us] 2008-04-25

<http://www.fyraarstider.se/Templates/MiddleText.aspx?pageid=3>

ICA, www.ica.se

a. Facts about ICA Sverige AB 2008-04-24

http://www.ica.se/FrontServlet?s=in_english&state=in_english_dynamic&viewid=555412&showMenu=in_english_0_1

b. Ownership structure 2008-04-24

http://www.ica.se/FrontServlet?s=in_english&state=in_english_dynamic&viewid=555476&showMenu=in_english_1_0

IFAC, www.alpab.se

a. *Innovation Food Arena* 2008-03-10

http://www.alpab.se/ul_documents/ifac_-_marknadsforingsblad_080118.doc

LivsmedelsSverige www.livsmedelssverige.se

a. Smak på lokal [Taste for local] 2008-04-20

<http://www.livsmedelssverige.org/regmat/pdf/generell%20folder.pdf>

Manitoba Grass Fed Beef, www.manitobagrassfedbeef.ca

a. Home 2008-05-20

http://manitobagrassfedbeef.ca/index.php?option=com_frontpage&Itemid=1

Miljöstyvningsrådet, www.msr.se

a. Lokalproducerat livsmedel [Locally produced commodities]. 2008-04-25

<http://www.msr.se/sv/Informationsmaterial/Vanliga-fragor/Fragor/Lokalproducerat-livsmedel/>

Regeringen, www.regeringen.se

a. *Förslag till landsbygdsprogram för Sverige 2007-2013*. 2008-02-08

<http://www.regeringen.se/content/1/c6/06/73/49/d274b2a8.pdf>

b. *Faktablad om budgetpropositionen* 2008. 2008-02-07

<http://www.sweden.gov.se/content/1/c6/08/82/65/5043ee2e.pdf>

Riksdagen, www.riksdagen.se

a. *Motion mobila slakterier* 2008-04-25

<http://rixlex.riksdagen.se/webbnav/index.aspx?nid=410&typ=mot&rm=2000/01&bet=MJ236>

SJV, www.sjv.se

a. Åtgärder för att främja och underlätta för småskalig livsmedelsförädling
2008-04-25

http://www.slv.se/upload/dokument/Rapporter/smaskalig/Slutrapport%20Jo2004_1164.pdf

Statistic Canada, <http://www.statcan.gc.ca/>

- a. Population and dwelling counts, for Canada, provinces and territories, 2006 and 2001 censuses 2008-05-18.

<http://www12.statcan.ca/english/census06/data/popdwell/Table.cfm?T=101>

Statistiska centralbyrån, www.scb.se

- a. Offentlig ekonomi 2006, Introduktion [Introduction] 2008-04-24

http://www.scb.se/statistik/publikationer/OE0903_2004A01_BR_04_OE06_SA0601.pdf

Svangsgård, www.svangsgard.se

- a. Kött [Meat] 2008-06-16

<http://www.svangsgard.se/5.html>

Sveriges Naturskyddsföreningen, www.snf.se

- a. "Ät dig till ett uthålligt samhälle". 2008-01-25

http://www.snf.se/verksamhet/internationellt/varldensnatur3/page2.php?int_id=1&int_num=1,

Personal messages

Bouvier, Helené. Farmer and owner of the brand Organic Ranchers. Telephone 2008-05-09 & 2008-05-13. Email 2008-08-27.

Cabak, Shawn. Farm Production Advisor MAFRI. Email: 2008-09-03 & 2008-09-10.

Darzell Arvid. Farmer and owner of a butcher shop. Personal meeting 2008-05-15 & email 2008-06-11.

Farmer, A. Personal meeting 2008-07-21 & email 2008-08-27.

Hansson, Elisabeth. Farmer. Personal meeting 2008-07-07 & telephone 2008-08-21

Johansson, Gerd. Director of Kaprifolkött. Telephone 2008-05-30 & 2008-08-24. Email 2008-06-03.

Lintott, Jim. Farmer and member of Manitoba Grass-Fed Beef. Personal meeting 2008-05-16 & telephone 2008-05-09. Email 2008-06-08 & 2008-08-26.

Mark-Herbert, Cecilia. (PhD) and teacher at the Department of Economics at the Swedish University of Agricultural Science. Docent lecture at SLU 2008-04-08 and access to the interview summary from the interview Cecilia had with Ejmunds Gård 2008-08-04.

Neuschwander, Agabus. Farmer, Manitoba. Personal meeting 2008-05-12 & email 2008-08-28.

Nilsson, Jerker. Professor and lecture of Business Administration. Department of Economics at SLU. Lecture in the course Cooperatives and Agricultural marketing, 2008-01-31.

Norman, Odd. Farmer. Personal meeting 2008-05-30 & email: 2008-07-16.

Pehrson, Inger. General Secretary in the Swedish cattle producers (Sveriges Nötköttsproducenter= SNP). Telephone 2008-08-04.

Rutegård, Åke. Director of the Swedish Meat Trade Association (SMTA). Telephone, 2008-08-04.

Sjösten, Anita. Farmer. Telephone 2008-06-10 & 2008-08-23.

Stenström, Henrik. Farmer and owner of the part owners of the slaughterhouse Faringe Kött och Slakt AB. Personal meeting 2008-06-12 & telephone 2008-08-18.

Svahn, Kjell. Farmer. Personal meeting 2008-06-12 & email 2008-07-11.

Vaags, Calvin. Farmer and owner of the meat store Carver's Knife. Personal meeting 2008-05-15 & email 2008-07-25 & 2008-08-26.

Appendix 1: Farm A (Empiri and analysis)

Farm A

Background

The farmer did not grow up on a farm but since he always had a big interest for the farm life he educated himself as an Agricultural technologist (pers. com., Farmer A, 2008).

After finishing the education the farmer and his wife bought a farm in the southern part of Sweden. The couple bought the farm in 1984 and has lived there ever since. At this time the main production was slaughter hogs and potatoes (Ibid). The family continued with the production and also began to grow other vegetables. After a while cattle production was started as well, in order to be able to use the uncultivated pasture fields.

In the beginning of 2000 the family had to decide whether to expand the slaughter production or liquidate it (Ibid). At that time, the pig production was not economically feasible and during the same time the value of the natural pastures increased. The family rebuilt the barn and converted it to a loose housing system for cattle.

Today the farm raises up young cattle in an organic manner and buys the calves from sucking cows from other nearby organic farms (pers. com., Farmer A, 2008). The calves are bought when they are between 6-8months old and been castrated. The farm tries to buy mainly calves from different cross breeds of beef since these breeds tend to give a higher dresser (slaktutbyte) and a higher share of essential dismemberment parts (styckningsdetaljer) than dairy breeds. A new barn was built in the fall of 2007 with space available for 100 young cattle (Ibid). Today the amount of young cattle varies between 60-100 and the farm is run as a trading company.

Marketing perspective

Before the family started to sell their own meat the cattle were sent to a big slaughterhouse where the family got no information where the meat ended up (pers. com., Farmer A, 2008). The slaughterhouse had neither interest of organic produced beef. During this time the family decided to leave the traditional beef chain and start selling directly to the end customer.

The farm offers organic and local beef from young cattle and confirms the following as added value with their product:

- A product with high value
- Been hanging
- Organic (KRAV certified)
- Local production
- Bone-free
- Great assortment of parts

The greatest added value would be the organic breeding. When the family started to sell their own meat they had to look for other market channels (Ibid). In the beginning of 2003 the farmer went for a study visit to a farm selling “veggie boxes” directly to customers. The family asked about possibilities to start collaborating with this firm. Collaboration was established and the farm paid for the distribution and this is how the farm got their first customers. After a few years the farm continued to sell their own meat boxes and ended the collaboration with their partnership party.

Today the farm has the following sales channels:

- Selling “meat boxes” directly to customers
- Four nearby grocery stores

The customers order the “meat boxes” either through Internet or by calling the farm and making a reservation. In average the farm sells boxes at 25 occasions. In total that will be around 200-250 boxes a year (pers. com., Farmer A, 2008). In 2006, the farm began to sell to local grocery stores as well and this sale channel accounts for the biggest sale. The farmer contacted local grocery stores and where the owners had an interest for local and organic meat sales were initiated (Ibid). At the moment there are no continuous agreements with local

restaurants. The farmer believes that the reason for that is that it would not be possible to supply the quantity and specific part of the animals the restaurants require on a regular basis.

Brand

When the farmer and his wife decided to sell their meat directly to customers they designed a brand. Their brand shows the beautiful and local view where the cattle are grown (pers. com., Farmer A, 2008).

According to the family, the brand symbolizes something natural, genuine and reliable (pers. com., Farmer A, 2008). In grocery stores, the brand is presented on each product together with the product, for example stew. In addition each store puts their label as well, where the price, packaged date and last day of consumption is presented. Along with the products there are usually a signs put up to advertise and describe the local product. In the meat boxes, each meat part has a picture and tells what kind of part it is (Ibid). Included in the meat box as well are the invoice, the name on each meat part and what it can be used for.

Agreements

The farm's agreements with the grocery stores are only based upon oral temporary agreements. The farmer calls the stores every second week and listen to what they would like to order (Ibid). The store pays a set price, a little bit lower than the direct customer.

“With oral agreements it is easier to discuss, to receive response right away and get an open dialog”
(pers. com., Farmer A, 2008).

The farmer pronounces that there are disadvantages as well like: insecurity, the duration length of the oral agreement is unknown and also the fact that oral agreements tend to become more time consuming. Despite all these disadvantages, the farmer prefers oral agreement because of the trust to his customers.

Future

The family does not plan to expand their business and right now they are both working part time to make everything work. Success for the farm family is (Ibid):

- Demand for the products
- An acceptable profit
- Offering meat products with good quality
- Be able to control their production and decide what is going to happen

Their goal and vision is to receive a more rational production, have more spare time and enjoy what they are doing.

Farm A (analysis)

Marketing perspective

Farm A left the traditional beef chain because the slaughterhouse had no interest in organic meat and the farmers had no idea where the meat went. To fulfill and satisfied the customers' need, Farm A decided to produce and sell their products directly to customer by offering unique meat box. When there is a need, a product/concept or service has to be offered (Hawkins et al., 2004).

The added value is the value that the consumer ascribe a product and the value grounds are things that are connected to the product regardless what the consumer might think (Ibid & pers. com., Mark-Herbert, 2008). Products with value-added, described as products with certain features, can be products produced locally, regionally or in small scale, organic products but also product features that characterize the food production like animal welfare, safe food and environmental concern (Gullstrand & Hammarlund, 2007). Farm A utilizes production method (KRAV certification), local production and processing stage (a certain taste due to the hanging process and the cut of the carcass that give great assortment of parts).

Branding

A brand has many different functions for a consumer and Keller (1998) stated that the most important function is that a brand implies a certain meaning for the consumer. This study indicated that the purpose and motives to create a brand was to be recognized among customers and is one of several reasons why firms decide to create a brand according to Keller (1998). A brand can also promise and guarantee something (Ghodeswar, 2008) and

this farmer explained that they promise the customer a meat product with high quality and that the farm takes a personal responsibility. As long as the consumers receive benefits, advantages and feel satisfied, they most likely are going to continue to buy this product.

The firm use no promotional activities at the moment and nothing is really done to increase the awareness and the brand orientation can be described as low since they has not been able to deliver a unique brand in the mind of the customers. These features would indicate a branding minimalist type (Wong & Merrilees, 2005). The grocery stores put up a small sign, about the farm and production that would hopefully help the customer to find the product and distinguish it from other meat brands. Brand barriers are the things that hold SME back and prevent to conduct activities based on the brand (Ibid). In this case, time and financial resources are seen as the greatest brand barriers.

The actual brand name is a typical geographical name and the brand shows the geographical area where the cattle grow up. A geographical brand is very beneficial when consumers care for local businesses and have a strong connection and therefore they might look and buy the geographical brand name rather than a national and known brand (Turely & Moore, 1995). A geographical brand name can be a disadvantage when planning to expand (Ibid) but in this case the firm has no plans to expand their production and their sales area so it would not be a problem for the farm.

Agreements

This study indicated that all agreements are based upon relations and oral temporary agreements. The farmer calls the stores every second week and states that with a relational agreement is it easier to discuss, get response right away and get an open dialog. A relational exchange can therefore lead to that a contingent conflict is solved right away since the response is received right away. A relational exchange/embedded relationship is necessary and a good complement to more formal and transactional exchange since a relational exchange actually helps to build trust, rush decision-making, solve the conflict and also might reveal new possibilities for the corporation (Heene & Van Laere, 2003). In this case no transactional exchange is included and a transactional exchange is less complex, has a distinct end and beginning and small investment and time is needed (Gundlach & Murphy, 1993). The farmer sees disadvantages with a relational and oral exchange, like unsecure business, the duration length of the oral agreement is unknown and more time consuming. To solve the insecurity, a change from a relational exchange to a more contractual exchange can be beneficial.

Appendix 2: Preparation questions sent out before the interview (English versus Swedish version)

Gård
Kontaktuppgifter

Lina Johansson
Examensarbete vid Institutionen för Ekonomi
SLU, Uppsala
070-221 48 90 el 0431-452893
e02lijo1@stud.slu.se

Interview questions (send to the farmers in advance)

1. Please describe your farm and your product. What is success for you and why do you think that you have succeeded as a small-scale farmer?
2. What kind of added-value do you consider your product to have?
4. How important do you think the brand is for your customer/supplier?
5. Where do you distribute your products? (Sales channels)
6. What kind of agreements do you have and according to your opinion is it working properly? Are you taking part of any collaboration?

Intervjufrågor

1. Skulle du kunna beskriva din gård och din produkt/produkter? Vad är framgång för dig/er och varför tror ni att ni lyckats som småskaliga lantbrukare?
2. Vilka mervärden anser du att din produkt har?
3. Hur viktigt tror du varumärket är för kunden?
4. Vilka är dina kunder? (privat, offentlig, lokal, regional, nationell, slutkonsument, industri, restaurang)
5. Var distribuerar du dina produkter och vilka är dina försäljningskanaler?
6. Vad har du för sorts avtal och enligt dig fungerar de bra i dagsläget? Är ni del av något samarbete i marknadsföring av era produkter?

Appendix 3: Question guides (English versus Swedish version)

Interview guide (the English version for the Canadian farmers)

Introduction questions

1. Start by telling me about your background
2. The farm:
How many acres?
How many cattle/bisons and what kind of breed? Is this breed, the most common in this area?
3. The feed to the cattle is it produced at the farm or are you buying it?
4. What's the name of your company and when was it founded? What kind of business form? (economic society, limited company) How many employees working in the family and other besides the family?
5. The production is small-scale, has it always been like that?
6. How would you define local and regional food?
7. Do you receive subsidies for your production?

Focus on the marketing mix and the two Ps product and place:

Product

8. What kind of products do you offer? What differentiate this product against others: (eg. tender meat due to....picked a certain breed?).
9. What value-added attributes do you consider your product to have? Is it related to the product (taste, freshness, and quality), production method (organic), the package, the marketing concept (locally produced), marketing channel?
10. When you are contacting new suppliers/customers which value-added attributes do you mention?
11. Tell me more about your brand. How as it created? Did you create a brand at the same time as you start considering and thinking about the product?
12. What does the brand symbolize according to your opinions?
13. Do you think the brand is an important aspect for the customer? What do you think is the most important key word costumers relate with your brand? (Eg. brand-a guarantee, as a source of information etc).
14. Is your brand well-known in the area?

Place

15. Who was your first customer?
16. Where do you market your products today? Which sales channels accounts for the greatest sales?
17. Is the product available in any retail or food stores? Is it hard to get access to the retail stores? What do you think is the main reason for that?
18. Can you please explain the whole process from your production to table: From your production- slaughter house (where and distance to farm)- take the meat back and process it, sell it at your farm, processing firms, wholesaler, retailer, restaurant
19. How do you distribute the product?
20. How have you positioned your product towards the customer? Do you focus more on attributes or advantages?

Agreements

21. Are you part of some kind of cooperative or other collaborations? In that case what do you get? How much does it cost?
22. How are your agreements with your customers set up?
23. How much do you deliver and how often (kg)?
24. How does the agreements look like, is it oral, written or a mix of both?
25. Depending on whether they have oral or written agreements, please mention advantages and disadvantages?
26. What is generally included in your agreements? Quantitative, deliveries, price and so on?
27. Are there things that you are dissatisfied with concerning you present/current agreements? Have these things occurred several times? (this refers to psychological contracts)
28. Do you trust your customer?
29. Is the brand included and discussed when sales agreements are created?
30. In which step do you think the brand matters the most and why?
31. How is the brand presented to the customer (restaurant at the menu or in the meat dish in the retail store)?.
32. Do you plan to expand your business?

Finishing

Thank you so much! Is there something you would like to add before we end this interview?
Can you please read a summary when I send it to you and make corrections in the manuscript? Is it possible to get back to you if I have further questions?

Intervju guide (Svenska versionen för de svenska lantbrukarna)

Introduktions frågor

1. Börja med att berätta om din/er bakgrund
2. Din gård:
Hur stor gård, antal hektar?
Hur många nötkreatur har du/ni och vilken ras har ni? Är denna rasen vanligaste i detta område?
3. Fodret till djuren, producerar ni det själv på gården eller köper ni in? (från annan närliggande bonde eller via annat företag ex Lantmännen)
4. Vad är namnet på ert företag och när grundades det? Vilken typ av företagsform drivs verksamheten i: kooperativ, aktieföretag eller handelsbolag? Hur många anställda har ni? (skilj familj från utomstående).
5. Produktionen är småskalig produktion, har det alltid varit så?
6. Hur skulle du/ni definiera lokal och regional mat?
7. Får du/ni något finansiellt stöd för er produktion?

Fokus på teorin om marketing mix och de två P: na produkt och plats:

8. Vilken produkt/produkter erbjuder du/ni? Vad differentierar er produkt från andra? (ex brett produktutbud), utseende etc)?
9. Vilka mervärden anser du/ni att er produkt har? Är det relaterat till produkten (ex smak, färskhet, kvalitet), produktionsmetoden (ekologisk), förpackningen (storleken), marknadskonceptet (lokalt producerat) eller marknadskanaler?
10. När du/ni kontaktar nya kunder vilka mervärden framhäver och trycker du/ni då på?
11. Berätta mer om ert varumärke. Byggdes varumärket upp samtidigt som du/ni började fundera på produkten? Hur är varumärket skyddat?
12. Vad symboliserar varumärket enligt dig/er och vad utlovar varumärket?

13. Tror du att varumärket är en viktig aspekt för kunden? Vilket nyckelord tror du kunden relaterar/associerar med ditt varumärke? (tex varumärket; en garanti, som en källa av information etc)

14. Är ditt/ert varumärke välkänt i området? (fråga om vad jag anser är området och fråga dem vad de tycker)

Plats

15. Vilken var din/er första kund och hur har din marknad växt fram?

16. Var marknadsför du dina produkter idag? Vilka försäljningskanaler står för den största försäljningen?

17. Finns din produkt/produkter tillgängliga i några livsmedelbutiker? Är det svårt att ta sig in på denna marknad? Vad tror du isåfall är huvudorsaken till detta?

18. Kan du vara snäll och beskriva/förklara hela din kedjan, från produktion till bord: (din produktion, slakteri (var det ligger beläget och avståndet), om du tar tillbaka köttet och förädlar det, säljer det på gården, skickar det till något förädlingsföretag, grossist, detaljhandeln, restauranger, offentliga sektorn)

19. Hur distribueras produkten?

20. Hur har du positionerat din produkt gentemot dina kunder? (fokuserar du mer på attributen eller på fördelarna? Ex knyt an till teorin...attribut= tex äldsta bryggeriet, fördelspositionering=produkten har en speciell fördel, ligger nära en storstad och typisk "turistväg")

Avtal/samarbetsformer

21. Är du/ni del av ett kooperativ eller med i några andra samarbeten? Om du ingår i något samarbete vad får du ut av det och vad kostar det?

22. Hur är dina avtal med dina kunder uppbyggda? Är avtalen muntliga, skriftliga eller innehåller lite av bådadera?

23. Hur mycket levererar du (kg) och hur ofta (varannan vecka/månad/två gånger per år)?

24. Beroende på om avtalen är muntliga eller skriftliga, kan du/ni nämna fördelar och nackdelar?

25. Vad är generellt inkluderat i era avtal? Kvantitet, leverans, priser

26. Finns där saker som du/ni är missnöjda med i ert nuvarande kontrakt? Har det isåfall uppstått flertal gånger (knyt an till psykologiska kontrakt)

27. Litar du på din kund?

28. När ni diskuterar och pratar om avtalen är varumärket en del av den diskussionen?
29. I vilket steg anser du/ni att varumärket har störst betydelse?
30. Hur presenteras varumärket för era kunder (på menyn på restaurangen eller i köttdisken i en livsmedelsaffär)?
31. Planerar du att expandera ditt företag?

Avslutning

Tack så mycket för din medverkan och tid! Är det något som ni önskar tillägga innan vi avslutar?

Skulle du vilja vara snäll och läsa igenom detta när jag sammanfattat vår intervju? Är det möjligt att återkomma om jag skulle behöva ställa någon kompletterande fråga?

Appendix 4: A table indicating the biggest slaughterhouses in Sweden

Division by the percent of the total cattle slaughter they have. The numerical data is based on the year of 2007.

	Slakteri	Ägandeform	Andel av totalt slakt
1.	SCAN AB - Linköping - Skara - Visby - Kävlinge (nerlagt i juli - Uppsala (läggs ner i höst)	Aktiebolag och dotterbolag till HK Scan	50,3 %
2.	KLS i Kalmar AB	Ägs av Danska Danish Crown	8,2 %
3.	Skövde slakteri AB	Familjeföretag. Familjen Ögren äger 85%, resten av några bönder	9,5 %
4.	Dalsjöfors Slakteri AB(Borås)	Familjeföretag	5,6 %
5.	Team Ugglarp AB (Hörby)	Ägs till dels av Danish Crown, dels av grundaren Tommy Olsson	4,8 %
6.	Nyhléns Hugossons slakteri AB(Ullånger och Skellefteå, det senare nerlagt i maj i år)	Scan äger 50 % och bonden Mikael Hugoson 50 %	5,0 %
7.	Dahlbergs slakteri AB (Brålanda)	Familjeföretag	2,4 %
8.	Delsbo slakteri AB	Familjeföretag	2,0 %
9.	Närke Slakteri AB, Gällersta	Familjeföretag	1,5 %
10.	Ello-livs AB, Lammhult	Familjeföretag	1,6 %
11.	B. Erikssons slakteri AB, Krylbo	Familjeföretag	1,3 %
12.	Karlgrens slakteri AB (Gällivare)	Familjeföretag	0,7 %
13.	Siljans chark AB (Rättvik)	Scan äger 40 %, resten av ca 200 bönder samt några anställda	1,6 %
14.	Norrbottensgården AB, Luleå	Ägs av ett antal bönder samt av Nyhléns & Hugosons	0,7 %

Appendix 5: Swedish retail and the two main ones are presented

There are mainly six actors in the general dealer. ICA AB and Coop are the two most dominating actors accounting for more 70 % of the market shares in the general dealer. These two actors are mentioned below since they have the greatest power to consider Swedish small-scale food producers as their future suppliers.

ICA Sverige AB is the leading food retail company in Sweden with approximately 1382 ICA stores. Each owner of the stores possesses the store and manages their stores as independent businesses (www, ICA, 2008a). Each store is divided into four concepts depending on sales, size, assortment and geographical location: ICA Nära, ICA Supermarket, ICA Kvantum and ICA Maxi. 60 % of ICA AB is owned by the Netherlands based Royal Ahold N.V and 40 % by Hakon Invest AB to (www, ICA, 2008b).

The other main actor Coop has approximately 700 stores divided into five chain stores: Coop Nära, Coop Konsum, Coop Extra, Coop Forum and Coop Bygg (www, Coop, 2008a). Coop is a cooperative and Coop Sweden is wholly-owned by the Swedish Cooperative Union (Kooperativa förbundet).

Appendix 6: Background information about the creation of Kaprifolkött

-Only available in Swedish. For translation into English please contact me.

Bakgrundsinformation Kaprifolkött (denna information kommer att finnas med i en bilaga för att ge en introduktion och förklaring till bildandet av Kaprifolkött)

Det var efter en debattartikel av biologen och debattören Stefan Edman som Kaprifolkött projektet drogs igång (Gerd Johansson, 2008). Detta framför allt på grund av att Edman ansåg att den biologiska mångfalden hotades av att naturbetena i Bohuslän och Dalsland efterhand skulle försvinna. Debattartikeln resulterade i ett möte där KRAV, LRF och Länsstyrelsen ingick och hösten 2001 drog projektet igång på riktigt (Gerd Johansson, 2008).

Kaprifolkötts grundtanke var att skydda kustens strandängar och inlandets hagmarker (info från Internet, Ekoweb). När konsumenten köper Kaprifolkött så hjälper de till att bevara naturbeten samtidigt som de får ett närproducerat kött av hög kvalitet. Alla Kaprifolleverantörer skall vara KRAV-certifierade.

Producenterna som är anslutna till Kaprifolkött betalas för ett visst antal betesdjur per vårdad areal äng och hage (förklara gärna lite mer ingående Gerd Johansson eller Anita Sjösten). Produktionen kontrolleras av KRAV och olika universitetsforskare följer vad som händer med djur-och växtlivet på ängarna och hagarna. Länsstyrelsen inspekterar att marken är väl avbetad.

Enligt Gerd Johansson finns det i dagsläget knappt 100 producenter som är anslutna till Kaprifolkött. I nuläget slaktas cirka 1000 Kaprifolnöt om året.

När tiden för projektet gick ut utvärderades projektet och slutsatserna var att Kaprifolkött skulle fortsätta in sin nuvarande form. Kaprifolkött bildade då en ekonomisk förening men som inte själva säljer något kött (Gerd Johansson). Kaprifolkött ser till att de har rätt antal djur och tar ut licensavgifter. All slakt sker av Swedish Meats i Skara. I många andra avtal begär Swedish Meats i sina avtal att producenterna ska ha en viss slaktkvot/år. I detta fall är kvoten bortförhandlad. Swedish Meats styckar köttet för att sedan transportera det till COOP Konsum Värmland. I Värmlands finstyckas och mals köttet till de butiker som inte själva styckar direkt i butiken. Det är sedan Värmlands som sköter transporten ut till butikerna och inte av Swedish Meats eller Kaprifolkött. De flesta butiker (cirka 30 st) finns runt Bohuslän och Älvsborgs län, runt 15 stycken i Göteborgs området och sedan finns en del mindre små butiker.

Faktorer som enligt Gerd Johansson bidrog till framgång:

-Kaprifolkött har inte tagit på sig mer jobb än man känt att man klarat av. De utnyttjade befintliga kanaler och ansåg då att det blir lönsamt att även producera i liten skala och att vissa delar av kedjan bör skötas av andra, som t.ex. att all slakt sköts av Swedish Meats.

- Det fanns en engagerad och involverad person som tog initiativ till projektet. Det krävs oftast eldsjälur för att kunna jämföra projekt och i Kaprifolkötts fall var det debattören Stefan Edman som bidrog till startpunkten för Kaprifolkött. Stefan Edman har även varit rådgivare

till Göran Persson och rört sig mycket i offentliga sammanhang vilket också haft stor betydelse.

-Kaprifolkött har lyckats förstå att Kaprifolkött måste ge alla (både producenter och konsumenter) ett mervärde.

-Att en välkänd logotyp användes. Varumärket på köttet är Bohusläns landskapsblomma vilket är välkänt för många boende Bohuslän-och Dalslänningar.

Om projektet hade startats upp idag så hade producenterna förmodligen tagit bättre betalt från början (Gerd Johansson). I startfasen av projektet var tillägget 1kr, medan det idag ligger på 4 kr tillägg utöver avräkningspriset.

Pris: 100:- (exkl moms)

Tryck: SLU, Institutionen för ekonomi, Uppsala 2008.

Distribution:

Sveriges lantbruksuniversitet
Institutionen för ekonomi
Box 7013
750 07 Uppsala
Tel 018-67 2165

Swedish University of Agricultural Sciences
Department of Economics
P.O. Box 7013
SE-750 07 Uppsala, Sweden
Fax + 46 18 673502