Is “co-operative” a valuable element in market communication?

An empirical study of consumer perceptions

Peter Brusvall

SLU, Institutionen för ekonomi *Examensarbete 357*
Företagsekonomi *Uppsala 2004*
D-nivå, 20 poäng

ISSN 1401-4084
ISRN SLU-EKON-EX--357--SE

Is “co-operative” a valuable element in market communication?

An empirical study of consumer perceptions

Peter Brusvall

Handledare: Jerker Nilsson

Sveriges lantbruksuniversitet
Institutionen för ekonomi
Box 7013
750 07 UPPSALA

ISSN 1401-4084
ISRN SLU-EKON-EX--357--SE

Tryck: SLU, Institutionen för ekonomi, Uppsala, 2004

Sammanfattning

Mjölkindustrin har mött ökad konkurrens de senaste åren. För att ha en stark ställning måste företagen idag ha en tydlig profil. Varumärkena har blivit viktigare, och produktutvecklingen och -differentieringen har ökat. Denna uppsats behandlar frågan om huruvida kooperativa företag kan använda sin företagsform för att stärka sin profil så att deras varumärken blir mer attraktiva bland konsumenterna. Syftet är *att utreda om det är lämpligt för kooperativa företag att i sin marknadskommunikation använda den kooperativa identiteten som ett argument.* Som fallföretag används dansk-svenska Arla och dess verksamhet i Sverige.

Eftersom studien handlar om varumärkeskommunikation, omfattar den teoretiska genomgången främst varumärkesstrategier och konsumentbeteende. Särskilt behandlas hur varumärkenas immateriella mervärden uppfattas av konsumenterna. Under senare år har märkesidentitetens stora betydelse blivit allt mer uppmärksammad.

En empirisk studie görs med hjälp av en enkät bland 234 slumpmässigt utvalda konsumenter i Uppsala. Frågeformuläret är utvecklat av en grupp studenter i Rennes, Frankrike. Det omfattar dels spontana kunskaper om kooperativa företag och varumärken, dels påståenden att ta ställning till angående kooperativa företag i jämförelse med icke-kooperativa företag. Den senare delen testar konsumenternas värderingar av företagen. Undersökningen görs i både Sverige och Frankrike, varför jämförelser är möjliga.

På basis av teorigenomgången utformas tre hypoteser för den svenska studien:

1. Konsumenterna har små kunskaper om och engagemang för kooperativa företag och deras verksamhet.
2. Att ett företag är kooperativt är inte en viktig identitetsbärare för företagets marknadskommunikation.
3. De viktiga identitetsbärarna för kooperativa företag är konkreta mervärden såsom livsmedelssäkerhet, djurskötsel, regional produktion och miljöhänsyn.

Undersökningarna i de båda länderna uppvisar liknande resultat. Konsumenterna är mer positiva än förväntat. De två första hypoteserna, som prövas genom frågorna om spontan kunskap, visar sig inte vara korrekta. Den tredje, som bygger värderingar och påståenden, stämmer bättre. Slutsatserna om huruvida kooperativa företag bör använda sin identitet såsom argument är inte helt självklara.

Utifrån teorigenomgången och Arlas verklighet är det troligen inte lämpligt att trycka på den kooperativa identiteten. Även om undersökningen visar ganska goda kunskaper, rör det sig om generella kunskaper som följt med företagets historia. Värderingarna i formulärets andra del (kvalitetskriterier, miljöhänsyn, arbetsförhållanden) kan vara mer värdefulla, men dessa är inte specifika för kooperativa företag. En slutsats från jämförelsen mellan länderna är att lokala företag kan ha mer nytta av sin kooperativa identitet i marknadskommunikationen. I Frankrike är den lokala tillhörigheten mer närvarande än i Sverige. Stora företag såsom Arla bör snarare framhäva de värderingar, som finns i svensk kultur. Den kooperativa identiteten kan följa med som en del i detta, men då ha en tillbakaskjuten roll.

Abstract

The dairy industry has met increasing competition in recent years. The companies must have an clear profile to possess a strong market position. Branding is important and product development and differentiation have increased. This thesis studies the question whether co-operative firms can use their business form to strengthen their profile and make their brands more attractive among consumers. The purpose is to investigate if it is suitable for co-operative firms to use the argument of being co-operative in their market communication. As case firm the Swedish-Danish Arla Foods, specifically its Swedish operations.

Since the study primarily treats the subject of brand communication, the theoretical part consists of theories on branding strategies and consumer behaviour. Particularly the perception of the immaterial values among consumers is studied. During recent years the importance of brand identity has gained much attention.

An empirical investigation is made through a questionnaire among 234 consumers randomly selected in Uppsala. The questionnaire was designed by a group of students in Rennes, France. The questionnaire treats spontaneous knowledge among consumers about co-operative firms and their brands as well as statements to consider concerning co-operative firms compared to non co-operatives. The latter part treats the values the consumers have concerning the firms. The study is made both in Sweden and France, which make comparisons possible. On the basis of the theoretical study three hypotheses are formulated for the Swedish study

1. The knowledge and involvement the consumers have concerning co-operative firms and their activities are low.
2. Communication of being a co-operative is not an important identity carrier for Arla.
3. The important identity carriers for the consumers concerning co-operative firms are concrete added values such as food safety, animal care, regional production and environmental consideration.

The empirical studies show similar results in both countries. Consumers have more positive attitudes towards and knowledge of co-operative firms than expected. The first two hypotheses, which are tested through questions about spontaneous knowledge, prove to be false. The third hypothesis, which is built on the values and statements in the questionnaire, is verified to some degree. But the conclusions whether or not co-operative firms should use their identity as an argument in the market communication are not all obvious.

Based on the theoretical study and the realities of Arla Foods, it is probably not suitable to stress the co-operative identity. Even if the results indicate rather good knowledge, it has to do with a general knowledge that has followed the history of the firm. The values in the second part of the questionnaire (quality, environmental consideration, working conditions) could be more useful, but these values are not specific for co-operatives. One conclusion from the comparison between the two countries is that local firms could have more use of their co-operative identity in their marketing. In France the local identity is more present than in Sweden. Big companies like Arla Foods should rather emphasize the values present in the Swedish culture like the values mentioned above. The co-operative identity can follow as a part of this, but have a more passive role.

Table of contents

1. Introduction

1.1 Background

In the last years the competitive pressure has increased in the European dairy industry, and one may expect this trend to be strengthened in the years to come. The CAP reform of June 2003 will lead to lower prices on standard products, and so, many dairies will have to reduce the milk prices paid to the farmers. As a response, the dairy processors will intensify their efforts in product development and product differentiation as well as in building strong brands and market investments, hoping to find lucrative products to sell on less price sensitive markets.

In these endeavours, there are differences between dairy processors with different ownership structures. Farmer co-operative dairies have a dominant position on the markets for standard products, sold in large volumes. Investor-owned firms (IOFs) on the other hand, tend to avoid these markets, as the profit level is quite low. Rather, they aim for markets with value-added products, sold with the help of large marketing efforts. The co-operatives have often difficulties to be successful on these markets, as such a strategy requires large investments per unit of kilogram of milk, and co-operatives are normally under-supplied with capital. The farmer-members need the capital in their own farm enterprises, and especially in traditionally organised co-operatives, the members have weak incentives to invest in their co-operative.

The competition between different dairy co-operatives is most intense on markets for standard products. And one may expect the price level to become an even more important sales parameter. Contributing to this is the increasing power of retail chains and the fact that the European Union has recently been enlarged with ten new member states. These new countries often have low-cost production of milk. What can the dairy co-operatives do, squeezed between the CAP reform, the capital intensive IOF dairies, the multinational retail chains and the new accession states?

One option may be to strengthen the image of the co-operative firms, i.e., building closer links to the consumer, thereby becoming the consumers' preferred supplier. To the extent that consumers demand dairy products from a specific dairy processor, this firm may alleviate its profitability problems. If so, the sales propositions should, however, be such that the competitors cannot easily copy this.

This leads up to the problem to be investigated in this study: *To which extent are consumers willing to pay more for products and to buy larger quantities of products, if the market communication stresses the origin of the products – that the dairy processor is a farmer co-operative firm, that the processor is farmer-owned, that the products are produced in the region or country where the co-operative's members have their operations?*

The focus of this study is on the co-operative identity of the dairy processor. The co-operative in focus for this study is the Danish-Swedish Arla, or more specifically, its operations on the Swedish market.

1.2 Problem and purpose

The purpose of this study is *to investigate if it is appropriate for co-operative firms to use the argument of being co-operative in their communication to the consumer market.* To fulfil this purpose a range of subordinate questions are answered in the study. The most important of these are:

- Which advantages and disadvantages will a dairy co-operative like Arla have when communicating its co-operative identity in the promotion of its products to consumers?
- Will the consumers conceive the notion of co-operation to be positive or negative, and which effects will this have on their assessment of the products?
- Will the consumers connect co-operatives with natural products, with "Swedishness", with the countryside, and regional origin?
- Are the consumers willing to pay a higher price for products produced by co-operative firms and are they willing to buy larger quantities from firms promoting themselves as co-operatives?

1.2 Approach of investigation

To understand and to investigate the purpose of this study, some theoretical models are needed. The problem concerns the consumers' perception of dairy product brands; therefore the theoretical base consists of consumer behaviour and branding of convenience goods (low-involvement goods). A more specific description of the theoretical tools used is given in Chapter 2. As these theories are applied on the topic at hand, a number of hypotheses are arrived at, and these hypotheses are to be tested through an empirical analysis.

The data collection for the empirical investigation is conducted through personal interviews with randomly selected consumers. Due to the limited resources available for this study, the sample size is only 234 consumers. Such a small sample size is admittedly not sufficient for drawing general conclusions about the entire Swedish population, but it still may give some indications as to whether it is advisable to conduct a more comprehensive study.

For the sake of convenience, the interviews are conducted in Uppsala. The respondents are asked questions about their knowledge and perception of co-operative firms and products.

The questionnaire was originally developed by Dr. Philippe Ruffio and the student Caroline Hervé (Agrocampus Rennes, Département Economie Rurale et Gestion) who conduct a similar study simultaneously in France. This makes it possible to compare the results from the two countries. After having been translated into Swedish, the French questionnaire is used also in Sweden. As the questionnaire is based on the country specific industry environment in France a few questions must be modified to better reflect the market conditions for the Swedish dairy industry. The method and the modification of the French questionnaire are described in more detail in Chapter 3. Comparisons are possible where the questions are identical in the two countries. Conclusions from such comparisons may add to a more general understanding, and hence, lend themselves to more valuable lessons for the co-operative firms.

1.3 Value of the study

The findings will indicate if dairy co-operatives should promote themselves as co-operatives. If consumers perceive co-operative firms positively it would be a good idea to use this fact in the promotional activities. Likewise it would be interesting to single out different dimensions of the co-operative character – regional and national origin, quality aspects, countryside values, etc.

The study also has a theoretical value, especially due to the possibilities for cross-national comparisons. It reveals how the concept of co-operatives is perceived by consumers, thereby contributing to the understanding of the links between market characteristics, the co-operatives' market strategies and the organisational structure of co-operatives.

The question to be investigated in this paper, i.e. if co-operative identity has a role in the market communication, opens up a big field of possible theoretical analyses. *Branding of convenience goods* plays a central role in the study. One interesting perspective is how the added value is reflected in product attributes and brand identity. The brand identity or immaterial value is interesting for this paper's approach. Hence, this is the main theoretical field to be investigated. To this comes another field, *consumer behaviour,* which is closely related to the value added in products. The consumer's perception of the added value decides which goods he or she will buy. Since dairy products are convenience goods, consumer involvement is low, but some parts of this field have a potential to explain the immaterial value for the customer.

2. Theory of branding and consumer behaviour

This chapter presents some models and research in the field of brand management. It includes the behaviours and perceptions of consumers. The chapter explores how a company can understand the symbolic meaning of a brand and how far this knowledge can reach. The theoretical presentation starts with a discussion of consumer behaviour in relation to low-involvement products. The presentation continues with models of strategic brand management where the focus is on the immaterial and symbolic value of brands. Finally, the consumer behaviour and brand management fields are integrated. To illustrate the somewhat abstract explanations, a few empirical studies in the field of brand management are presented.

2.1 Consumer behaviour and low-involvement products

According to Melin (1997) the brand building process begins with the consumer's involvement with the brand itself. Without a basic involvement from the consumer, it is difficult and most likely impossible to create a strong brand on the market. The consumer's involvement can be defined as a mixture of four variables: personal interest, perceived risk, symbolic value, and pleasure value. The brand owner can change these four variables to create a strong brand. This is essential, as the goal is to increase the level of involvement so that the consumer puts more efforts in choosing the brand. This increased involvement can lead to increased brand sensitivity and decreased price sensitivity which in the end may lead to the ultimate goal: brand loyalty. Brand loyalty can be a challenge for companies with low-involvement products. These companies have to find strong added values in their products so that the products can be perceived as unique.

The involvement in the buying behaviour process can be classified according to the differences the consumer perceives in the different brands. This can be explained as shown in Figure 2.1.

	High involvement	*Low involvement*
Significant differences between brands	Complex buying behaviour	Variety-seeking buying behaviour
Few differences between brands	Dissonance-reducing buying behaviour	Habitual buying behaviour

Figure 2.1 Four types of buying behaviour (Kotler, 2000)

Complex buying behaviour describes a long process of thinking and investigation from the consumer. This process is mostly active when one is buying products that involve a greater financial risk and when there are large differences between the brands. These products are bought on more irregular basis. *Dissonance-reducing buying behaviour* involves greater risks but there are few differences between brands. *Habitual buying behaviour* is found when the product category shows few differences in brands. The involvement is low due to small risks. Here one will find most convenience goods that are perishable. *Variety-seeking buying behaviour* concerns products that show great differences in brands but the consumers are not so involved in the buying process. Here are convenience goods that are differentiated through various added values, whereby they consist of something more then the basic product. (Kotler, 2000)

As the product category to be investigated is dairy products, this study concern low involvement. During the last years, however, there has been a change – due to more product differentiation and more added values, the various brands are now less alike than they used to be. So, the consumer behaviour in relation to dairy products can nowadays be characterised as a mix of habitual and variety-seeking buying behaviour.

A problem when advertising low involvement products is that consumers are passive learners who barely notice a commercial unless the marketer tries to get more attention. If one wants to convert the product to a higher involvement product one can use different techniques to make the product announce something more than the basic functions of the product. One can link the product to an involving issue, for example when connecting milk to the growth and strength of bones in the body. For instance, a bacterial culture that is good for the stomach can be added to yoghurt. Further, one can use commercials that trigger emotions attached to personal values and beliefs. For example for a dairy brand one can stress environmental and/or social values that the brand supports or stands for. Thereby the brand becomes more important for the consumers who have believes consistent with those values. (Kotler, 2000)

Another issue, especially for food brands, is the increasing number of retailers' own-label brands. Today ICA, Sweden' largest retail chain, has a market share of 10% for its own brands. (Annual report ICA, 2002). This can be a threat to the manufacturer brands.

Manzano et al. (2002) conducted a study about the involvement that consumers have when they choose own-label brands: Has involvement any effect on that decision? The authors claim that consumers increasingly trust the own-label brands due to a belief in better quality of those products. Previous studies show that low involvement products have a higher chance of being accepted by the consumers than high involvement products. The reason is that the consumers perceive none or few differences between the brands. The authors propose a conceptual map of relationships between the variables affecting the decision to buy the store brand (Figure 2.2). The product categories investigated are milk, sliced white bread, oil, beer, bleach and toilet paper. These are categories where own-label brands appear frequently.

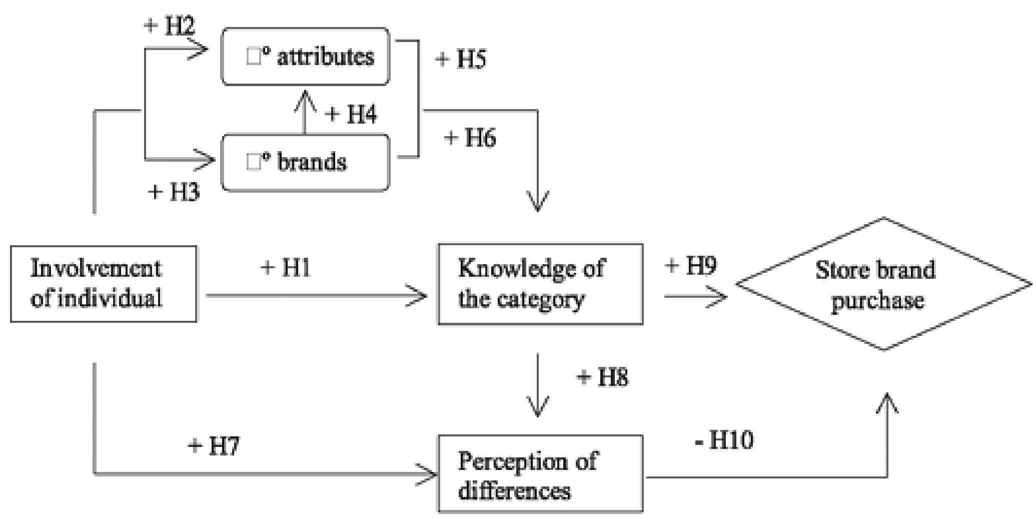


Figure 2.2 The relationship between the variables affecting purchase decision of store brand. (Aldas-Manzano et al., 2002)

Around this model Aldas-Manzono et al. (2002) formed a number of hypotheses. These are expressed as the H+number in Figure 2.2. The verification or falsification of each of them is shown in Table 2.1. All hypotheses are verified except for number 10. The conclusion is that the involvement in the product affects the decision to buy a store brand. The authors conclude that the differences perceived in the product category are that the most decisive factor for the consumers' choice of own-label brands.

Hypotheses	*Verified Falsified*
1.The higher the level of personal involvement with the product category, the greater the knowledge the individual has of it	V
2. The higher the level of involvement, the greater the number of attributes considered in the decision making	V
3. The higher the level of involvement, the greater the number of brands which form part of the evoked set of the individual	V
4. The presence of a greater number of brands in the evoked set implies the use of a greater number of attributes with which to evaluate the different alternatives	V
5. The use of a greater number of attributes at the time of deciding suggests a greater knowledge of the category	V
6. The use of a greater number of brands remembered by the individual, the greater the knowledge the individual possesses of the category	V
7. The higher the level of personal involvement with the product, the greater the capacity to identify the possible differences between the alternatives	V
8. The greater the degree of knowledge the individual has of the product category, the greater the possibility of the individual perceiving differences between the different alternatives	V
9. Greater knowledge of the category by the consumer leads him to prefer national brands	V
10. The greater the belief that differences do in fact exist between the different alternatives, the less likely the possibility of the individual buying the store brand	F

Table 2.1 (Aldas-Manzano et. al., 2002)

The importance of perceived differences implies that a retail chain should decrease the differences between its own-label brands and the national brands. The best strategy for the national brands would be to develop brands and products that are differentiated and have added values, which are difficult to copy for the retail chain. In the dairy industry this has been very important during the last years since the competition between many product categories has increased.

The concept of "evoked set" is mentioned in the list of hypotheses. This factor has a big influence on the brand choice decision. The evoked set is the number of brands in the mind of the consumer, remembered in the buying situation. The number of brands is often very limited so it is a challenge for the brand owner to make sure that the brand belongs to the consumers' evoked sets. (D'Astous et. al. 2002)

2.2 Strategic brand management

2.2.1 Product differentiation

After the examination of the consumer behaviour the question is how a company can obtain confidence towards the brands that the company has in its product mix. The focus in this paper is the added immaterial value and the attributes that can contribute to that added value. The added value can be described as the difference between a branded good and a generic product, i.e., the difference between two products that satisfies the basic needs of a consumer (Melin, 1997).

A unique product has the advantage of being difficult to imitate and also less sensitive to price changes. Consumers are less interested in changing brand if they have found one that has the quality and values they are seeking. Uniqueness is achieved through product differentiation (Melin 1997).

Uniqueness can be described in terms of the product concept (Kotler 1984). A product has three levels of differentiation. The *core product* is generic and non-differentiated. The *material product* is the product as presented to the customer in the stores, for example quality, packaging, and brand. The *augmented product* means that services are added to the product, which thereby gets something “extra” that may be important in the buying decision. A problem with this model is, according to Melin (1997), that the brand has the same value as all the other attributes. The brand should rather be an independent marketing tool. One has to make the product something more than just a product; it has to be a branded product. The brands could be the primary issue for the company.

2.2.2 Material and immaterial value

The added value needed to create the differentiation consists of material and immaterial values in the brand. It is the product attributes that create the *material value.* These are the physical product characteristics such as quality, packaging and presentation. Material values like these are easy to measure. The *immaterial values* express what the brand stands for in relation to the consumer. One important part of these immaterial values is brand identity. The brand identity has in recent years received more attention in brand management research. This is much due to the fact that immaterial characteristics are difficult for a competitor to copy. (Melin, 1997) The branded product is presented in Figure 2.3.

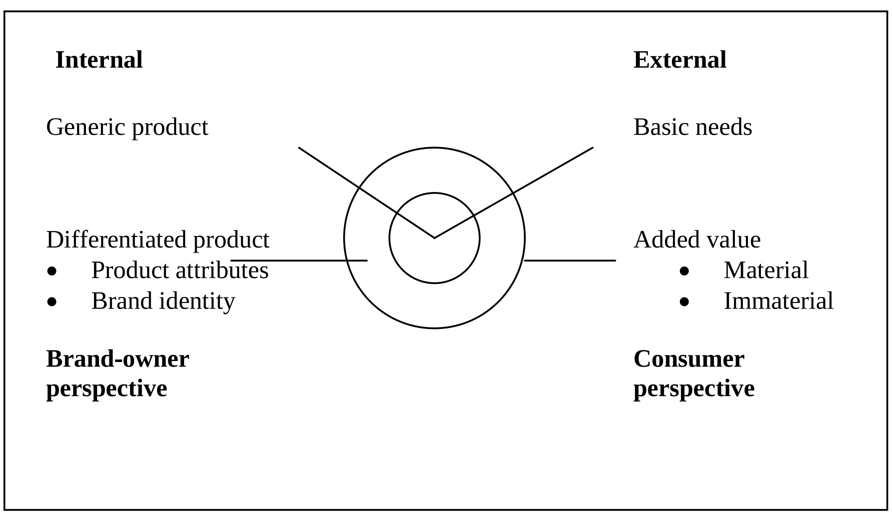


Figure 2.3 The branded product from the brand owner perspective and the consumer perspective (Melin, 1997)

The figure shows that brand identity corresponds to the immaterial value in the consumer perspective. This can be an important added value and should therefore be considered seriously by the company. The symbolic and immaterial values of brands could have more impact on consumer preferences than the companies often understand. The rest of the theoretical presentation focuses on these values.

2.3 Brands and symbolic values

Research on branding and symbolic values started when Levy (1959) criticised the dominant marketing research, which focused on the material attributes in products and took for granted that the consumers are rational and economic-minded. He argues, "People buy things not for what they can do, but also for what they mean." (Bengtsson, 2002, p. 39). His main argument is that since the functional attributes of consumer goods become more and more similar between the brands there is a necessity for the consumers to find other attributes than the functional to make the choices easier. The symbolical value could be said to be the essence of the immaterial values in a brand.

An important concept is that of *hedonic consumption.* This means "… facets of consumer behaviour that relate to the multisensory, fantasy, and emotive aspects of one's experience with products" (Bengtsson, 2002, p. 42). An important component of this concept is the proposition that the consumers are active in creating a brand meaning for a specific object and that this brand meaning can be different for different consumers. It is the perception of the brand meaning that matters and this is a result of the specific situation of every consumer. The brand meaning can be said to be what the consumers create around a brand and what attributes they assign to it.

Bengtsson (2002) classifies the brand meaning in different categories and prior research fields. First there is *the brand as a cultural signifier.* This implies that the brand meaning is a result of a long process over time, where the consumers are active interpreters of the brand meaning and that this can become a shared cultural symbol. The brands carry meanings in the form of ideas and attitudes that are interpreted by the consumers. Another aspect of the culture is that children often use the same brands as their parents. This is especially true for food products. For example, milk consumption starts when the individual is young and is likely to continue with the same brand when one gets older. Another important thing is that consumers often have longer relationships with brands than they have with people or places.

Second, there is *the brand as a narrative.* This consists of four functions, which the consumer evaluates, in a brand. An important implication of this construct is that the value of a brand is created through a process where several interdependent actors around the consumer influence the perception of the brand.

- *The acquisition of competency.* The brand's ability to perform according to stated promises.
- *The contract.* Transfers of values, what the consumer gives and what the consumer gets.
- *Performance.* Experience with the brand.
- *The sanction.* Comparison between experience and expectations.

The third brand meaning perspective is *brands in symbolic interaction.* This view can be described as a negotiated meaning of a brand between the consumer and the marketer/brand-owner. There is an interchange between three environments in the consumers' life. One is the marketing environment with advertising which tries to communicate one sort of meaning. Another is the individual environment within the consumer who interprets the meanings that the brand owner want to communicate according to how the meaning contribute or not to the self-image of the consumer. The third environment is the social one where the brand meaning also is interpreted according to prior learning and experience and negotiated to decide if it will be accepted in the social context. This view of the brand meaning suggests that it originate from the brand owner. Bengtsson (2002) regards this view to be overestimated. Maybe it is not necessary to always have a discussion concerning the acceptance of a brand in a social group.

The symbolic meaning must have some foundation to start with. This foundation can be the differentiation called brand identity mentioned above. The theories around this follow next, before the chapter finishes with an integration of the different models and views of consumer behaviour and brand management.

2.4 Brand identity

2.4.1 Brand identity prism

Brand identity is what the brand owner wants the branded product or products to stand for and to be communicated to the consumers. This concept has gained much interest in recent years. This might be due to the inborn nature of brand identity to be an immaterial attribute, differentiating brands from one another. Many companies either cannot or will not compete with material attributes such as quality or price. Hence, immaterial values such as the brand identity become more important. (Melin, 1997)

The corporate identity can be defined as how the company wants to be perceived by the surrounding environment and the customers. Of course the brands, which the company sells to the consumers, play an important role in this perception since the brands are the outward face of the company. The brand identity concerns how consumers actually perceive the brand. A strong and competitive brand identity has to be sustainable and consistent, but this does not mean that it cannot be changed. The firm has to be able to make modifications to adapt to new market realities. The above-mentioned characteristics of brand identity imply that it takes a long time to build up this identity. During this process the firm has to make sure that the consumers have the same image of the brand as the image that the firm intentionally has communicated. This brand image can be explained through one of the first models of brand identity, namely the brand identity prism.

Kapferer (1997) developed the brand-identity prism. The model shows how many things, some out of control for the company, influence the brand image. The task is how the company can change its brand communication; yet remain true to itself, i.e., true to its identity. To achieve this, the brand must be durable, send out coherent signals and be realistic. It is only through this one can achieve success with a brand. As can be seen in Figure 2.4 it is a six-facet model with six main influencing characteristics.

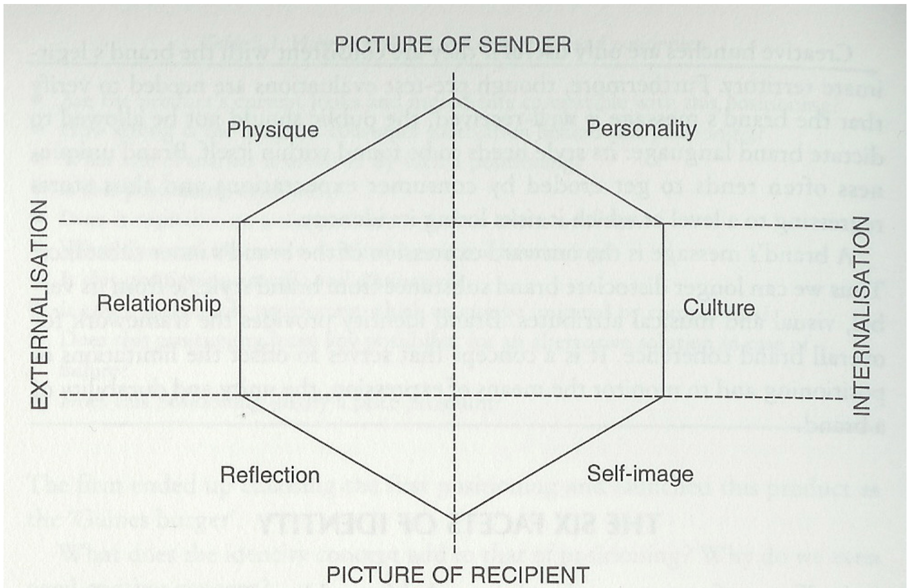


Figure 2.4 Brand identity prism (Kapferer, 1997)

- *Physique.* Basic product functional values and material added values.
- *Personality.* The way the brand speaks of its products and services shows what kind of person it would be if it were human. This personality is often created by a spokesperson.
- *Culture.* Values feeding the brands inspiration and basic principles governing the brand in its outward signs. Here countries of origin play a very important role.
- *Relationship.* Transactions and exchanges between people.
- *Reflection.* Building up a reflection or an image of the buyer or user, which it seems to be addressing. Brands should always try to project a flattering image of their customers.
- *Self-image.* The target groups own internal mirrors.

These six facets are divided into what is called externalisation and internalisation. Externalisation implies social facets, which are visible, whereas internalisation is the spirit of the brand. It is here that the brand identity truly shows itself.

The model is well explained in a quotation from Kapferer (1997, p.117): "Whether or not they are managed, planned, or wanted, all brands acquire a history, a culture, a personality and a reflection through their cumulative communications. To manage a brand is to proactively channel this gradual accumulation of attributes towards a given objective."

2.4.2 Managing the brand identity

It takes a lot of work to manage and develop immaterial values so that they have a positive effect on the perception of the brand. Melin (1997) describes how this can be done. Particularly he discusses how the brand identity can contribute to build up competitive advantages for the brands. The discussion around the brand identity is divided into five strategic management fields, described below.

To ensure a sustainable identity for the brand, one needs a sustainable protection. Here *brand and identity protection* are important. Registering a brand in the patent register does, however, not give enough protection; one needs something to individualise the brand and it is here one needs the identity protection. This is particularly important if there are a lot of competitors, selling generic products to the same target market or markets. The second identity management field is the *identity carriers.* These are divided into primary and secondary ones where the brand name is the primary carrier whereas packaging, symbol, market communication, and logotype are secondary carriers. The carriers must be unique to be communicated effectively to the consumers. It is not evident that the brand name should be the primary carrier of the identity. In some cases, for example the packaging can be the decisive feature of the brand, as for the Absolut vodka bottle, which has been its primary competitive advantage.

The third identity management field is the *identity content* and structure of that. This is divided into factors that develop and help the identity and factors that inhibit the development of the identity. Between these two there is a tension, which is hard to manage. The helping factors are name, personality, origin and usage of the branded product. The name is perhaps the most important feature because it is the first and most easy element of the identity to recognise. The origin of the product, both geographically and historically, can play a decisive role in the credibility perception of the brand. The personality of the brand is also important because it is used so that consumers can identify themselves with the brand more easily, which creates strong bonds between the brand and the person who uses it. This contributes to a sustainable brand loyalty. The last helping factor of brand identity is the usage. This describes when, where, how, why and by who the product is used. This is also important for the identification between the brand and the consumers.

The inhibiting factors are the uniqueness of the brand, the potential to be communicated, the credibility, the potential to be transferred internationally, and the potential to be enlarged in other areas. The uniqueness is important to the brand. The name is the primary issue because it can easily conflict with the second inhibiting factor, i.e., communication. Some names are more easily communicated, and these often suggest something about the product and the usage of it. Fantasy names are more difficult to communicate because it takes a longer time for them to become recognised by the consumers, but they also have the advantage of being unique. The credibility of the brand is clearly a must, but this has created problems for some companies over the years. The two last inhibiting factors have to do with the potential to enlarge the brand in product categories and internationally. For example one has to be careful so that the name does not create negative associations in foreign languages.

The last identity management fields are *the identity enlargement* and *the identity control.* The potential to enlarge is much due to how feasible it is to transfer the identity from the original product to another. This concept can be summarised in Figure 2.5.

		Brand identity	
		Specific	*General*
Target group	*Specific*	Individual brand	Parent and subsidiary brand
	General	Subsidiary and parent brand	Parent brand

Figure 2.5 Alternative branding strategies from the brand identity and target group perspective (Melin, 1997)

Brand identity becomes important in the development of new products. Here managers have to ask themselves if they want to communicate the new product under the original parent brand or if they should develop a new subsidiary brand. If one uses the parent brand one has to make sure that the identity also can be found in the new product. This increases the potential of a success with the new product. One can introduce a subsidiary brand if one wants to create an individual identity. So, one has to decide if this brand will be parent subsidiary construction or the inverse. An example of this is the Coca Cola Company that markets for example Sprite. This can be considered as subsidiary parent branding strategy with the Coca Cola brand as a guarantee of quality. It becomes more and more expensive to manage many brands and product lines why Melin suggests a focus on brands with high strategical value. He also emphasises the importance of product and brand development to be carried out from a brand identity perspective. Then one can have a brand mix that is competitive in the long run.

2.4.3 Empirical examples

To illustrate the immaterial values' role in the branding strategies, an empirical example from soft drinks in the USA follows. Myers treats the concept of brand equity, which can be described as "the added value endowed by the brand to the product" (2003, p. 39). This is one of the most important immaterial assets in today's marketing climate. The case focuses on consumers' perception of attributes. The study examines both material and immaterial attributes in the top leading soft drink brands, which are Coke, Pepsi, Dr Pepper, Sprite, 7-up, Mountain Dew, Diet Coke, Diet Pepsi and Diet Sprite. The goal is to find out the brand name importance as compared to more material attributes. The result shows that the immaterial attributes have the same importance as the material attributes. In some brands the brand itself is the primary decisive factor when the consumer selects a brand. This explains the importance of credibility and relationship between the brand and the consumer, which more effectively are established with the immaterial attributes. The problem is that these are very hard to measure; the study only identifies one aspect of the immaterial attributes. So the challenge is to identify all the aspects of the brand equity and immaterial attributes. Only then one can measure them in a more extensive way. It is also not sure that the brand owner always controls the attributes himself. The consumers and the marketplace can attach elements according to how they perceive the brand, and this perception can be unintentional from the brand owner perspective.

Baldauf et al. (2003) investigate the impact on financial performance that the brand equity may have. The link to financial performance is important since this measurement is the most interesting to the managers. The authors use three measures of brand equity (perceived quality, brand loyalty, and brand awareness) as indicators of company performance. The financial performance indicators were brand profitability, brand sales volume, and customer perceived value. The products investigated were tiles in Austrian companies. The researchers asked the manager questions about the brand they were selling and how the brand and the marketing of it affected their financial performance. The result shows that the brand equity has significant impact on financial performance. The two equity measurements (perceived quality and brand awareness) are correlated to brand loyalty, which in the end makes them the most important predictors of financial performance. Also other factors affect the performance of a company, but when tested in a relatively stable market environment, the article presents a significant correlation between high brand equity and positive financial results.

2.5 The brand building process

After the examination of the immaterial values and how these can be important for a company, a summary is appropriate. A model for this summary could be the brand building process, constructed by Melin (1997). He presents two processes to show how one can arrive at what he calls the brand capital; one process from a company perspective and one from a consumer perspective. These parallel processes are shown in Figure 2.6 with corresponding steps. The process starts with consumer involvement. This is crucial in the decision process for the company because the involvement decides how much effort the customer uses in choosing the brand. The more effort you use, the more sensitive you become to the brand and the brand becomes more and more aware for the customer. It is not until the final step, the brand loyalty, one has created a strong brand capital, and that presupposes that the loyalty is long lasting. It is mostly the first two steps that have been treated in this paper to show the initiation in the brand building process where the identity is an important factor for the customers in recognising the brand.

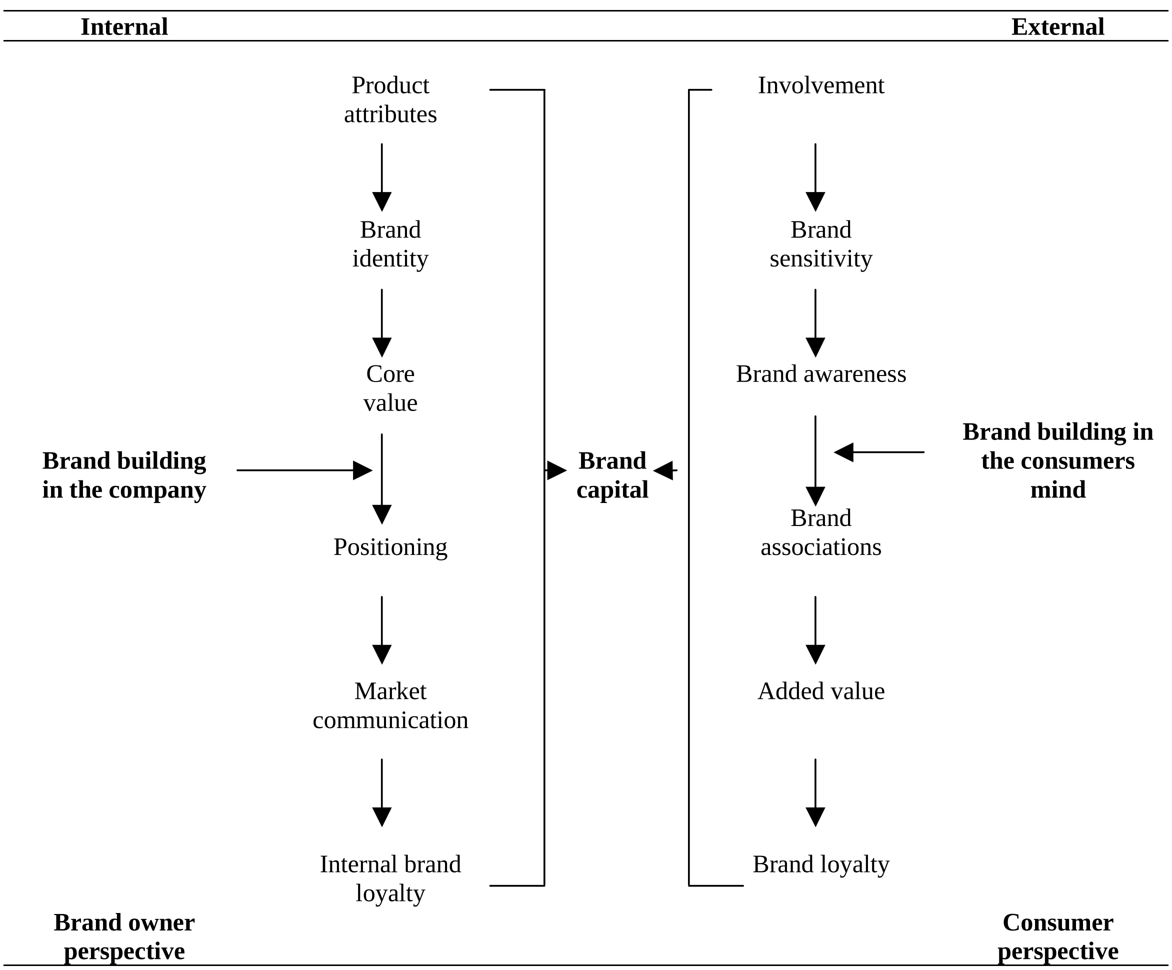


Figure 2.6 The brand building process- a parallel process in the company and in the minds of the consumers (Melin 1997).

2.6 Hypotheses

The above presentation of some findings in the field of brand management and immaterial added values may serve as basis for some hypotheses, which are to be investigated through an empirical study. The hypotheses are applied to dairy products and the dairy co-operative Arla Foods. Before the hypotheses are presented, some explanation is needed to connect the theoretical presentation with the empirical investigation.

Differentiation is an important feature of today's products. This is achieved through the creation of added values that the consumers perceive as unique. These added values can be said to be important for two main reasons. Firstly, the added values increase the personal involvement so the brand becomes more important in the decision-making. Secondly, if there are many brands to consider in the buying situation, the consumer will use the added values as decisive factors.

Much attention has been given to the immaterial added values in recent years. One way to point out these values can be to communicate the organizational form and the values that this form stands for. The question to be investigated in this paper – *the possibility to communicate the business form of being co-operative* – can be said to take part in the immaterial values and the brand identity of Arla. The consumers do, however, probably not recognize this as something that increases the added values in the products.

As described previously in this chapter, dairy products are mainly connected to low involvement decision-making. They are typical out-of-stock products, i.e., something one buys habitually. Even though the manufacturers have tried to create new features rather extensively during recent years, the consumers are attached to a certain kind of behaviour. The added values, material and immaterial, are perceived and adopted by the consumers to some extent. But since these products are out-of-stock products, the more abstract immaterial values are probably not noticed and perceived by the consumers. The co-operative identity is part of these immaterial added values. The physical features are evidently easier for the consumers to perceive and adopt. This leads up to the first hypothesis to be tested through the questionnaire:

H1) The knowledge and involvement the consumers have concerning co-operative firms and their activities is low.

The largest part of the theoretical presentation concerns brand identity and what this represents in the brand. The concept of identity carriers is an important part in the brand identity and also the most practical tool for the firms. The identity carriers are for Arla mostly represented by the name itself and the packaging, which are the two features, exposed evidently to the consumers. The more hidden identity carriers and values, which the brand stands for, are not so evident. These are represented by the immaterial added values mentioned above. The low involvement nature of dairy products most likely makes the immaterial added values difficult to communicate to the consumers. This leads up to the second hypothesis and also a presumed answer to the question in this thesis:

H2) The market communication of being a co-operative is not an important identity carrier for Arla.

What can be important identity carriers for dairy products and the brand Arla? Besides the evident features described above (name and packaging) they could be values attached to the cultural environment in which the brand is situated. What are the important values in Sweden influencing the culture and our lives? The symbolic meaning of brands was described in the theoretical presentation where the cultural signifier was an important part. The consumers interpret the brands through their shared culture and interaction with each other. The historical aspect also plays an important role concerning the culture where the brand identity prism illustrates this (see Figure 2.4). The communication to the consumers is influenced by views and values, and this is accumulated through the history. The brand is built up in the minds of the consumers and is influenced during this process by many actors, referred to as the symbolic interaction in the theoretical presentation. This process takes time why the history of the brand explains a lot of its present place in the market and in the minds of the consumers. The consumers are influenced during this process and concerned by dominating values in the society. The brands get attention if they represent these kinds of values. Hence, a final hypothesis is formulated to describe the presumption about important values among consumers:

H3) The important identity carriers for the consumers concerning co-operative firms are concrete added values such as food safety, animal care, regional production and environmental consideration.

3. Empirical findings

3.1 Methodology

An empirical investigation is required to fulfil the aim of the study: *is it appropriate for co-operative firms to use the argument of being co-operative in their communication to the consumer market?* This aim is made more operational through the formulation of three hypotheses in the preceding chapter. Hence, the hypotheses indicate that two types of empirical information is needed: the consumers’ knowledge about co-operative firms and brands and perception of and their attitudes toward co-operative firms. The first two hypotheses concern mainly the knowledge among consumers concerning co-operative firms and the last hypothesis concerns the attitudes.

To collect the required data, a series of interviews with consumers is conducted. As the interviews have to be uniform, a standardised questionnaire is necessary. The questionnaire consists of two parts; the first one investigates the consumers’ knowledge and the other concerns attitudes toward co-operative firms.

The consumers who are to supply the information are people visiting supermarkets and shopping malls. The closeness to the retail outlets may increase the probability that the respondents are mentally prepared to talk about products and manufacturers. Also, the choice of places for the data collection means that various categories of consumers can be included.

Students at SLU conduct the study with financial support from Arla Foods. The form of data collection is a mix of a questionnaire and personal interviews. This makes it possible to combine the advantages from the different data collecting techniques. The sample size is controlled; the respondent can ask questions during the interview: the questionnaire makes it possible to handle and to analyse the data. A disadvantage with this method of data collection is that the consumers are in a noisy environment with many disturbing elements. During the interviews the answers might be given without any thought or reflection. The results must be considered within this limitation.

The original questionnaire was developed at the university of Rennes where a similar study is made. The French researchers interview 550 respondents; 280 in the city of Rennes and 270 in Paris. The respondents comprise all ages from 15 and up and both men (35%) and women (65%). The questionnaire used in Sweden is addressed to consumers in Uppsala and the sample size is smaller than the French study; 234 persons. The group addressed in Sweden is the same as in France with the age of 15 and up and both men (40%) and women (60%).

The questionnaire is modified to be better adapted to Swedish market conditions and some questions are added and some are deleted. The main difference is that the first part in the French questionnaire, a trade-off study, is cancelled. This was decided after some test interviews with consumers who found it difficult to answer and also very time consuming to answer. Another change is that two questions are added to answer some other issues that the Arla representatives find interesting. The Swedish questionnaire as well as the French one is attached as appendices. Likewise all the results are presented in an appendix.

3.2 Empirical results and analysis

The main results are presented and analyzed below. The presentation comprises both the Swedish and French results making comparisons easier to understand. A special analysis is done later when a comparison with theory is presented. To get an image of the situation for agricultural co-operative firms in the two countries a short presentation of the market realities is given. Thereby the reader has a better basis for interpreting the empirical results.

3.2.1 Agricultural co-operative firms in Sweden and France

Agricultural co-operative firms play an important role in the French agro-food industries. Nine out of ten farmers are members of co-operative societies. The co-operatives process half of the agricultural raw products. Like in Sweden, co-operatives have business activities throughout the entire value chain - from sales of supplies to the farmer to the processing of the agricultural products and to the marketing of consumer products. Several French co-operatives have a considerable size, and many of their brands are well known internationally. Also the product groups in which the agricultural co-operative firms operate are larger, much due to the more favourable climatic conditions in France..

The Swedish agricultural co-operatives have during the last decade undergone a wave of mergers, whereby their number today is very small. In each industry, there is one very dominant firm selling consumer products (Cerealia, Arla and Swedish Meats, respectively), and a few smaller ones. In every industry, the co-operatives are market leaders. There are some significant differences in relation to France. One is that the number of industries is smaller due to climatic factors, for example no wine production. Another one is that all Swedish co-operatives are focused on one single industry. The degree of diversification is very low. A third difference is that the Swedish co-operatives are not very internationally oriented (with Arla Foods as a clear exception) and hence, their brands are not known abroad. Tables 3.1 and 3.2 exhibit some major co-operatives and their brands in Sweden and in France, respectively.

Firm	Principle activities	Principle brands
Svenska Lantmännen (Cerealia)	Cereals	Kungsörnen, Skogaholm, Axa, Schulstad, Start, Hatting, etc.
Arla	Dairy	Arla, Bregott, Yoggi, Cultura, Keso, Kesella, Kelda, Lätt&lagom, etc.
Milko	Dairy	Milko, Ostkompaniet
Skånemejerier	Dairy	Skånemejerier, Ostkompaniet, ProViva, etc
Norrmejerier	Dairy	Norrmejerier, Plupp,
Swedish Meats	Meat	Scan
KLS Livsmedel	Meat	SmålandsKött
Kronägg	Eggs	Kronägg

Table 3.1 Some major Swedish agricultural co-operatives and their brands

Firm	Principle activities	Principle brands
Agralys	Cereals	Ebly
Agrial	Diversified	Florette, Manon
Alliance Agro Alimentaire	Dairy	Alet, Cantorel, Capitoul, Pilpa
Cecab	Preserves	D'Aucy, Matines
Champagne Céréales	Cereals, Malt	Banette, Francine
Cobevial (Alliance)	Meat	Charal
Coopagri Bretagne	Diversified	Paysan Breton, Prince De Bretagne, Regilait, Ronsard
Cooperl Hunaudaye	Meat	Calidel
Coralis	Diversified	Agrilait
Cristal union	Sugar	Daddy
Eurial Poitouraine	Dairy	Soignon, Couturier
Groupe Even	Milk	Even, Kerguelen
Limagrain	Biological, seed	Limagrain, Vilmorin, Clause, pain Jacquet
Maisadour	Diversified	Delpeyrat, Saint Sever, Maisadour Semences
Socopa	Meat	Hit Burger, Val Tendre, Valtero
Sodiaal	Dairy	Yoplait, Candia, Riches Monts, Nactalia
Terrena	Diversified	Val d'Ancenis, Gastronome
Unicopa	Diversified	Cuisine Et Vrai Broceliande, Rippoz
Union Sda	Sugar	Origny, Beghin-Say
Val d'Orbieu	Wine	Listel

Table 3.2 Some major French agricultural co-operatives and their brands (CFCA, Confédération Française de la Coopération agricole)

3.2.2 Knowledge about co-operative firms

The respondents have often difficulties to answer questions concerning their knowledge of co-operative firms. The result concerning question 1 in the Swedish study can be seen in Figure 3.1. Two-thirds (67%) had between one and three correct answers out of five possible. The majority could not mention any or just one co-operative firm. Even if this seems rather bad, the results are somewhat more positive then anticipated. The presumptions in advance were that the consumers would hardly be able to answers these questions at all.

Among correct answers, Arla is the most frequent answer (62%) followed by Swedish Meats (9%). There is a big difference between the most frequently mentioned firm and the second one, which indicates the Arla brand very strong market position.

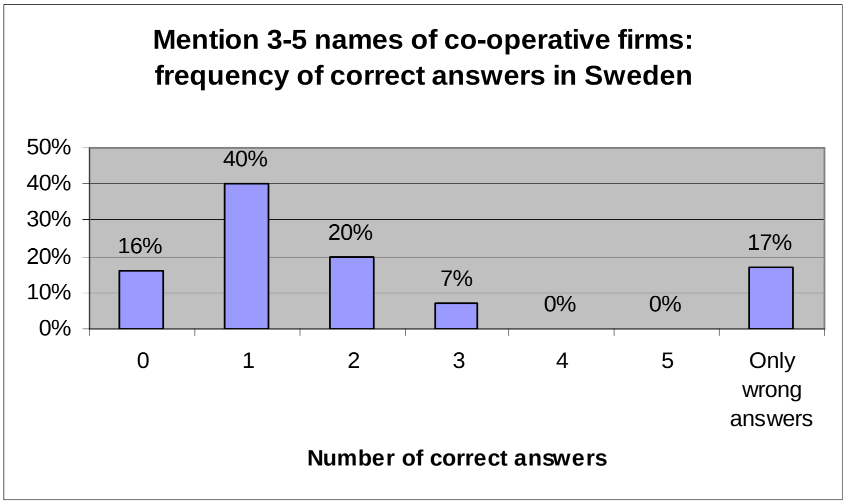


Figure 3.1 Knowledge about co-operative firms in Sweden

The French results are quite different. The consumers' knowledge is lower. More than 70 % of the interviewees give none or just one proposition for a co-operative firm (see Figure 3.2). This verifies the hypothesis that consumers are not interested in knowing about the organizational form of the suppliers. This is a big difference from the Swedish results where the no-answer frequency is lower (16%) and 20% of the respondents mention two firms.

The large supply of products in France compared to in Sweden makes it difficult for the consumers to distinguish different firms, at least spontaneously. The consumers have little interest in knowing the legal form of the firms, as the vast supply and the low-involvement nature of the products make information gathering quite demanding. The Swedish situation is different. Up to now the supply has been limited with some large national brands, which have been well known among the consumers. Also these brands have a long history, which is important in the brand building. During the last years the supply of food products in Sweden has increased in Sweden, especially concerning diary products with several new brands. Nevertheless, the long presence of the national brands in Sweden will not make the consumers forget their identity and origin. It is something well attached to these firms.

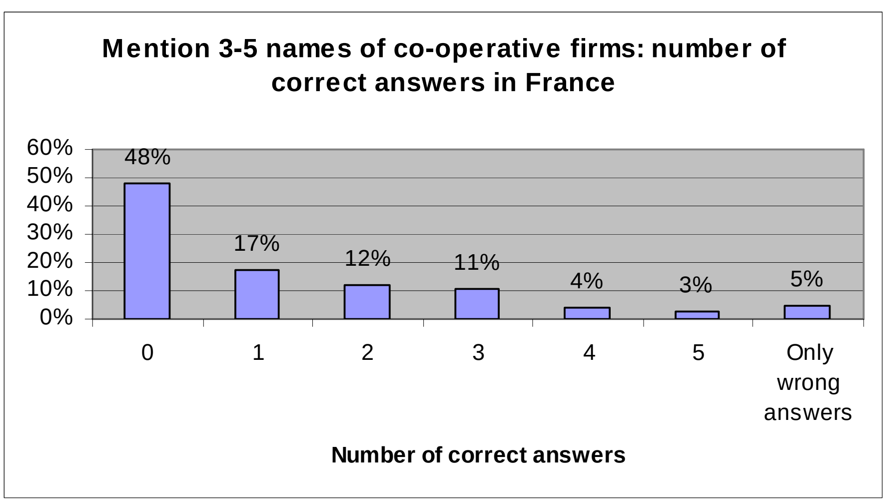


Figure 3.2 Knowledge about co-operative firms in France

The second knowledge question concerns brands from co-operative firms. The results are a little bit different from the first as can be seen in Figure 3.3. In Sweden 59% had between one and three correct answers.

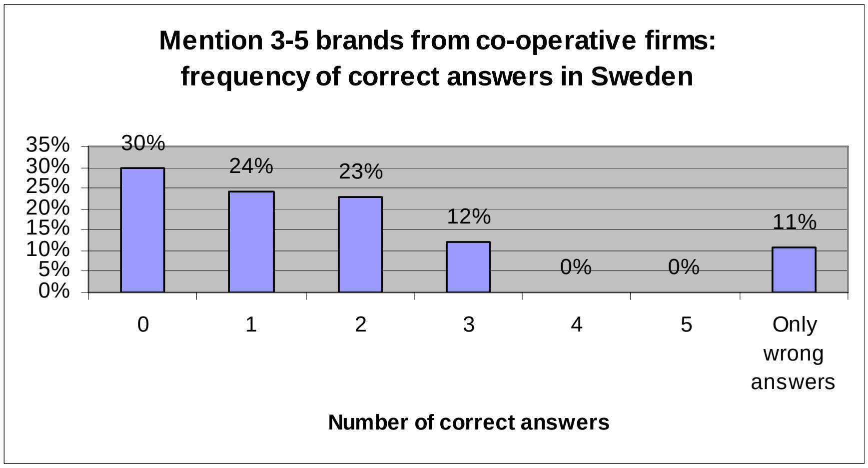


Figure 3.3 Knowledge about co-operative brands in Sweden

Almost the same number of respondents gives no answer or just one correct answer but the distribution is different. One-third could not give any answer at all. Among the correct answers Arla is mentioned frequently with the brand Yoggi. Scan was the most mentioned brand with a third of the respondents. For both these knowledge questions, two traditional co-operatives, dairy and meat, are the most frequent answers.

In the French study this question presents almost the same frequency as the previous question. Seven out of ten (70%) give none or just one correct answer for a brand from a co-operative firm (see Figure 3.4). There is a big difference from the Swedish results where the frequencies of one, two and three correct answers are much higher (59%). The communication of the brands as being co-operative is apparently not so present in France. This is one of the hypotheses in the French study. It is the same situation in Sweden but the awareness seems to be higher concerning the co-operative identity.

The explanation for these differences is probably the same as for the first question. The number of brands available in France is so much higher that people can not notice the more immaterial values even if these are communicated. But up to now such communication has been non-existent which makes it even more difficult for the consumers to know the manufacturers' cooperative identity. That communication has been almost non-existent also in Sweden but due to the smaller number of manufacturers Swedish consumers can easier identify the brands and firms.

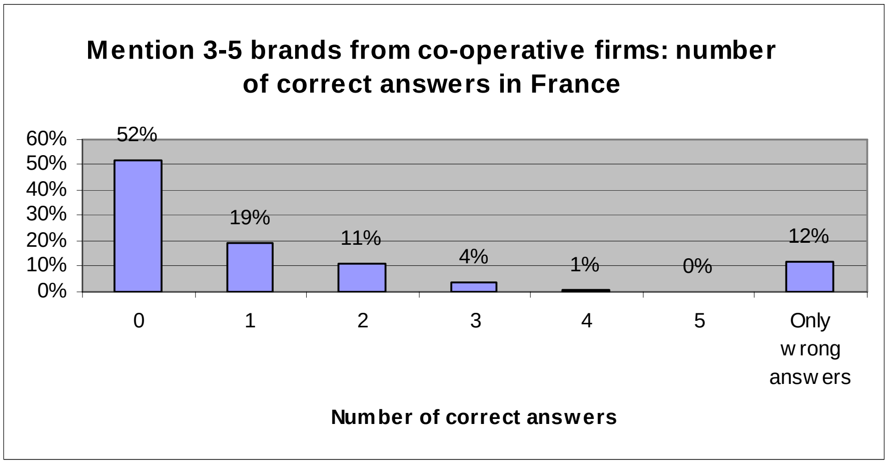


Figure 3.4 Knowledge about co-operative brands in France

The third question, concerning knowledge about co-operative firms and brands, is the one where the respondents should indicate which brands among 14 that originate from co-operative firms and which do not. In the Swedish study the number of correct answers followed a normal distribution curve rather well – 37% of the respondents mention six or seven correct answers and a decreasing number have lower or higher results (see Figure 3.5).

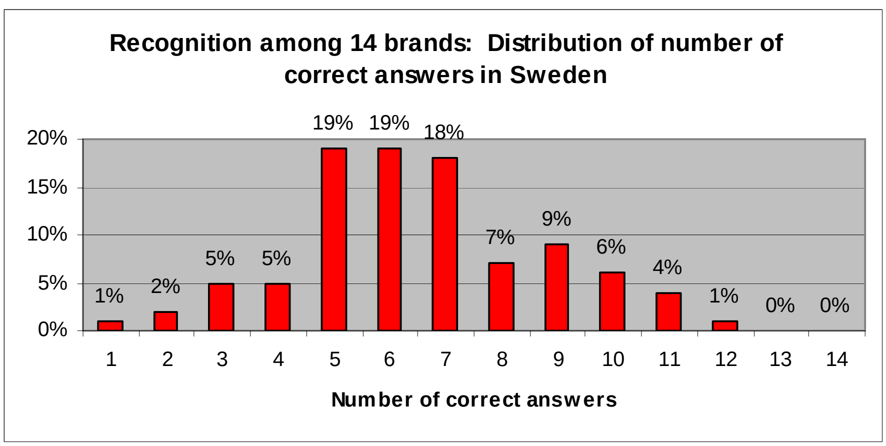


Figure 3.5 Recognition among 14 brands which derives from co-operative firms in Sweden

Figure 3.6 presents the results concerning the consumers recognising a brand as coming from a co-operative firm. The brands are chosen so they represent different products groups, which correspond fairly well to those of the French study. These co-operative brands are also those that receive the highest frequencies. Again Arla and Scan (Swedish Meats) are in top followed by Kungsörnen – 85% respectively 87% indicated that Arla and Scan are co-operative brands. These brands are also dominant on the market and well recognised by the consumers. The frequency of presumed correct answers for the other brands is also high as well as for the brands, which do not originate from a co-operative firm.

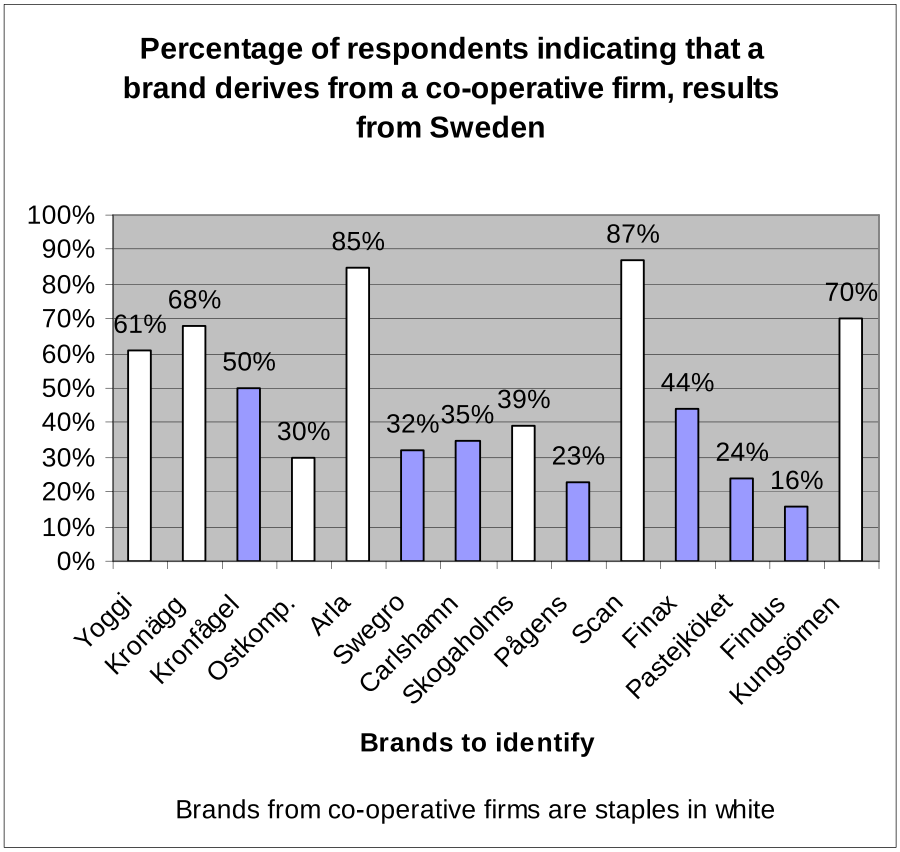


Figure 3.6 Knowledge about brand origin in Sweden

The French results are even more positive concerning this question as can be seen in figure 3.7. About 50% had 8-10 correct answers. This is surprising, considering the results from previous questions. Either the respondents were lucky to indicate correct answers or – more likely – they actually know the co-operative identity when they see the names in front of them but not spontaneously. It is always easier to recognise rather than to recall. It is a psychological fact that when presented with alternatives the identification is simpler then just by saying names without any alternatives.

There is a big difference with the Swedish results where only 22% could give 8-10 correct answers. This is puzzling. Considering the results concerning the knowledge questions one would expect that the recognition should be higher. Still the results for both the Swedish and the French study are more positive than anticipated and expressed in the hypotheses.

The brands from co-operative firms are staples in white in Figure 3.8. As can be seen that the consumers believe that many brands from non-co-operative firms do come from co-operatives. The weak frequency of recognition in the Swedish study is to a large extent an effect of consumers perceiving co-operative brands to be more widespread than they actually are.

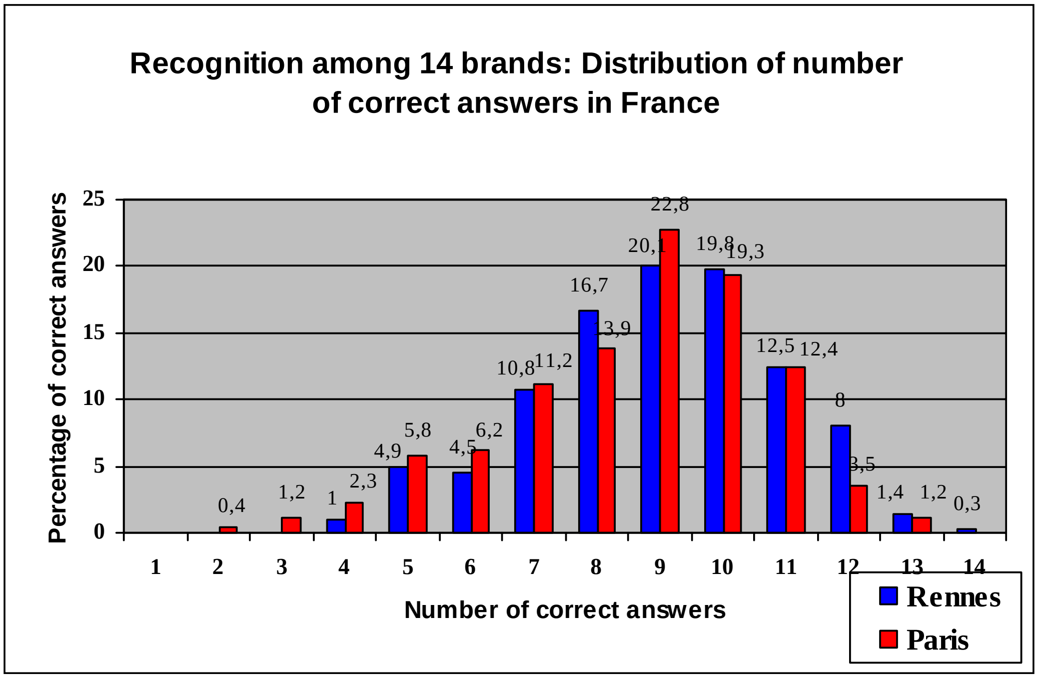


Figure 3.7 Recognition among 14 brands which derives from co-operative firms, results from France

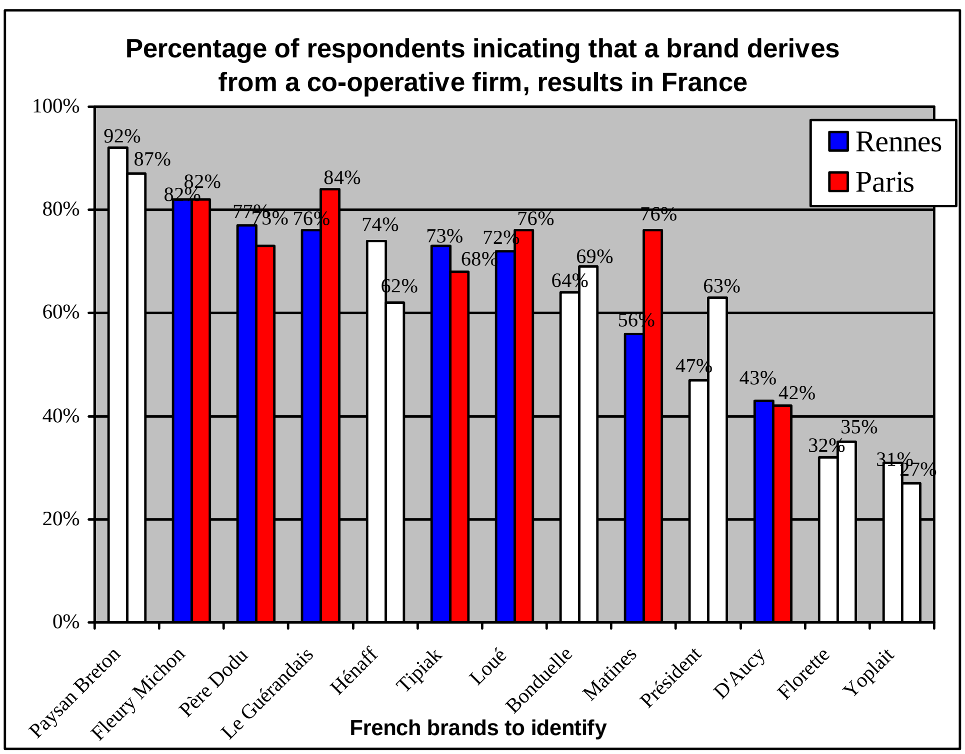


Figure 3.8 Knowledge about brand origin in France

3.2.3 Definition and characteristics

Two questions are designed to indicate what the consumers think is best to characterise a co-operative firm, and which activities and products they think are the most frequent in these firms. The result from the first question, the definition of a co-operative firm, shows that almost a third of the respondents assign the obvious characteristic collaboration to co-operative firms (see Figure 3.9). After this, Swedishness and quality is mentioned frequently and also environmental consideration.

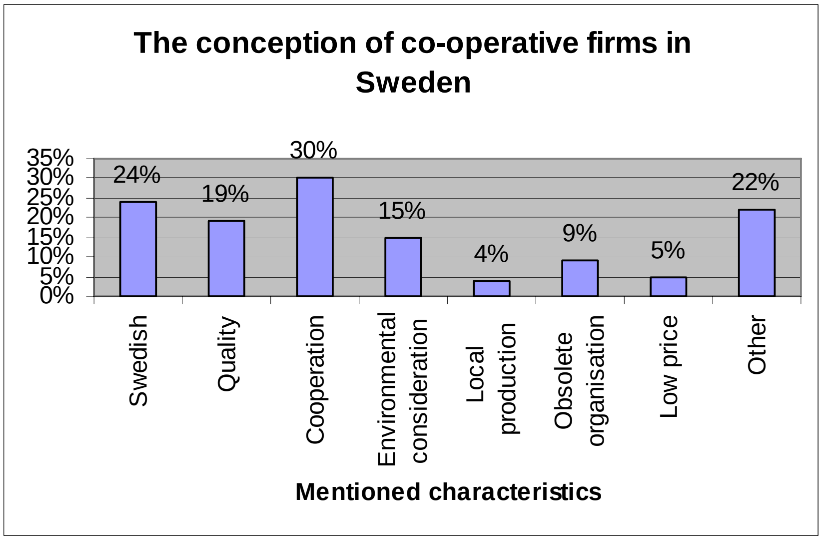


Figure 3.9 Definition of co-operative firms in Sweden

These values and characteristics are traditional values appreciated by consumers. A survey made by Arla in 2002 (Konsument Monitor 2002) shows rather similar results concerning what the brand stands for. Apparently these values are connected to co-operatives in general and to a well-known brand in the market. The values expressed are most likely values appreciated in the culture the consumers live in. So, the values connected to the co-operative identity of Arla have had influence on the consumers.

The French study (See figure 3.10) has somewhat different results concerning the definition of co-operative firms. However, even if the respondents' answers differ from the Swedish ones, they can generally be said to fall under the same concept. The most frequent definition of co-operatives refers to the word grouping where 60% of the interviewees mention a word that could fall under this term. Production is the second most mentioned concept with 30%. Collaboration is the most frequent answer in the Swedish study, and this concept relates to grouping in the French results. Interesting to notice is that environmental issues are not a mentioned in the French study but in the Swedish study these are quite frequent. This is evidently not a value connected with co-operative firms in France. A definition mentioned frequently in the French study is co-operative values, and maybe environmental issues are thought to be a part of these values

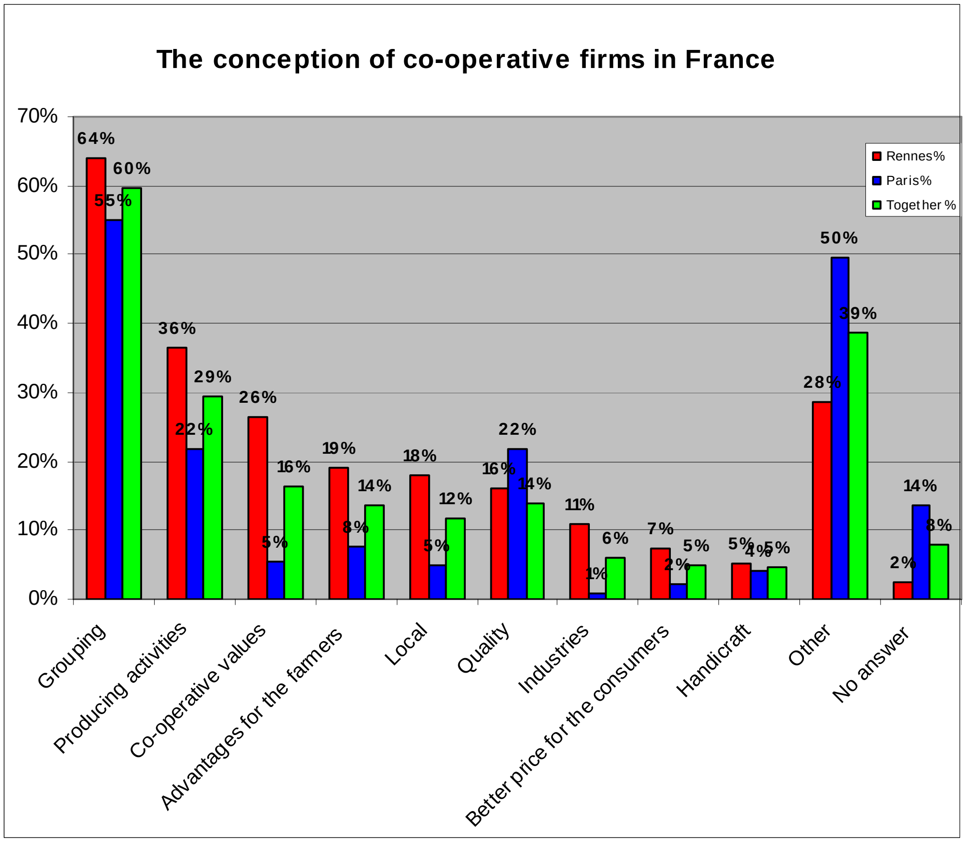


Figure 3.10 Definition of co-operative firms in France

The Swedish consumers do not consider eventual advantages for the farmers, being members of a co-operative society. This is remarkable since this value should be important in a co-operative context. The only related concepts in the Swedish study are fairness and influence, which fall under the diagram's category "other". Hence, these are only marginal answers. Hence, the consumers do not think that the co-operative firms have this value. When the respondents were asked to spontaneously mention products from and/or activities in co-operative firms, the dairy and meat industries were dominating – 56% indicate dairy and 38% meat in the Swedish study (see Figure 3.11).

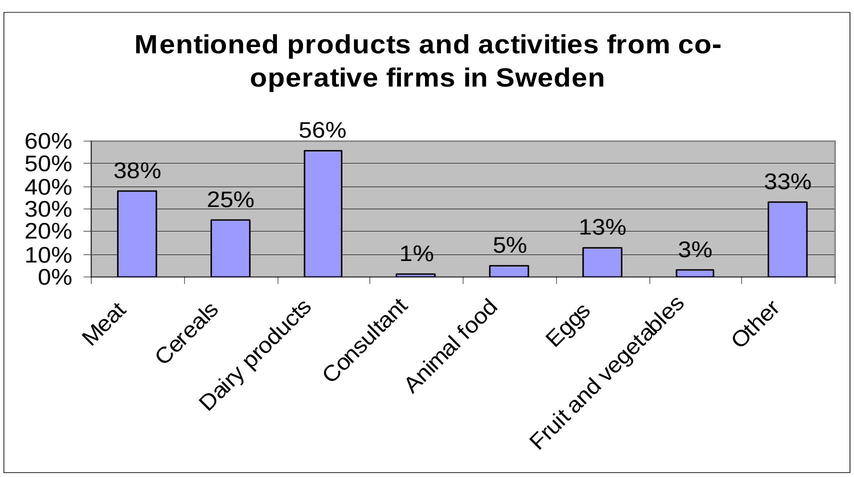


Figure 3.11 Spontaneous mentions of product and activities from co-operatives in Sweden

In the French study the results differ from those in Sweden. Dairy products are the most frequent answer with 69% compared to 56% in the Swedish study (see Figure 3.12).

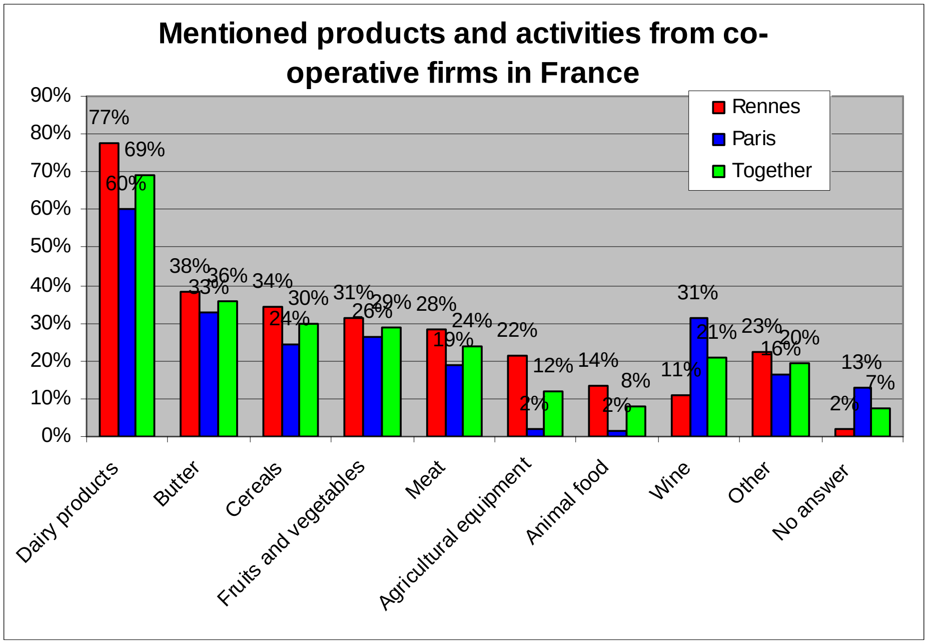


Figure 3.12 Spontaneous mentions of products and activities from co-operative firms in France

A major difference is the number of respondents that mentioned fruits and vegetables as products from co-operative firms. Almost one-third (30%) say so in France whereas only 3% in Sweden. There is greater awareness pf this product group in France. Generally, the results express different market realities in the two countries – for example, wine is frequently mentioned in France, but not in Sweden.

3.2.4 Statement results

The second part of the questionnaire treats the attitudes towards and values connected to co-operative firms. The respondents indicate to which extent they agree to statements concerning co-operative firms in relation to non co-operative. The Swedish and French results are presented together as to the first part of the questionnaire. Covering every single statement would require very much space, and so, only the most interesting ones are treated as well as those where there are many differences between the two countries. All the diagrams are found in the annex. The statements treat six areas concerning the agricultural co-operative firms. These are presented below with corresponding statements in the questionnaire. (Ruffio et. al., 2004)

Cooperative values

- Protection of the small producers (Statement 9)
- A guaranteed payment to the producers (Statement 11)
- Working conditions and salaries (Statement 8)
- A cooperative firm is a guarantee that the job opportunities is secured (Statement 4)

The connection to the community

- Fabrication of products typical for the region (Statement 5)

Type of products made

- Level of refinement (Statement 3)
- Level of handmade character of the products (Statement 10)

Quality and confidence concerning the co-operative products

- The quality level of the products (Statement 1)
- Confidence towards the products (Statement 7)

Attraction concerning the co-operative products

- Preferred buy (Statement 2)
- Price (Statement 6)

The social dimension

- The consideration for the environmental impacts (Statement 12)

Statement 1 (Products made by a co-operative firm are of lower quality) got strong support. Two-thirds (67%) do not agree that products from co-operative firms are of lower quality. In France, even 80% do not quite or do not agree at all. This might express a general positive attitude towards co-operative products and firms.

The perception of co-operative firms is treated in statement 3, 5, and 10. The results differ quite much. Statement 5 claims that co-operatives first of all make products typical for the region. One-fourth (24%) of the Swedish respondents agree partly or totally to this whereas almost 75% of the French respondents do so. An explanation might be that the traditional values still govern and the local production are believed to be important parts of the co-operative values. More likely is, however, that there are differences between the co-operatives in the two countries. The Swedish co-operatives market their products nation-wide and they seldom use regional concepts in their marketing activities.

In statement 10, the claim is that agricultural co-operative firms mainly produce handmade products. One-tenth (11%) the Swedes partly agree to this whereas almost 40% in the French study agree partly or totally. This might indicate a traditional perception of the agricultural sector in France compared to Sweden. There are probably no factual differences between the countries.

The socio-economical statements (4, 8, 9, 11, and 12) show interesting results. In statement 4, one-fourth (25%) of the Swedish respondents agree that co-operative firms are a guarantee for job opportunities in the community in the long run, compared to 65% in France. Four out of ten (39%) of the Swedish respondents partly or totally agree that co-operative firms work particularly for the smaller farmers' interests. The French corresponding figure is almost 75% percent. The same tendency is seen in the other part of the study, for example that the Swedish respondents do not consider the advantages that farmers have as members of a co-operative society. The French results may express that local connections and production have an influence. Statement 12 shows similar results in the two countries. Almost 75% of both the Swedish and French respondents agree more or less that co-operative firms care particularly about environmental issues. In France the respondents agree even a little bit more. This might be a value that is attached to the co-operative identity.

3.2.5 Payment consent and product values

These statements regard if the respondent would agree to pay more if certain conditions from the manufacturer are fulfilled. These results must be interpreted carefully as the respondents have a tendency to give socially "correct" answers. They may answer in one say but act in another way. The first condition, a better price to the farmers and protection of the smaller farmers, shows similar results in the Swedish and French study. The French respondents are a little bit more positive. The second condition, the firm guarantees that job opportunities are preserved in the long run, shows a big difference in the two countries – 37% of the Swedish respondents partly or totally agree to this whereas 61% of the French respondents agree. The explanation might be that there is not the same belief in Sweden that the co-operative firms have a local influence and care.

The environmental issue is explored in the third statement concerning paying more for products from co-operative firms. The agreement to pay more is quite high; about half of the respondents in the Swedish study partly or totally agrees to pay more for organic products. The same question in the French study shows even higher consent to pay more, 62% percent.

In the Swedish study two questions were added concerning the values in the buying situation. One concerns animal welfare where almost every respondent find this to be an important issue. The same is true for the other statement – almost all respondent find it important that the products have Swedish origin. Again one has to be careful when interpreting the results. In reality, price and convenience probably play a more important role in the buying situation as these are more concrete values for the consumer.

3.2.6 Consumer groups

The French research report discusses different consumer groups. Consumers can be regarded as belonging to four categories depending on their attitude and perception of co-operative firms. These groups and their characteristics are presented in table 3.3. It should be stressed that these observations concern only how the French respondents have answered.

The group called mostly negative could be most interesting concerning how one can influence the consumer's perception. Maybe some information in the market communication could have a positive effect on their attitude and perception of agricultural co-operative firms.

3.3 Analysis

After the presentation of the results they are analyzed in a theoretical context (Cf. Chapter 2). Also, the hypotheses formulated in Section 2.6 are be analyzed.

3.3.1 Theoretical application

The theoretical presentation starts with consumer and buying behaviour. The concept of brand loyalty is essential. This can be linked to the first questions in the questionnaire – spontaneous knowledge of co-operative firms. Arla and Scan (dairy and meat brand names, respectively) are by far the most mentioned names. So even if they represent low-involvement products the big tasks of getting as much attention as possible, preferably by adding added values, is not an issue. The brands Arla and Scan are so well known that people buy them with little reflection. Yoplait and Danone are big French dairy brands that have gained much attention from the Swedish consumers during the last years. The situation for these French brands is the same as for Arla and Scan. Their market position is so strong that people buy them habitually.

	Idealist	Mostly positive	Mostly negative	Anti co-operative
Percentage of respondents	31%	26%	25%	18%
General perception	Positive view concerning All parts of the co-op.	More realistic positive view	Negative view, manually produced	Negative view, industrial
Buying behaviour	-Ready to buy products to which they have confidence -Ready to pay a price that is 20% higher when defending social values	-Ready to buy products to which they have confidence and if they do not cost more	-Not ready to buy products from co-op. -No confidence	-Not ready to buy products from co-op because they are of low quality and are also more expensive -Not ready to pay a price that is 20% higher
Products	-Low refinement - Hand made - Typical for the region - Good quality	-Same as for the idealists but the products are considered to be more refined	- Lower quality - Hand made - Low refinement	- Not from the region - High refinement of products - Low quality
Values	- Consideration of the environment - Durable protection of job opportunities - Protection of the smaller farmers - Better payment to the producers	(same as for the idealists)	- Not better payment to the producers - Not a durable protection of the job opportunities	- No consideration of the environment - No protection of the small producers - Not better payment to the producers
Demographics	- Habitation in Paris (57% of this group belong to Paris) - 35% of this group have small knowledge of co-op.	- Agricultural origin and countryside - Good knowledge of co-operative firms - 37% in this group are 51 years of age or older	-Habitation in a city (78%) - A quite bad knowledge of co-op.	-Habitation in Rennes (70%) -Countryside living (40%)

Table 3.3 Consumer groups developed in France concerning the perception and attitudes towards agricultural co-operative firms (Ruffio et. al., 2004)

One added value Arla has tried to create is the organic alternatives. But do the consumers connect these organic alternatives with a co-operative firm? Are the products organic because they are made by a co-operative firm or is it a co-operative firm because it makes organic products? This question was most visible in statement 12 where the respondents agree that environmental consideration in the co-operative firms is large. But it is not necessarily more responsibility concerning the environment in co-operative firms than in other companies. This view is probably connected to the fact that much of the production in co-operative firms derives from the agricultural sector. People might take for granted that environmental issues are a big concern in the co-operative agricultural firms.

The empirical example about store brands proves to be important in this study. This concerns both the added values needed in creating interest and the main question for this project, if it is valuable for the consumers that the manufacturer is co-operative. Statement 2 (If there is a product available from a co-operative firm, I prefer to buy that product) indicates something about this problem. Half (50%) of the Swedish consumers do not agree that they would prefer a co-operative brand. In the French study the result is different – 60% agree with that they would prefer such a brand. A problem is that consumers are not always aware of which brands originate from a co-operative and which do not. This empirical that the perception of differences between brands have an effect on the decisions. So the result from statement 3 (A co-operative firm makes first of all food that is insignificantly refined) could indicate that consumers do not sufficiently perceive the added values and differences presented by Arla and Scan, for example, and therefore are very open to new brands.

The problem concerning the perception is also present in the material and immaterial value presentation where the differentiated product and added value represent the two market forces; the seller and the buyer (see Figure 2.3). The material values have become so alike that consumers do not perceive differences in these values. Instead the immaterial values have become more important where, as described previously, the environmental issues have become an important selling proposition. Lately several new physical added values and features have been added to classical products for the differentiation, mostly new flavours.

The immaterial values could be represented by the symbolic values in a brand and what kind of conception people have of a brand or co-operative firms in general. This is answered partly by the questionnaire's question concerning the conception of co-operative firms. The respondents know about the co-operative form, and the other two dominant answers were Swedishness and quality. This can be compared to the survey that Arla made in 2002 concerning what the consumers think the brand Arla stands for (Konsument Monitor 2002). Swedish was the most frequent answer followed by fresh products and high quality products. The brand Arla has a great advantage of being part of a long historical development and implementation of its products and ideas. This is a cultural signifier according to Bengtsson (2002). The products are part of the everyday life of many consumers. The survey made in 2002 could send some indications of how the consumers interpret the brand and its signals.

The last part in the theoretical presentation concerns brand identity. This is what the brand owner wants the brand to stand for and to be communicated to the consumers. This relates to the previous section about cultural signifiers where the ideas and attitudes that the consumers have concerning a brand are interpreted. This interpretation can be another one than the interpretation the brand owner intentionally wanted to communicate. So the goal is that the sender and the receiver should have the same image of the brand. So, the brand identity prism is useful (see Figure 2.4). The different aspects of a brand are analysed. The right side of this model, the internalisation, is the most interesting one for the purpose of this thesis and particularly the concept of brand culture. Here, the values in the geographical and social environment where the brand is situated are showed. Apparently the brand Arla has the values generally appreciated by the consumers in Sweden like environmental concerns, food safety, animal welfare, and consideration of the employees and the farmers. These values can be transferred to co-operative firms in general as is shown in the results of this study.

An important aspect of brand identity is the identity carriers. These are the brand characteristics that represent the brand and could be communicated to the consumers. Concerning the brand Arla, the name itself and the packaging of the products are the primary identity carriers. These are so unique that they have been effectively communicated to the consumers. But as can be seen from the results of the empirical investigation people know the co-operative identity of Arla. Either this is a general knowledge or the communication has transferred this value unintentionally. This value could have an important part in the identity carriers.

The brand building process (see Figure 2.6) summarizes the theoretical presentation and its parts in arriving at the ultimate goal, the brand loyalty. Concerning Arla, there is no doubt that Arla has already achieved this goal, mostly through its long presence on the market and through its unique communicational features. It has added values to its products, which are appreciated by the consumers. The involvement and brand identity have been developed through these added values. Maybe the next step would be to emphasize the co-operative identity and communicate this added value to the consumers?

3.3.2 Hypotheses

From the above analysis and presentation of results, the hypotheses stated in Section 2.6 are tested. Generally the results are more positive then anticipated, in both the Swedish and French study. The knowledge about and attitudes towards co-operatives are rather positive.

The first hypothesis is: *The knowledge and involvement the consumers have concerning co-operative firms and their activities are low.* This hypothesis did not turn out to be correct. This is best shown in question 5, were the co-operative brands are recognized by a majority of the respondents. Also the statements in the second part of the questionnaire indicate that people attach certain values to co-operative firms and have some preliminary ideas about what co-operative firms stand for. So even though the products are characterised by low involvement and habitual buying behaviour, the companies are well known and the consumers are conscious about their products and brands. This is especially true for some dominating firms, such as Arla and Scan. This is showed mainly in the first part of the questionnaire where the firm and brand consciousness are rather strong for these two brands. Since they have such a dominating place on the market they can be said to represent the co-operative presence on the market. It is important to remember that the knowledge and involvement the consumers have concerning these two firms are not so active. One might call it a more passive learning and behaviour, which is an effect of the time these two brands have been present on the market. The consumers’ perception was built up during the historical development of the brands, something both Arla and Scan has achieved.

The second hypothesis is: *The market communication of being a co-operative firm is not an important identity carrier for Arla.* Neither this hypothesis is correct. The consumers have quite extensive knowledge about the co-operative identity of Arla, and therefore it might be an important identity carrier. Maybe it has been so all the time. This could be a part of the brand identity in the brand Arla that has been transferred and interpreted by the consumers without any intentions from the brand owners. As said in Section 2.4.1, a brand acquires a history in its communication and all the cumulative effects of this might have transferred this co-operative value unintentionally. This does not mean that Arla actively should emphasize its co-operative identity in its market communication. The awareness among consumers about the co-operative identity is probably just general knowledge. The values attached to a co-operative might be more important. Many values are explored in the statement section of the questionnaire, which is expressed in the third hypothesis.

The third hypothesis is: *The important identity carriers for consumers are concrete added values such as food-safety, animal care, regional production and environmental consideration.* This hypothesis is the most correct of the three, and it can be said to be verified. There is, however, reason for caution; these values could be equally important as the co-operative identity itself. The values could represent important identity carriers, which have been shown especially in the statement part of the questionnaire. The respondents attach certain values to co-operative firms, for example environmental values. Also food- security aspect is attached to the co-operative firm of being an important concern for these firms.

It should be remember that these added values are not unique for co-operative firms and therefore they might by appreciated generally by the consumers and not specifically just for co-operative firms. So they can be equally important for non co-operative firms. Animal welfare is a much-debated issue but the results from this study indicate that the issue should be treated with caution. This could be an important piece of communication, especially when it is combined with other values. Blending the various values could be instrumental for the co-operative firms. If the consumers already have a positive attitude and attach certain values to the co-operative firms this can be used in the communication.

3.4 Summary of empirical findings

Generally, the results from the Swedish study are more positive than assumed. Also the French results are somewhat more positive than expressed in the hypotheses for the French study. In both studies, the statement section of the questionnaire was more positive concerning the answers given by the respondents. An important thing is that many of the values are not unique for co-operative firms so when the respondents answer these statements, they might answer according to what they generally think. This might be especially true for the statements concerning willingness to pay more under certain conditions. Not only co-operative firms could operate in accordance with these values. So the question is if consumers think that the values are attached only to co-operative firms or to firms in general. Do co-operative firms really have to communicate their values to the consumers or have the consumers perceived these values in the general communication from the co-operative firms? These and similar questions from are discussed in the following chapter.

4. Conclusions and discussion

The aim of this thesis is: *"Is it appropriate for co-operative firms to use the argument of being co-operative in their communication to the consumer market?"* The immaterial added value of the co-operative identity might be an important asset for the co-operative firms and the branding strategies they are pursuing. This thesis tries to explain some theories about this and an empirical investigation is conducted. The study is conducted both in Sweden (Uppsala) and in France (Paris and Rennes).

4.1 Conclusions from the Swedish study

As has been pointed out earlier, the results are more positive concerning the knowledge and perception of agricultural co-operative firms than stated in the hypotheses. So the question is how this knowledge and these attitudes has developed during the years. Communication to the consumers about the co-operative identity has been almost non-existent, yet the firms and brand consciousness seems to be rather extensive. The identity has been transferred anyway.

The results show that the consumers' knowledge of Arla Foods and its brand is extensive. It has achieved the important brand loyalty, mostly through its long presence on the market. Also, its products are used in the everyday lives of a great number of consumers. But even if the co-operative identity of Arla is known, it is not evident that this is an important immaterial value that is connected with the brand and appreciated by the consumers. The assumption is that the historical and geographical identity of the company is more important. Rather, the cultural and symbolical value of the brand Arla has a strong influence on the brand perception.

The values expressed in some of the statements in the questionnaire are apparently also connected to the co-operative firms. Even typical co-operative values such as collaboration, mutual gain, and equal treatment, seem to be anchored among the consumers. This is so, even if the communications concerning these values are not present. The conclusions are probably the most important findings from this analysis. An important tool to describe this is the brand identity presentation in Chapter 2 and especially the brand identity prism. This model (Figure 2.4) is useful when describing how the perception of the co-operative identity has been obtained among the consumers.

The quotation connected to this, is the best description of this model: "Whether or not they are managed, planned, or wanted, all brands acquire a history, a culture, a personality and a reflection through their cumulative communications. To manage a brand is to proactively channel this gradual accumulation of attributes towards a given objective." (Kapferer, 1997, p.117)

This could be the key to the understanding of the perception of the brand Arla and many other brands for that matter. The co-operative identity has followed the company through the history. People have not forgotten this even if the international trade has increased during the last years with many more brands on the market as well. All the facets around it have influenced the image communicated to consumers where especially the cultural environment has played a significant role. It is most likely that the co-operative identity has been preserved to follow the brand.

4.2 Conclusions from the French study

Generally, the co-operative firms have a positive image among the French consumers but it is probably not an important parameter in the buying situation. As stated in the hypotheses, the co-operative firms in France do not communicate their organisational form and the values they stand for. So the situation is the same in France as in Sweden. The social values examined in the questionnaire such as environmental consideration, quality aspects and working conditions are, of course, appreciated by the consumers but these are not specific for co-operative firms. This appreciation is shown in the results from both countries. This has been the issue in the analysis so far. These values are generally appreciated but probably not because they, in the empirical study, are associated with co-operative firms but because they are consistent with values in the cultural and social environment. So the co-operative identity is most likely not the source of these values, but neither it is a bad thing being a co-operative.

Moreover one should distinguish between different co-operative firms. Those who have strong brands are not so interested in communicating their co-operative identity; it would not be profitable for them. Co-operative firms who do not have strong brands might benefit from this kind of communication on their local market to create an identity there. Here they can use the result from some statements in the questionnaire where the local and traditional identity of the co-operative firms seems to be important for the French respondents. A big majority agrees especially to statement 5 (co-operative firms make first of all products typical for the community).

The difference concerning local identity and local values, which seem to exist between the two countries, is interesting. The care and importance of the local community seem to be more present in France than in Sweden. This local identity and care may be related to differences between co-operative firms and their brands. The smaller co-operatives might benefit from these results when planning their marketing strategies. To support the local firms and their production is probably an important value and should therefore be developed by the firms who have a particular local profile.

4.3 Problem and purpose

The problem for this thesis is if it is appropriate to communicate the co-operative identity to the consumers more overtly. It is difficult to measure the financial outcome of such a strategy. This thesis shows that people are at least aware of the co-operative identity. The knowledge of the products of and operations in the co-operative firms seems to be quite extensive. It is uncertain if a more direct commercial campaign concerning the co-operative identity and values would generate more interest among the consumers. These values have rather been transferred through all other communications and the cultural environment in which the brand is situated. People have an image and a relationship to the brand, which has been built up during the long presence on the market. This image already includes the co-operative identity. If people attach other social values like environmental concerns, working conditions and other production aspects to the brands and co-operative firms, maybe it is these values that could be important in future communication.

Since the demand on companies and brands are so high today, the blending of values could be the answer, and the co-operative identity might be a part of these values. The final conclusion is that people are aware of the co-operative identity, but the values expressed in the questionnaire are not specific for these firms. The communication to the consumers would probably benefit mostly if the firm has a low profile concerning the co-operative identity. If one wants to communicate this identity, it is preferably together with the social values expressed in this thesis. This is especially true for large co-operative firms like Arla who most likely can develop their communication without actively emphasizing the co-operative character. The perception of the co-operative identity has been present anyhow during the history and probably is still present among the consumers.

References

Aldas-Manzano, Joaquin, Eva M. Capillure & Salvador Miquel, 2002, “The effect of personal involvement on the decision to buy store brands”, *Journal of product and brand management*, Vol. 11 no. 1, 2002, Emerald.

D’Astous, Alain, Christèle Boulaire, Pierre Balloffet & Nauofel Daghfous, 2002, *Comportement du consommateur,* Chenelière/MacGraw-Hill, Montréal.

Baldauf, Artur., Kanon S. Cravens, & Gudrun Binder, 2003, “Performance consequences of brand equity management: evidence from organizations in the value chain”, *Journal of product and brand management,* Vol. 12, no. 4, 2003, Emerald.

Bengtsson, Anders, 2002, *Consumers and mixed brands: on the polysemy of brand meaning,* Lund business press, Lund.

ICA, annual report 2001/2002, ICA Ahold.

Kapferer, Jean-Noël, 1997, *Strategic brand management,* Kogan page, London.

Konsument Monitor, 2002, *Perception of the brand Arla among consumers,* unpublished.

Kotler, Philip, 2000, *Marketing management,* millennium edition, Prentice Hall, New Jersey.

Melin, Frans, 1997, *Varumärket som strategiskt konkurrensmedel. Om konsten att bygga upp starka varumärken,* Lund University Press, Lund.

Myers, Chris A, 2003, ”Managing brand equity: a look at the impact of attributes”, *Journal of product and brand management,* Vol. 12, no. 1, 2003, Emerald.

Ruffio, Philippe, Caroline Hervé, Stéphane Gouin, Françoise Ledos & Emmanuel Périnel, 2004, *L’image des coopératives agricoles vue par les consommateurs,* Agrocampus Rennes & Cooperatives Agricoles de l’Ouest, Rennes.

Appendix 1: Questionnaire for the empirical study

Interview number: ……………………………………………
Interviewer: ………………………………………………

F 1 – Mention 3-5 names of agricultural co-operative firms

- --- - --- - ---
--- ---
- --- - ---

F 2 -Mention 3-5 things that best characterize an agricultural co-operative firm

- --- - --- - ---
--- ---
- --- - ---

F 3 – Mention 3-5 products and/or activities from agricultural co-operative firms

- --- - --- - ---
--- --- ---
- --- - ---

F 4 — Mention 3-5 brands from agricultural co-operative firms

- --- - --- - ---
--- --- ---
- --- - ---

F 5 – Which of these 14 brands derives from agricultural co-operative firms?

	Yes	No	Don't know		Yes	No	Don't know
1. Yoghurt from *Yoggi*				8. Bread from *Skogaholms*			
2. Eggs from *Kronägg*				9. Bread from *Pågens*			
3. Chicken from *Kronfågel*				10. Ham from *Scan*			
4. Cheese from *Ostkompaniet*				11. Flour from *Finax*			
5. Butter from *Arla*				12. Pâté from *Pastejköket*			
6. Vegetables from *Swegro*				13. Preserves from *Findus*			
7. Icecream from *Carlshamn Mejeri*				14. Pasta from *Kungsörnen*			

DEMOGRAPHICS

Age

1 ❍ 15-30 years
2 ❍ 31-50 years
3 ❍ 51- years

Gender

1 ❍ Man
2 ❍ Women

Occupation

1 ❍ Farmer
2 ❍ Engineer
3 ❍ Merchant
4 ❍ Executive
5 ❍ Administration
6 ❍ Teacher
7 ❍ Student
8 ❍ Factory worker
9 ❍ Home with children
10 ❍ Entrepreneur
11 ❍ Retired
12 ❍ Unemployed
13 ❍ Other: ………………………….

Habitation

1 ❍ Cityarea (more than 5 000 habitants)
2 ❍ Countryside

Habitation during youth

1 ❍ City
2 ❍ Farm
3 ❍ Countryside

Statements about agricultural co-operative firms compared with non co-operative firms.	I don't agree at all 1	I don't quit agree 2	I agree more or less 3	I partly agree 4	I totally agree 5
1- Products made by a co-operative firm is of lower quality	❑	❑	❑	❑	❑
2- If there is a product available from a co-operative firm, I prefer to buy that product	❑	❑	❑	❑	❑
3- A co-operative firm makes first of all food that is insignificantly refined (sugar, milk, flour)	❑	❑	❑	❑	❑
4- A co-operative firm is a guarantee that the job opportunities in the community is secured in the long run	❑	❑	❑	❑	❑
5- A co-operative firm makes first of all products typically for the community	❑	❑	❑	❑	❑
6- A food product from a co-operative firm is more expensive for the consumers	❑	❑	❑	❑	❑
7- Products from agricultural co-operative firms have better food security	❑	❑	❑	❑	❑
8- The working conditions and salaries are not better in co-operative firms	❑	❑	❑	❑	❑
9- A co-operative firm works particularly for the smaller farmers interests	❑	❑	❑	❑	❑
10 – A co-operative firm makes first of all handmade products	❑	❑	❑	❑	❑
11- Co-operative firms doesn't pay a better price for raw materials to co-operative members	❑	❑	❑	❑	❑
12- An agricultural co-operative firm do particularly care about environmental issues	❑	❑	❑	❑	❑
Are you ready to pay a price that is 20% higher if the company that makes the products:					
13- pays a better price to the farmers and protects the small producers	❑	❑	❑	❑	❑
14- is a guarantee that the job opportunities in the community are secured in the long run	❑	❑	❑	❑	❑
15- cares particularly about the environmental issues	❑	❑	❑	❑	❑
16- is a firm where the power lies in local interests	❑	❑	❑	❑	❑
Decide if the following two things are important when you are buying groceries	Not important at all	A little important	Quit important	Very important	
17- The care and wellbeing of the animals	❑	❑	❑	❑	
18- The products have Swedish origin	❑	❑	❑	❑	

Appendix 2: French (original) questionnaire

Interview number: ……………………………………….
Interviewer: …………………………………………………

Trade-off study: I will now show you nine etiquettes which describes a product (butter). You will grade each etiquette from 1-5 where 1 means that you would surely not buy this product and 5 means that you surely would buy this product

Etiquette									
Grade									

F 1 – Mention 3-5 names of agricultural co-operative firms

- .... - .... - ....
- .... - ....

F 2 -Mention 3-5 things that best characterize an agricultural co-operative firm

- .... - .... - ....
- .... - ....

F 3 – Mention 3-5 products and/or activities from agricultural co-operative firms

- .... - .... - ....
- .... - ....

F 4 — Mention 3-5 brands from agricultural co-operative firms firm

- .... - .... - ....
- .... - ....

F 5 – Which of these 14 brands derives from agricultural co-operative firms?

	Yes	No	Don't know		Yes	No	Don't know
1. Yoghurt from *Yoplait*				8. Salt from *Le Guérandais*			
2. Eggs from *Martines*				9. Salad from *Florette*			
3. Hens from *Père Dodu*				10. Ham from *Fleury Michon*			
4. Cheese from *Président*				11. Semolina from *Tipiak*			
5. Butter from *Paysan Breton*				12. Pâté from *Hénaff*			
6. Vegetables from *D'Aucy*				13. Preserves from *Bonduelle*			
7. Yoghurt from *Danone*				14. Chicken from *Loué*			

DEMOGRAPHICS

Age

1 ❍ 15-30 years
2 ❍ 31-50 years
3 ❍ 51- years

Gender

1 ❍ Man
2 ❍ Women

Occupation

1 ❍ Farmer
2 ❍ Engineer
3 ❍ Merchant
4 ❍ Executive
5 ❍ Administration
6 ❍ Teacher
7 ❍ Student
8 ❍ Factory worker
9 ❍ Home with children
10 ❍ Entrepreneur
11 ❍ Retired
12 ❍ Unemployed
13 ❍ Other : ………………………….

Habitation

1 ❍ Cityarea (more than 5 000 habitants)
2 ❍ Countryside

Habitation during youth

1 ❍ City
2 ❍ Farm
3 ❍ Countryside

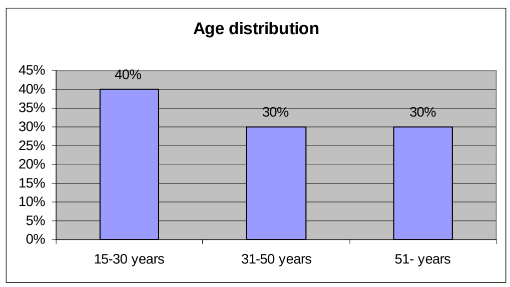
Statements about agricultural co-operative firms compared with non co-operative firms.	I don't agree at all 1	I don't quit agree 2	I agree more or less 3	I partly agree 4	I totally agree 5
1- Products made by a co-operative firm is of lower quality	❑	❑	❑	❑	❑
2- If there is a product available from a co-operative firm, I prefer to buy that product	❑	❑	❑	❑	❑
3- A co-operative firm makes first of all food that is insignificantly refined (sugar, milk, flour)	❑	❑	❑	❑	❑
4- A co-operative firm is a guarantee that the job opportunities in the community is secured in the long run	❑	❑	❑	❑	❑
5- A co-operative firm makes first of all products typically for the community	❑	❑	❑	❑	❑
6- A food product from a co-operative firm is more expensive for the consumers	❑	❑	❑	❑	❑
7- I can trust more products from co-operative firms from a food security perspective	❑	❑	❑	❑	❑
8- The working conditions and salaries are not better in co-operative firms	❑	❑	❑	❑	❑
9- A co-operative firm works particularly for the smaller farmers interests	❑	❑	❑	❑	❑
10 – A co-operative firm makes first of all handmade products	❑	❑	❑	❑	❑
11- Co-operative firms doesn't pay a better price for the raw materials to the co-operative members	❑	❑	❑	❑	❑
12- An agricultural co-operative firm do particularly care about environmental issues	❑	❑	❑	❑	❑
Are you ready to pay a price that is 20% higher if the company that makes the products:					
13- pays a better price to the farmers and protects the small producers	❑	❑	❑	❑	❑
14- is a guarantee that the job opportunities in the community are secured in the long run	❑	❑	❑	❑	❑
15- cares particularly about the environmental issues	❑	❑	❑	❑	❑
16- is a firm where the power lies in local interests	❑	❑	❑	❑	❑

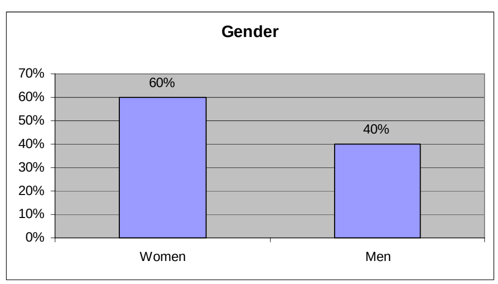
Decide if the following two things are important when you are buying groceries	Not important at all	A little important	Quit important	Very important
17- The care and wellbeing of the animals	❑	❑	❑	❑
18- The products have Swedish origin	❑	❑	❑	❑

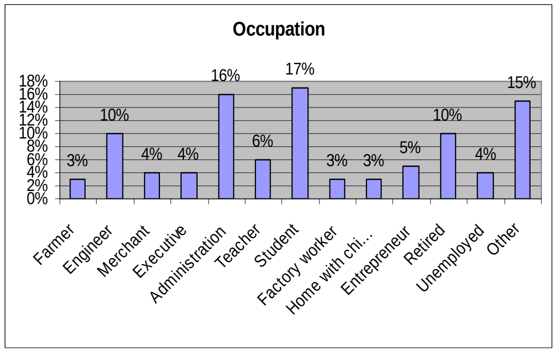
Appendix 3: Results of the study as diagrams

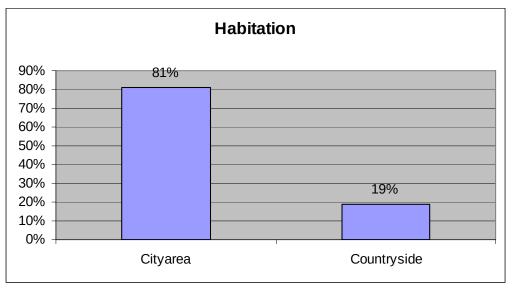
Demographics

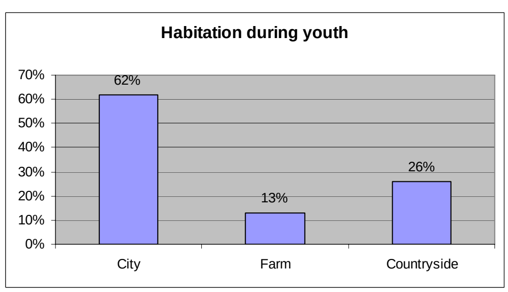
234 persons interviewed with the questionnaire on the street and in shopping centres in Uppsala



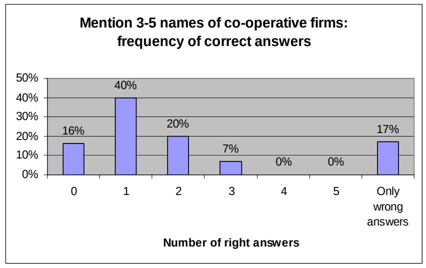


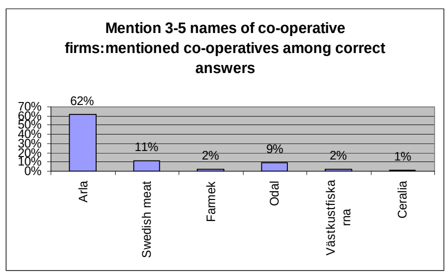

Occupation
18%
16%
14%
12%
10%
8%
6%
4%
2%
0%
3%
10%
4%
4%
16%
6%
17%
3%
3%
5%
10%
4%
15%
Farmer
Engineer
Merchant
Executive
Administration
Teacher
Student
Factory worker
Home with chi...
Entrepreneur
Retired
Unemployed
Other


Habitation
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
81%
19%
Cityarea
Countryside

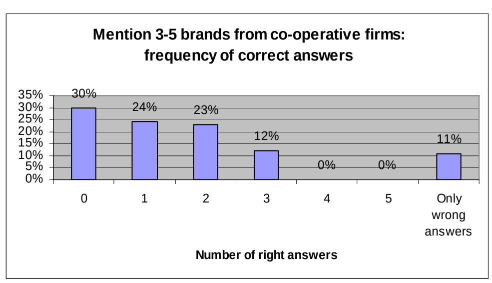

Habitation during youth
70%
60%
50%
40%
30%
20%
10%
0%
62%
13%
26%
City
Farm
Countryside

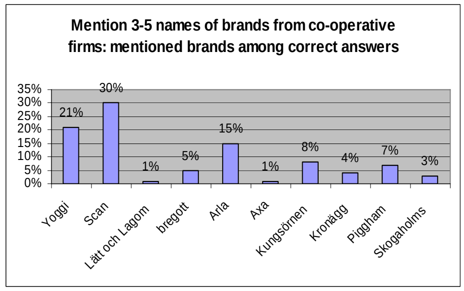
Spontaneous knowledge about co-operative firms



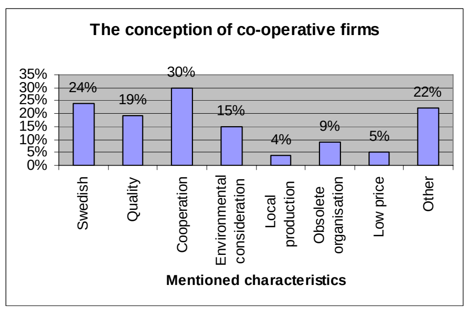


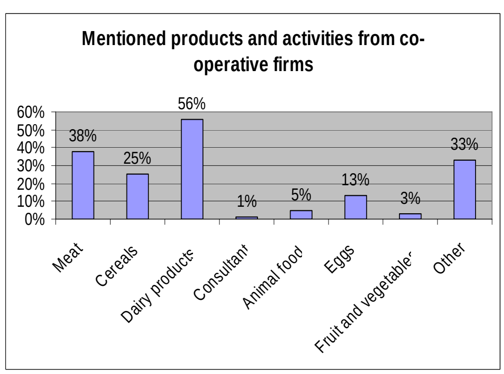
Example: 62% of the People questioned mentioned Arla being a co-operative firm

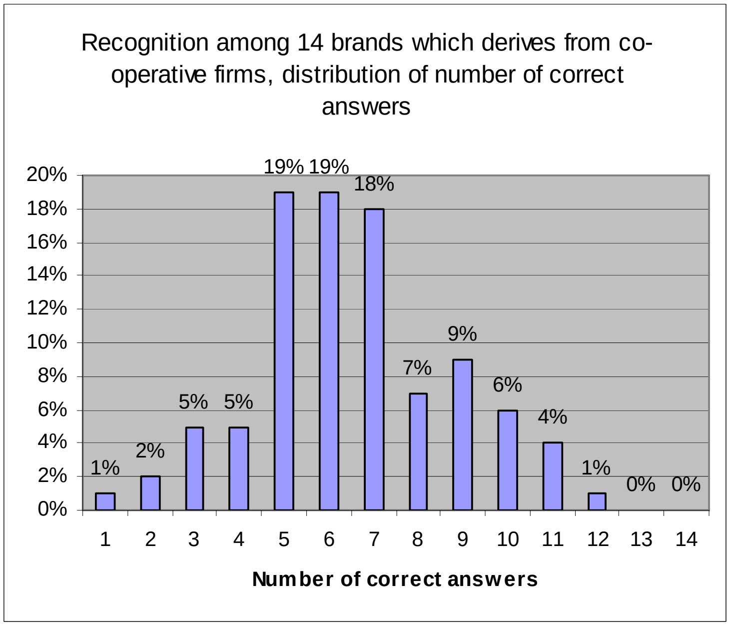


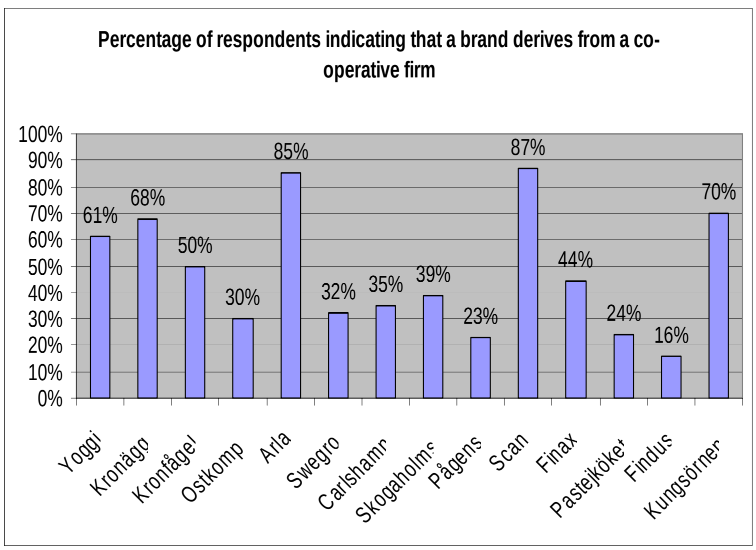


The definition and mentioned activities in co-operative firms



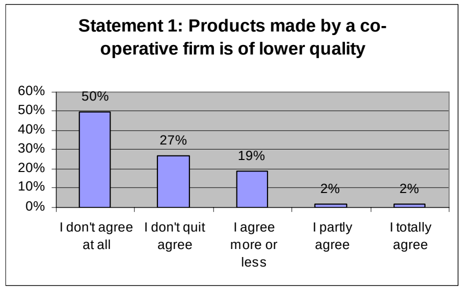


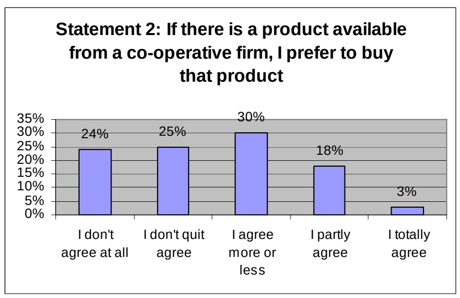


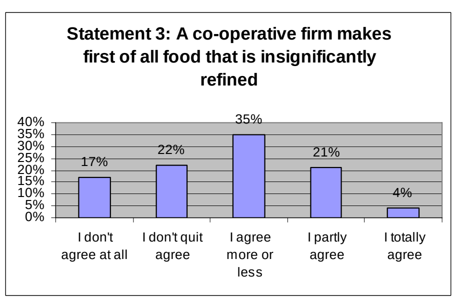


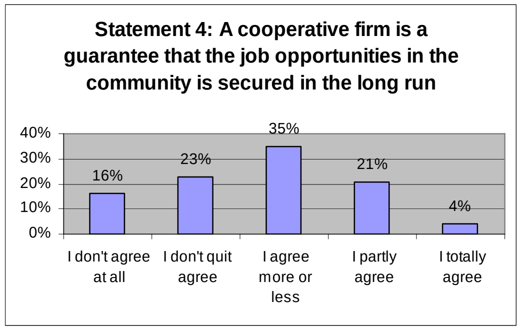
Explanation: 61% of the people interviewed recognise Yoggi deriving from a co-operative firm.
Brands from co-operative firms are: Yoggi, Kronägg, Ostkompaniet, Arla, Skogaholms, Scan, and Kungsörnen

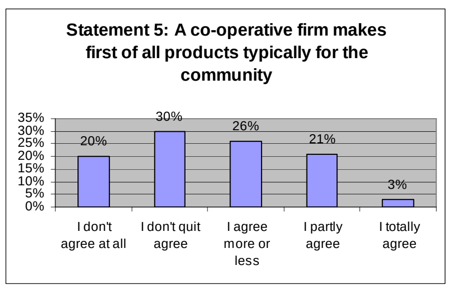
Comparison between co-operative and non co-operative firms, 12 statements

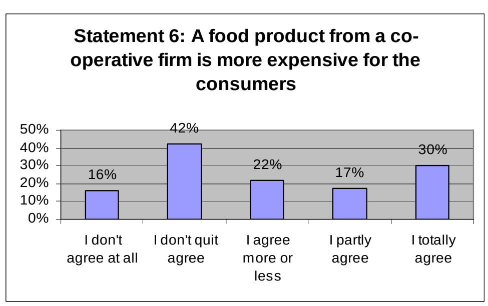


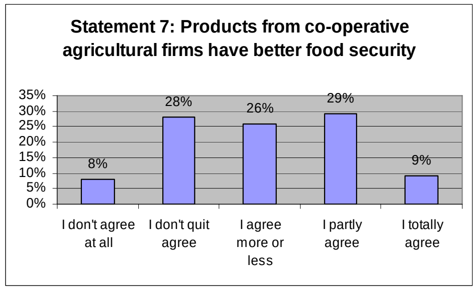


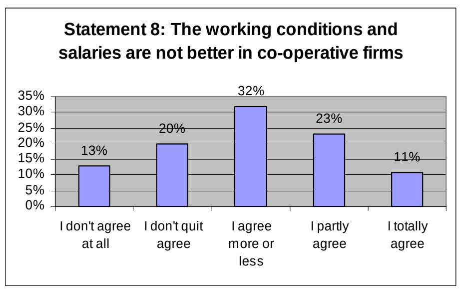


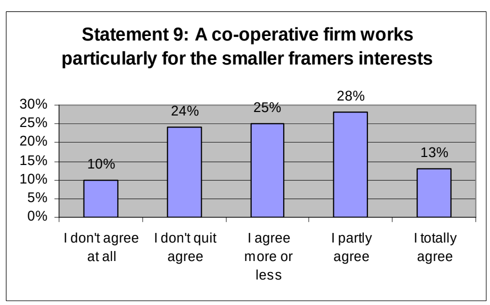

Statement 4: A cooperative firm is a guarantee that the job opportunities in the community is secured in the long run
40%
30%
20%
10%
0%
16%
23%
35%
21%
4%
I don't agree at all
I don't quit agree
I agree more or less
I partly agree
I totally agree


Statement 5: A co-operative firm makes first of all products typically for the community
35%
30%
25%
20%
15%
10%
5%
0%
20%
30%
26%
21%
3%
I don't agree at all
I don't quit agree
I agree more or less
I partly agree
I totally agree

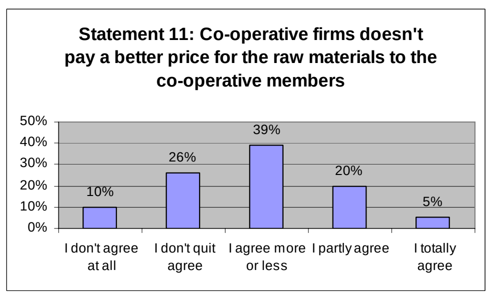

Statement 6: A food product from a co-operative firm is more expensive for the consumers
50%
40%
30%
20%
10%
0%
16%
42%
22%
17%
30%
I don't agree at all
I don't quit agree
I agree more or less
I partly agree
I totally agree

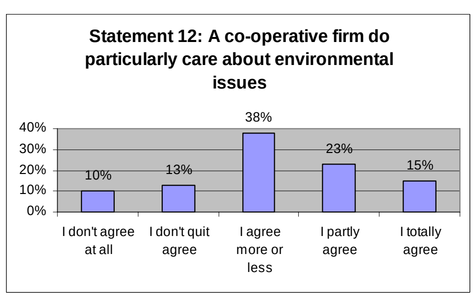

Statement 7: Products from co-operative agricultural firms have better food security
35%
30%
25%
20%
15%
10%
5%
0%
8%
28%
26%
29%
9%
I don't agree at all
I don't quit agree
I agree more or less
I partly agree
I totally agree


Statement 8: The working conditions and salaries are not better in co-operative firms
35%
30%
25%
20%
15%
10%
5%
0%
13%
20%
32%
23%
11%
I don't agree at all
I don't quit agree
I agree more or less
I partly agree
I totally agree

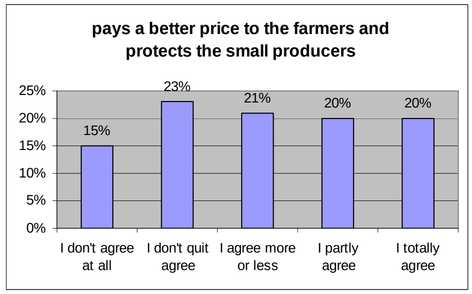

Statement 9: A co-operative firm works particularly for the smaller framers interests
30%
25%
20%
15%
10%
5%
0%
10%
24%
25%
28%
13%
I don't agree at all
I don't quit agree
I agree more or less
I partly agree
I totally agree

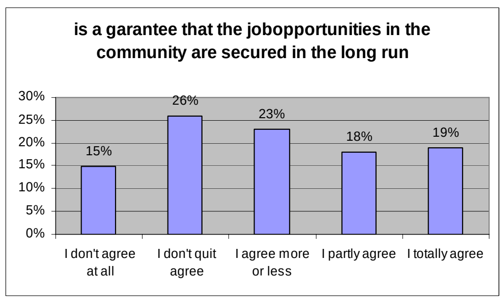

Statement 10: A co-operative firm makes first of all handmade products
40%
35%
30%
25%
20%
15%
10%
5%
0%
38%
32%
19%
11%
0%
I don't agree at all
I don't quit agree
I agree more or less
I partly agree
I totally agree

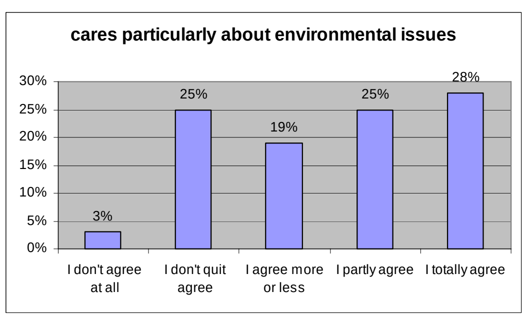

Statement 11: Co-operative firms doesn't pay a better price for the raw materials to the co-operative members
50%
40%
30%
20%
10%
0%
10%
26%
39%
20%
5%
I don't agree at all
I don't quit agree
I agree more or less
I partly agree
I totally agree

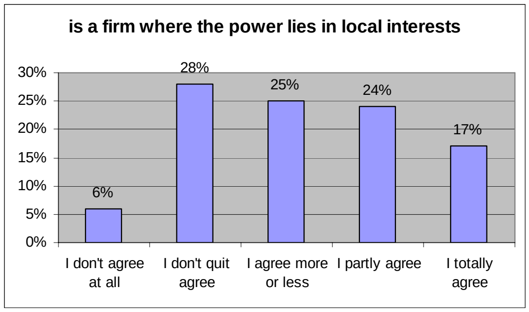

Statement 12: A co-operative firm do particularly care about environmental issues
40%
30%
20%
10%
0%
10%
13%
38%
23%
15%
I don't agree at all
I don't quit agree
I agree more or less
I partly agree
I totally agree

Are you ready to pay a price that is about 20% higher than generic products if the company that makes the product:

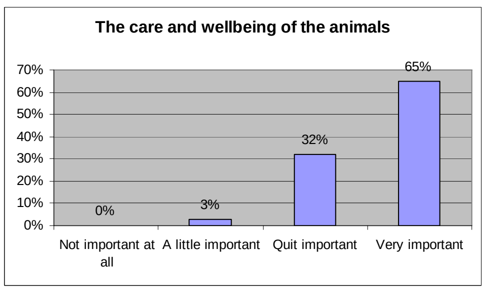


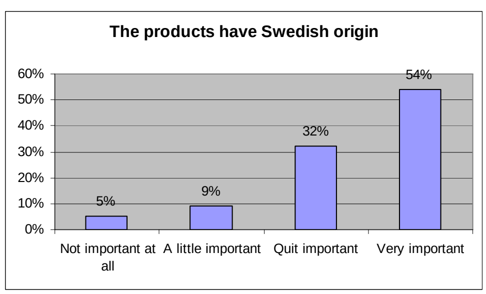






Decide if the following two things are important when you are buying groceries





Pris: 70:- (exkl moms)

Tryck: SLU, Institutionen för ekonomi, Uppsala, 2004

Distribution:

Sveriges lantbruksuniversitet
Institutionen för ekonomi
Box 7013
750 07 Uppsala

Tel 018-67 10 00

Swedish University of Agricultural Sciences
Department of Economics
P.O. Box 7013
SE-750 07 Uppsala, Sweden

Fax + 46 18 67 35 02