



Sveriges lantbruksuniversitet
Swedish University of Agricultural Sciences

Department of Economics

Adding value to gain competitive advantages

- Agricultural and horticultural firms' corporate strategies to create wealth

Katarina Persson

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Supervisor: Sara Spendrup, Swedish University of Agricultural Sciences,
Department of Work Science, Business Economics and
Environmental Psychology

Examiner: Karin Hakelius, Swedish University of Agricultural Sciences,
Department of Economics

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Summary

The interest in locally produced food is high among Swedish consumers. Yet so, many farmers struggle to be profitable and competitive. The food market has many different competitors, and therefore competition is fierce. For companies that want to stand out, clear strategies focusing on highlighting the uniqueness and creating customer value are required. The European Union have developed a common agricultural policy (CAP), which aims to let the market control the production, and it emphasises Multifunctional agricultural (MFA) companies as a good alternative. Entrepreneurship, diversification and value-adding activities are some examples of what companies can focus on to become more competitive. Smaller companies that lack the competitive advantage that many of the larger companies possess can, by working with entrepreneurial strategies, focus on creating customer value, differentiation, and niche products that provide unique and strong competitive advantages.

The purpose of the study is to investigate and highlight small Swedish agricultural and horticultural firms' corporate strategies to create competitive advantage. The focus is success factors and value-added activities. Common to the participating companies is that they have chosen to move up the value chain, and instead of only producing, they produce, process and market the products under their own brand. Semi-structured interviews with three companies with different orientation and size make the basis for the data collection. Thematic analysis was used to analyse the material, and the analysis resulted in four themes: concept, brand, important assets, and sustainability.

All entrepreneurs have chosen to differentiate themselves by creating their own brand, where the farm's concept is highlighted. The concept permeates all parts of the company and has a clear focus on quality, service, communication, and dialogue towards the customers. Being a transparent and open company has come naturally since the establishment of all companies, and is something that they still emphasise. Much of the dialogue with customers is based on being open with how the products are produced and who the farmer is. The most important resources are the employees, the geographic location, and the owners' characteristics and skills. Entrepreneurship constitutes a major part of the success factor. Seeing opportunities, courage to try new ways, not to be afraid of mistakes, and to be constantly on the lookout for new ideas are the basis for their success.

The results show it is possible to create sustainable competitive advantage by adding unique value to ordinary food products. Due to adding high quality, good service, and aiming for an open dialogue with the customers, agricultural and horticultural companies can create niche products being interesting even in a competitive market where a lot revolves around price. It should be noted that the strategies mentioned in the research are not a "quick-fix" and it is not a risk-free solution. For the strategy to be successful it should be underpinned by a thorough analysis of the market, customers, and competitors. Understanding and master entrepreneurial thoughts have been proved to be of considerable character if one should find, retain, and develop key success factors.

Sammanfattning

Intresset för närproducerad mat är stort bland svenska konsumenter trots detta har flertalet producenter svårt att konkurrera med utländska varor. Marknaden för mat har många olika aktörer och därför är konkurrensen hård. För att sticka ut krävs tydliga strategier som fokuserar på att lyfta fram det unika och att skapa kundvärde. Medlemsländerna i Europeiska Unionen har tillsammans tagit fram en gemensam jordbrukspolitik (CAP) som syftar till att låta marknaden styra produktionen och lyfter fram Multifunktionella landsbygdsföretag (MFA) som ett bra alternativ. Entreprenörskap, diversifiering och värdeskapande aktiviteter är några exempel på vad företag kan fokusera på för att bli mer konkurrenskraftiga. Mindre företag som saknar de konkurrensfördelar som många av de större företagen besitter kan, genom att arbeta med entreprenöriella strategier, fokusera på att skapa kundvärde, differentiering och nischprodukter som ger unika och starka konkurrensfördelar.

Syftet med undersökningen är att undersöka och belysa små svenska lantbruks- och trädgårdsföretags strategier för att skapa konkurrensfördelar. Fokus är framgångsfaktorer och mervärdesskapande aktiviteter. Gemensamt för de medverkande företagen är att de valt att flytta upp i värdekedjan och istället för att endast vara primärproducenter så producerar, förädlar och säljer de nu under eget varumärke. Semi-strukturerade intervjuer med tre företag med olika inriktning och storlek ligger till grund för datainsamlingen. Tematisk analys har använts för att analysera det insamlade materialet, analysen resulterade i fyra teman; konceptet, varumärket, viktiga resurser och hållbarhet.

Alla företagen har valt att differentiera sig genom att skapa ett eget varumärke där ett eget koncept lyfts fram. Konceptet genomsyrar alla delar i företaget och har ett tydligt fokus på kvalitet, service, kommunikation och dialog. Att vara ett transparent och öppet företag har varit en självklarhet sedan starten för alla företagen och något som man arbetar med än idag. Mycket av dialogen med kunderna baseras på att vara öppen med hur produkterna är producerade och vem som är producenten. De viktigaste resurserna är medarbetarna, den geografiska placeringen och ägarnas karaktärsdrag och färdigheter. Entreprenörskap utgör en stor del framgångsfaktorn. Att se möjligheter, våga prova nya vägar, inte vara rädd för att göra misstag och att ständigt vara på jakt efter nya idéer utgör grunden för företagets framgång.

Resultaten visar att det är möjligt att skapa hållbara konkurrensfördelar genom att lägga till unika mervärden till vanliga livsmedel. Genom hög kvalitet, bra service och dialog med kunderna så kan lantbruks- och trädgårdsföretag skapa nischprodukter som det finns ett intresse för även på en konkurrensutsatt marknad där mycket kretsar kring pris. Noteras ska att det är ingen snabb och riskfri lösning. För att strategin ska vara framgångsrik så bör den vara underbyggd av en grundlig analys av marknaden, kunderna och konkurrenterna. Att förstå och behärska entreprenöriella tankesätt har visat sig vara av betydande karaktär för att hitta, behålla och vidareutveckla konkurrenskraftiga framgångsfaktorer.

Table of Contents

1 INTRODUCTION	1
1.1 PROBLEM BACKGROUND	1
1.2 PROBLEM	2
1.2.1 Multifunctionality and entrepreneurship as success factors	2
1.2.2 Small agricultural and horticultural enterprises' opportunities to create competitive advantage.....	3
1.3 AIM AND DELIMITATIONS	3
1.4 OUTLINE	4
2. THEORETICAL PERSPECTIVE.....	5
2.1 THE CONCEPT OF STRATEGIC ENTREPRENEURSHIP.....	5
2.1.1 Entrepreneurial mindset.....	6
2.1.2 Entrepreneurial Culture and Leadership	6
2.1.3 Strategic management of the organizational resources	7
2.1.3 Applying creativity and developing innovation	7
3. LITERATURE REVIEW	9
3.1 MOVING FROM BASIC OFFERINGS TO VALUE-ADDED SOLUTIONS.....	9
3.1.1 Differentiating and communication of values	9
3.2 VALUE-ADDED ACTIVITIES IN AGRICULTURE AS A PART OF MULTI FUNCTIONAL AGRICULTURE.....	10
3.3 VALUABLE RESOURCES	11
3.4 THE FARMER AS AN ENTREPRENEUR.....	12
3.4.1 Important elements of entrepreneurship.....	12
3.5 MAINTAINING THE COMPETITIVE ADVANTAGES	12
4. METHOD	14
4.1 QUALITATIVE RESEARCH METHOD	14
4.2 PARTICIPANTS	14
4.2.1 Description of the participating companies	15
4.3 INTERVIEWS	16
4.4 DATA ANALYSIS	16
4.5 VALIDITY AND RELIABILITY	17
4.6 ETHICS	18
5. RESULTS	19
5.1 INTRODUCTION OF THE FOUR THEMES	19
5.2 THE CONCEPT – CLEAR AND WELL ELABORATED.....	19
5.3 THE BRAND	20
5.3.1 Building relationships through trust and good communication.....	21
5.3.2 The farm as a part of the brand.....	22
5.3.3 Transparency.....	23
5.4 IMPORTANT ASSETS - THE OWNER AND THE CO-WORKERS	24
5.4.1 Characteristics.....	25
5.5 SUSTAINABILITY	26
5.5.1 Organic growth – taking the slow way towards growth.....	26

5.5.2 <i>Continuous analysis as a favour for the environment, co-workers and the rural community</i>	27
6. ANALYSIS AND DISCUSSION	29
6.1 LOOKING FOR NEW IDEAS	29
6.2 STRATEGIES – VALUE-ADDING FARMING	30
6.3 SUCCESS FACTORS – THE FARMER AS AN STRATEGIC ENTREPRENEUR	32
6.4 IMPORTANT ASSETS	33
7. CONCLUSIONS	35
7.1 FUTURE RESEARCH.....	35
BIBLIOGRAPHY	36
<i>Literature and publications</i>	36
<i>Internet</i>	38
APPENDIX 1 - INTERVIEW GUIDE	39
APPENDIX 2 – QUOTES FROM THE INTERVIEWS IN SWEDISH	41

1 Introduction

The European food market has been competitive and harsh for many years; less profitability has led to a decline in the numbers of farmers (Vesala & Vesala, 2010). The farms are becoming bigger and bigger and the smaller farms are struggling to compete (Sveriges officiella statistik, 2014). Farms have seen this negative trend in several European countries for years (Vesala & Vesala, 2010), so also in Sweden (Nationell livsmedelsstrategi, 2015; Björklund et al, 2014; Jordbruksverket, 2008). The business environment for Swedish farmers is harsh and the competition is increasing (Ibid.). Low profitability and the low consumption of Swedish food-products are two explanations. Today Swedish farmers work on a free market with open borders, where the Swedish products coexist on store shelves with imported goods. A Swedish tomato will be equal to a Spanish and in the end it is up to the customer to decide which product they want to buy. In the competitive environment it is important that Swedish farmers develop successful corporate strategies that enables the creation of competitive advantages. There are companies that have already chosen to create competitive advantage through its strategy for the company, but what have they done and how have they managed?

1.1 Problem background

Sweden became a member of the European Union, EU, in 1995 and since then Swedish farmers find themselves works on a free market with open boarders to the rest of Europe. The members of the EU have together formed the Common Agriculture Policy (CAP) in 1957 (Jordbruksverket, 2015). The objectives of the policy is to make the agriculture more efficient, to guarantee a fair standard of living for the famers, to stabilize the agricultural markets and to ensure that the citizens have enough food, and gets agricultural products at a reasonable price. There have been several reforms since the formation, and since the beginning of the 1990s the aim has been to reduce the farmers dependence on public sector support (Jordbruksverket, 2015; Morgan et al., 2010). With the reform Agenda 2000 the goal was to increase the competitiveness of the European farmers through new rural initiatives (Jordbruksverket, 2015). To help farmers restructure their farms, broaden their activities and improve the marketing were some examples of activities. Multifunctional agriculture (MFA) is becoming a central concept in the agricultural policy (Morgan et al. 2010, Vesala & Vesala, 2010). The reforms of CAP in the early 2000 meant a shift away from supporting an overproduction, towards a more market oriented CAP to generate an efficient and sustainable farming (European commission, 2015). Vesala and Vesala (2010) sums the CAP reform as

”Rural areas are no longer seen as dominated by food production but instead as places for consumption. Therefore, farmers are encouraged to diversify into business activities beyond agricultural primary production, such as tourism and other services and also by adding value to farm products via processing and direct marketing” (p.22).

The focus has shifted from production orientation to a more market driven approach and the purpose is to transform the traditional agricultural firms into multifunctional agricultures (MFA) where firms are operated by a more entrepreneurial model (Vesala & Vesala, 2010).

The Swedish consumers’ interest in locally produced food, small-scale production and for Swedish farmers is however strong (Björklund et al., 2014). According to the Federation of Swedish farmers the trend of locally produced food is so strong that it has increased despite the Swedish recession (Nationell livsmedelsstrategi, 2015). Despite the increased interest in Swedish products, Swedish farmers still have difficulties to operate on the Swedish food

market (Nationell livsmedelsstrategi, 2015; Björklund et al, 2014; Jordbruksverket, 2008). Reduced profitability and fierce competition from Europe and the rest of the world has led to a downfall by 25 percent in consumption of Swedish food since the joining of EU in 1995, when the consumption of domestic goods corresponded to 75 percent (Nationell livsmedelsstrategi, 2015). Despite the many benefits of Swedish food, such as production safety, animal welfare, environmental and climate benefits, few consumers select domestic products over imported (Nationell livsmedelsstrategi, 2015; Björklund et al., 2014). Reduced consumption of Swedish food adds to the already critical situation for Swedish farmers. Small farms are finding it increasingly difficult to cope with competition and are forced in many cases to phase out their corporate activities, while the larger farms are becoming larger and more industrialized in order to be more effective and thus cope with competition (Nationell livsmedelsstrategi, 2015; Björklund et al., 2014). Having said that, Swedish farmers produce food of high class with unique and strong added value that consumers demand and are willing to pay for (Ibid.). But at the same time, the Swedish farmers are having it increasingly difficult to compete in the marketplace when consumers often choose imported food products (Nationell livsmedelsstrategi, 2015). This gap between consumer desire and their action can be described as an attitude-behaviour gap (Luzar & Cosse, 1998) and to build bridges to overcome this gap it requires that companies are inventive and find new paths.

1.2 Problem

1.2.1 Multifunctionality and entrepreneurship as success factors

The reforms of the common agriculture policy in the European Union has enabled for small agricultural and horticultural firms to build competitive advantages through entrepreneurial skills (Morgan et al., 2010; Vesala & Vesala, 2010). The current agricultural policy in the European Union has changed the farmers' situation and conditions, and is aiming to move the agricultural and horticultural firms away from production orientation to multifunctional and diverse firms where the market demand is in focus (European Commission, 2015). CAP reforms have put the farmers in a position where entrepreneurship is encouraged. Firms with business activities beyond the traditional agricultural primary production, for example tourism and adding value to the products by processing and direct marketing, are the future for agricultural firms (Vesala & Vesala, 2010).

According to Morgan et al. (2010), small and medium sized family farms are often more adaptable to the diversification, and open to the thought of agricultural multifunctionality. Agro-industrial enterprises have more of a commercial imperative and the family farms social and cultural influences are decisive factors in the transformation to becoming a multifunctional firm.

“Farmers’ entrepreneurial skills relate to the commercial, social and institutional drivers of decision making. If the rural development version of multifunctionality is characterised by the breadth and depth of linkages with local economies, landscape and environment, the degree to which the case study farms may be considered to be multifunctional is reflected in the expression of farmers’ entrepreneurial skills.”
(Morgan et al., 2010, p.117).

The entrepreneurial spirit and the attitudes towards diversification and multifunctionality are important aspects for the future farmers. Studies show that small businesses often have more entrepreneurial spirit, easier to create change and more creativity (Messeghem, 2003) and the entrepreneurs' ability to use them determines the business' future.

1.2.2 Small agricultural and horticultural enterprises' opportunities to create competitive advantage

Small firms that recently have had difficulties to compete and lack the economies of scale, that large businesses can take advantage of, can by using their assets fully and by applying values to their products, create competitive advantages (Hofstrand, 2010). By highlighting the producers behind the products and highlight the unique values, the Swedish producer can create competitive advantages. By taking advantage of consumer interest in Swedish food along with the opportunities and strengths that small businesses possess, even small farms in the future will be able to compete with major food giants and continue to live and operate in the Swedish countryside. If small companies can reposition themselves from being a primary producer to work more as an entrepreneur covering the entire value chain, competitive advantage can be created.

1.3 Aim and delimitations

The objective of this paper is to highlight and analyse three small Swedish agricultural and horticultural companies' corporate strategies to create competitive advantage. The aim is to get a greater understanding and highlight the success factors and value-added activities that the companies have used in their corporate strategies to become the companies they are today. The focus is the companies' journey from primary producer to the becoming of a company with their own brand. To do so, the paper aims to address the following research questions:

- What actions have driven the change from primary producer to the companies' current position?
- What strategies does the companies use to create competitive advantages?
- Which are the companies' success factors?
- What resources have played a significant role in the success of the company?

Since the main focus of this paper is to investigate and analyse small Swedish agricultural and horticultural enterprises' situation and opportunities, only companies with their own established brand have been considered as relevant examples. A second requirement has been that the chosen companies have developed from only producing and selling to wholesalers, to produce, refine and sell their products under their own brand to gain competitive advantages. The paper focuses on companies that have succeeded with their plan and strategy, and therefore there is no focus on companies that are in a different situation. Therefore the whole spectrum of the situation for Swedish farmers is not presented. Following the argument that this paper presents the views and opinions of three companies, the result is not generalizable, but is only related to the studied companies. However, considering that the aim of this paper is to highlight good examples, the content is relevant for companies that would like to apply these strategies on their own farm.

The companies that have been selected to participate in the study are all located in Scania. There is a risk that the results only will highlight the Scanian perspective but because a large proportion, 45 percent, of Swedish food companies and 50 percent of the food production are located in Scania (LRF, 2011) it should give a relevant overview of the situation. For further information about the chosen method and the studied companies see chapter 4.

1.4 Outline

The paper addresses the following main headings in the following order; Theoretical perspective – Literature review – Method – Results – Analysis and discussion – Conclusion.

Together, the second and the third chapter present previous literature in the field forming the theoretical background and the theoretical framework for the study. The method is presented in chapter four. The impact of methodological choices on the study is discussed and evaluated to illustrate the choices and their consequences. In chapter five the results are presented. The theories and the results are linked together in chapter six where the results are analysed and discussed. The results are compared with previous research and the research questions are being answered. The final chapter summarizes the results into conclusions.

2. Theoretical perspective

The second chapter presents theoretical models that together form the theoretical background for this research project.

2.1 The concept of Strategic Entrepreneurship

Strategic Entrepreneurship, SE, can be described simply as a model to create and sustain competitive advantage through innovation and at the same time identifying and exploring new opportunities so the competitive advantages can be kept even in the future (Ireland & Webb, 2007; Hitt et al., 2011). One of the founders of SE describes it as

”to capture firms’ efforts to simultaneously exploit today’s competitive advantages while exploring for the innovations that will be the foundation for tomorrow’s competitive advantages” (Ireland & Webb, 2007, p. 50).

SE is a rather new concept where the authors Ireland, Hitt and Sirmon (2003) are focusing on connecting thoughts from the school of entrepreneurship and the schools of strategic management into one model. The main points are to help firms to grow, to create wealth and to reach a position where the company easily can adapt to the changes in the operating environment through creating competitive advantages and simultaneously identify new potential (Hitt et al., 2011; Ireland & Webb, 2007; Ireland et al., 2003). Thoughts from the entrepreneurship and strategic management schools have been accepted and well used for a long time. By using the concepts separately the firms can enable wealth creation but the concepts foci differs slightly. If applied one by one they are not sufficient according to Ireland, Hitt and Sirmon (2003). The concept of entrepreneurship focuses on the firms’ efforts to create wealth through identifying opportunities that can be effectively used at the marketplace (Hitt et al., 2011). Strategic management on the other hand creates wealth through the formation of competitive advantages (Hitt et al., 2011).

”Small, entrepreneurial ventures are effective in identifying opportunities but are less successful in developing competitive advantages needed to appropriate value from those opportunities. In contrast, large, established firms often are relatively more effective in establishing competitive advantages but are less able to identify new opportunities” (Ireland et al., 2003, p. 963).

SE thereby combines opportunity-seeking, exploration, and advantage-seeking, exploitation, in to one model where the aim is to create wealth (Zhang, 2014; Ireland & Webb, 2007). In todays competitive environment all firms have to be able to capture the possibilities and the opportunities that are given and SE helps the firm to position itself to be capable of responding to the changes (Ireland & Webb, 2007).

Innovation is the central roll of Strategic Entrepreneurship and an important resource for the firms to master if they want to differentiate in the marketplace (Zhang, 2014). Innovation is also important if the firms will be able, and dare, to break the traditional tracks and strategies to create new products and business models (Ibid.). According to Zhang (2004) firms that apply SE are working continuously with strategic renewal, business model reconstruction, redefinition of area, organizational rejuvenation, and sustained regeneration. The model of SE is based on four key dimensions; Entrepreneurial mindset, Entrepreneurial Culture and

Leadership, Strategic management of the organizational resources, and Applying creativity and developing innovation (Ireland et al., 2003), see figure 1.

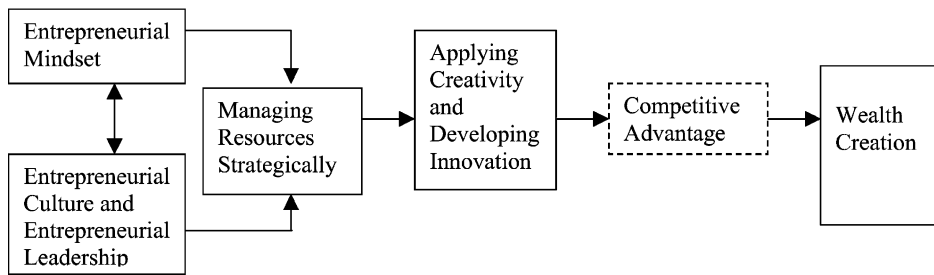


Figure 1. A schematic overview of the different steps of Strategic Entrepreneurship (Ireland et al., 2003, p. 967).

2.1.1 Entrepreneurial mindset

The first part of the concept SE is the entrepreneurial mindset, EM, which is structured around entrepreneurial opportunities, entrepreneurial alertness, real options, and an entrepreneurial framework (Ireland et al., 2003). Ireland et al. (2003) conclude that an EM is the essence of SE and without EM it is not possible to successfully engage in SE. An EM is both an individual and collective phenomenon and is relevant for the individual entrepreneur as well as for already established firms and their employees (Ireland et al., 2003). Based on previous research the authors define EM as a growth-oriented perspective where individuals can promote flexibility, continuous innovation, creativity, and renewal (Ireland et al., 2003). An individual or a firm with a great EM is aiming, and constantly looking, to identify and develop opportunities in the uncertain. The main goal is to find unique ideas that will get the firm competitive advantages. Results from previous studies show that firms with an EM is able to use the uncertainty in the market and develop it into opportunities and thereby the firms are able to outcompete other firms and conquer a strong position at the market (Ibid.).

2.1.2 Entrepreneurial Culture and Leadership

Entrepreneurial culture and leadership is also vital for firms and individuals that want to transform into SE. Both the culture and the leadership are highly dependent on the leader and which type of firm he or she wants to run. The culture in an organization is based on shared values and beliefs and it shapes the way the work is completed at the firm (Ireland et al., 2003). The characteristics of an effective entrepreneurial culture are the plurality of expectations and the firm's efforts to manage resources strategically (Ireland et al., 2003).

”Committed to the simultaneous importance of opportunity-seeking and advantage-seeking behaviours, an effective entrepreneurial culture is one in which new ideas and creativity are expected, risk taking is encouraged, failure is tolerated, learning is promoted, product, process and administrative innovations are championed, and continuous change is viewed as a conveyor of opportunities.” (Ireland et al., 2003, p. 970).

An entrepreneurial culture encourages a continuous search and a strive to find competitive advantages. If the leaders have an EM the possibility of them applying an entrepreneurial culture in the organisation is bigger. It is also the leader who is responsible for the development of an entrepreneurial culture in which SE can be used (Ireland et al., 2003).

A good leadership is the base of a good firm; the entrepreneurial leadership is no exception. Entrepreneurial leadership can be described as an ability to help others to work with entrepreneurship and strategic management (Ireland et al., 2003). According to Covin and Slevin (2002), entrepreneurial leadership is based on six essential character traits that the leader should utilize to fully develop an entrepreneurial leadership; Nourish an entrepreneurial capability, Protect innovations threatening the current business model, Make sense of opportunities, Question the dominant logic, Revisit the deceptively simple questions, and Link entrepreneurship and strategic management.

2.1.3 Strategic management of the organizational resources

Resources consist of tangible and intangible assets and they are used together in different constellations to be used in strategies and to obtain wealth creation (Ireland et al., 2003). A firm mastering rare and valuable resources can use those to create competitive advantages. But to create sustainable competitive advantages the resources must be hard or impossible to duplicate and created inside the firms so the competitors are not able to purchase them. Ireland et al. (2003) refers to several reports confirming that resources are the foundation of differentiation and wealth creation, and how efficiently the resources are used impact the performance. It is not enough to possess the resources, even if the resources are unique, if they are not used wisely and strategically the results will not be outstanding. Ireland et al. (2003) argues that a resource is managed strategically when it is used to obtain opportunity- and advantage-seeking behaviours by the firm.

There are three resources that are possible to manage strategically and are important for engaging in SE; Financial capital, Human capital, and Social capital. Financial capital is a tangible asset and both human and social capital counts as intangible assets (Ibid.).

Financial capital is the resource type that is the easiest one for firms to obtain but it is still an important part to become a successful firm being able to exploit entrepreneurial opportunities (Ireland et al., 2003). Financial resources are enabling firms to improve and accumulate both tangible and intangible resources that enable the firms' progression towards SE. Resources that consist mainly on financial capital do not form sustainable competitive advantage and wealth creation, because it is a resource that competitors easy can adopt and match. At the same time a firm with a lot of human- and/or social capital but less financial resources will struggle to create competitive advantages because of their slow growth. New firms must be able to demonstrate their ability to seize opportunities and thereby create competitive advantages. Through this selection new innovative business emerge (Ireland et al., 2003).

Human capital and Social capital are vital for the firms' organizational success and for the firms' chances to create sustainable competitive advantages. Human capital can simply be described as the firms' knowledge and skills (Covin & Slevin, 2002) and is based on tacit and explicit knowledge. Explicit knowledge is easily transferred (i.e. language and statistics). Tacit knowledge on the other hand is subtler and can only be acquired through practice and represents the firm's cooperation and social context. An organisation's ability to identify and evaluate opportunities is connected to the tacit knowledge (Ireland et al., 2003). Absorbing inspiration and knowledge outside of the firm can contribute to development of innovation, and the firm's ability to imbibe is linked to the effective use of SE (Ibid.).

2.1.3 Applying creativity and developing innovation

The essence of SE is to establish wealth creation through creativity and innovation. There are two main types of innovation: disruptive and sustaining. Disruptive innovation focuses on

creating new markets and new business models. Sustainable innovation on the other hand focus on gaining higher margins by selling better products to the firm's best customers. Features as innovation and creativity are critical and increasingly important if the firm wants to maintain their competitive advantages.

Disruptive innovations often come from new innovations and new market entrants using their creativity to create new rules, markets and business models. It is possible due to improvement seeking in established companies, which may results in failure to recognize innovations satisfying the customers' need in a more efficient and affordable way (Ireland et al., 2003). Opportunity and advantage seeking behaviour is fundamental for the ability to generate disruptive innovations.

Sustainable innovations help firms extend their existing competitive advantages and can also be described as "creative creations" (Ireland et al., 2003). These innovations help companies to increase the company's profit by selling better products that matches the customers' needs (Christensen, Johnson & Rigby, 2002). Eventually sustainable innovations will evolve to disruptive innovation as the improvements exceed the customer's needs. It is important for the companies to find a balance between disruptive and sustainable innovations since too much focus on sustainable innovations prevent the firm from exploring new entrepreneurial possibilities. To much focus on disruptive innovations makes it difficult to maintain competitive advantages.

To summarize, Strategic Entrepreneurship is a model that focuses on identifying opportunities and the formation of competitive advantages to create wealth. Through SE the firms are allowed to apply both their knowledge and capabilities under current market conditions while at the same time exploring new aspects to exploit in the future (Hitt et al., 2011). The next chapter will focus on previous research of SE and how companies applied SE to their strategy.

3. Literature review

The third chapter provides a summary of previous research in the field of Strategic Entrepreneurship and value-adding activities.

3.1 Moving from basic offerings to value-added solutions

Researchers consider the food industry as a mature market, with little demand in growth (Lassoued & Hobbs, 2015; Born & Bachmann, 2006). The market of food is competitive and therefore the margins are narrow and the profits are declining. The best possibilities for firms to establish themselves on the market are with niche products that create customer values (Lassoued & Hobbs, 2015; Born & Bachmann, 2006). By adding value to the food products, even small agricultural firms can compete on the market. According to Born and Bachmann (2006) it is possible to price the niche products with valuable assets at least 30 percent higher than a similar product without the unique values.

To be able to move away from basic offerings and the competitive environment, the firms have to adopt an entrepreneurial approach (Dhliwayo, 2014). Entrepreneurship is an essential part of the strategy for many firms and it is their bridge to remain competitive (Ibid.) Markets are moving faster and faster and the environment is rough, innovation and being adaptive is the companies' key for success and competitive advantages (Dhliwayo, 2014; Collis & Montgomery, 2008). To use the valuable resources wisely and efficient is part of the entrepreneurial strategy (Morgan et al., 2010). According to Dhliwayo (2014) firms that adopt entrepreneurial strategies are more likely to identify potential opportunities, relocate resources, and develop products and services that meet the customers' needs.

3.1.1 Differentiating and communication of values

Matthyssens and Vandembemt (2008) state that all products reach a commodity status sooner or later. To move away from commodification the producer has to create customer value and differentiate the food products from the basic offering and similar products to attract the customers. If a product is holding a special value, it is important that this unique value is presented to the customer otherwise it is not sure if the customer chooses that product (Matthyssens & Vandembemt, 2008; Carlsson et al, 2005). Often the attributes of the products are presented through the label and the brand (Ponnam et al., 2015; Lassoued & Hobbs, 2015; Carlsson et al, 2005). Brands are becoming more and more important on the food market, the brand is helping the customers' to determine which product they will buy (Ponnam et al., 2015; Lassoued & Hobbs, 2015). According to previous research, customers prefer to buy food that has high brand equality, which makes the customer feel more confident about the quality of the product (Ponnam, 2015; Winter, 2003). Quality is a value that more and more customers are demanding and so are high value products, so called premium products (Kvam et al., 2014; Winter, 2003). Niche products with high quality give rise to segmentation within the market (Winter, 2003). This transformation is a possibility for smaller farms to capture competitive advantages, when many of the smaller farms can compete as a quality food producer separated from the industrial large-scaled agriculture (Kvam et al., 2014; Winter, 2003).

Using the brand as a channel of communication for the added values is an efficient and successful strategy (Ponnam et al., 2015; Lassoued & Hobbs, 2015; Anisimova & Sultan, 2014). Brands have several advantages when it comes to communication with customers (Anisimova & Sultan, 2014). The brand has the capacity of providing signals of quality and emphasise the people behind the product. It also got the possibility to communicate with the customer and highlight special features and values with the product. Trust is a central principal

in the relationship between seller and buyer, and therefore brand trust is essential for success (Lassoued & Hobbs, 2015). A brand is a quality stamp which consumers may use to develop expectations about the product's quality, including safety (Ibid.). Brands are more important than ever and the costumers use them to fulfil themselves (Graffman & Söderström, 2009). The customers are looking for meaning, identity, and a belonging, and they are building it with brands they think suits their identity (Ibid.). Important arguments for Swedish consumers to buy Swedish products are: promoting employment at the rural areas, environment, supporting a vibrant countryside, and supporting farmers (Björklund et al., 2014). Customers value the local and regional food based on the product's emotional qualities (Björklund et al., 2014). Many consumers appreciate the opportunity to find a unique product produced in a way that coincides with the consumer's values. The persons behind the products and the brand are therefore important assets in communicating unique values.

3.2 Value-added activities in agriculture as a part of Multi Functional Agriculture

Alternative farming systems and the concept of multifunctional agriculture (MFA) is becoming more frequent (Alonso & Northcote, 2013). In some cases the farmer has taken the initiative and focuses on more than production and is trying to diversify the farm, in other cases the government has governed production at the farms into a more diverse and multifunctional agriculture (Alonso & Northcote, 2013). There are several variations of MFA, but the overall idea is that MFA is a strategy for the farmers to obtaining value for the products and also benefit the community and the rural areas (Alonso & Northcote, 2013). The agricultural industry is a sector where much of the profitability is based on volume and economies of scale and consequently a great focus on price, which can be difficult for small companies to compete with (Hofstrand, 2010; Born & Bachmann, 2006). By making use of a value-adding strategy as one type of MFA, for example processing and marketing the food grown by the farmer or by inviting people to stay at the farm as a kind of agro-tourism, even small companies can compete (Alonso & Northcote, 2013; Hofstrand, 2010). Adding value to a product or a service to achieve competitive advantages has been widely used in many sectors where there has been a hostile commercial environment (de Chernatony et al., 2000). According to previous studies the concept of value-added agriculture has been emphasised as being the solution to many of the problems the farmers are facing (Hofstrand, 2010; Born & Bachmann, 2006).

The main purpose of a value-adding activity is to create customer value (Alonso & Northcote, 2013; Hofstrand, 2010; de Chernatony et al., 2000;). Born and Bachmann (2006) are defining value-added activities as “selling the sizzle, not the steak” (p. 1). With sizzle they mean intangible assets like information, entertainment and image. The outcome and how a firm chooses to add value vary between firms but the sustainability of the value-added activity is deepening on which value being added (de Chernatony et al., 2000). Intangible values (i.e. emotional values, services, employees' commitment) are more sustainable and harder for competitors to copy (Born & Bachman, 2006; de Chernatony et al., 2000). Doyle argued in 1989 that the most sustainable value-adding activity was service and it gave the most differential advantage. In the beginning, value-added activities' main purpose was to help consumers distinguish the brand from the commodities (de Chernatony et al., 2000). Today, value-adding activities are much more complex and the focus is to make the consumer more confident in their choice of products and to recognise superior value in the products (de Chernatony et al., 2000). Hofstrand (2010) states that value-added agriculture enables farms to expand by moving upward in the food chain and take control over more of the total value-chain. Besides offering higher returns, value-adding can also open new markets and be positive for the community (Born & Bachmann, 2006). Even if value-added activities have been shown

to be a good strategy for farmers, it is important to emphasize that it is a long-range solution and not a quick fix (Hofstrand, 2010; Born & Bachmann, 2006). Even if the concept contains the elements that would solve many of the problems that the agriculture is facing, it is dependent on major structural changes in the industry and agriculture policy. Market forces and the consumers will take a much larger role in the farms development and activities (Hofstrand, 2010).

The potential success with adding value to farm products is depending on people working inside the company. New skills that normally not are used in commodity agriculture are acquired (Hofstrand, 2010). The skills may vary depending on which values the firm wants to highlight. Characteristics that have been identified as important for a successful value-added agriculture in previous studies by Hofstrand (2010) is presented in table 1.

Table 1. Important skills for successful value-added business development (Hofstrand, 2010).

Leadership	Marketing and selling
Entrepreneurial	Communication
Decision-making	Organisation and planning
Business management	Conflict management
Teamwork	Public relations
Strategic management	Inter personal
Negotiation	Personal management
Financial and risk management	Stress management
Time management	

To be able to move upward the value-chain the firm must start identifying consumers, designing and implementing a promotional plan, pricing their product, and identifying and analysing competitors which can be new to many of the firms (Hofstrand, 2010). This type of analysing is often new for farmers that previously only have been focusing on producing and selling to wholesalers. There are many opportunities for farmers wanting to add value to their products but it is a risk taking (Alonso & Northcote, 2013; Hofstrand, 2010; Born & Bachmann, 2006). For each step the farmer has to invest more time, money and energy (Alonso & Northcote, 2013). Since adding value is not free, it is important the farmer has done a profound research and risk analysis, in order to profit from the investment (Alonso & Northcote, 2013; Hofstrand, 2010; Born & Bachmann, 2006).

3.3 Valuable resources

Each firm has their collection of assets and capabilities, and the assets determine how efficient the firm can carry out their functional activities (Collis & Montgomery, 2008). Firms' valuable resources can be divided into physical, intangible and organizational capabilities (Ibid). The physical resources are often the easiest for competitors to imitate and therefore they are not a unique resource. The intangible and organizational resources are often more embedded within the company (i.e. brand, knowledge and routines). Competitive advantages can enable the company to perform better or more cheaply than competitors (Collis & Montgomery, 2008). Companies that have an entrepreneurial strategy have a bigger chance to identify, use and develop the valuable resources inside the firm (Matthyssens & Vandenbempt, 2008).

Collis and Montgomery (2008) state that resources that are specialized have a critical role in order to secure competitive advantages. The company shall be aware that the values can quickly lose their uniqueness if they are moved away from their original setting. Continual reassessment is required in order to maintain a good corporate strategy (Collis & Montgomery, 2008).

3.4 The farmer as an entrepreneur

The identity of farmers is often more focused on production than business and therefore many farmers and the society do not see them as entrepreneurs (Morgan et al., 2010; Vesala & Vesala, 2010). Morgan et al. (2010) states that one possible reason is the prevailing views of farmers, and especially the government subventions have put the agricultural companies in a different position compared to non-agricultural companies where the market drives the demand.

Strategic Entrepreneurship is an appropriate concept for agricultural firms wanting to move away from a business to business relation (b2b) towards a business to consumer relation (b2c) (Matthyssens & Vandenbempt, 2008). The attempt to move up the value chain and add service values requires an opportunity-seeking behaviour and disciplined advantage seeking, also called entrepreneurship and strategic marketing management (Matthyssens & Vandenbempt, 2008).

As mentioned earlier, the agriculture sector is a competitive environment and to be able to create competitive advantages an entrepreneurial approach taken by the farmers could be appropriate (Morgan et al., 2010). To create value within new or existing business the farmers must focus on innovation, reorganisation and creativity, and reordering resources to take advantage of, or to create, opportunities for realising value. The interest and the personal priorities of the farmer often reflect the entrepreneurial behaviour and the development of the business (Morgan et al., 2010).

3.4.1 Important elements of entrepreneurship

Previous studies have shown that the entrepreneurial skills the farmers possess show great diversity depending on type and size of the farm (Morgan et al., 2010). In an empirical study by Morgan et al. (2010) it was shown that there were three main entrepreneurial skill areas the farmers should incorporate and apply to become more of an entrepreneur; Creating and evaluating a business strategy, Networking and utilising contacts, Recognising and realising opportunities (Morgan et al., 2010).

According to Dhliwayo's (2014) research, innovation is one of the fundamental elements of a successful entrepreneurship. Innovation enables firms to differentiate from competitors, change strategy, structures and business model. When firms are differentiating, in order to make the consumer willing to pay a higher price, they are competing on the basis of providing unique products and services appealing to the consumers. Creativity and innovation are essential when developing and finding unique values. Other important characteristics according to the author are pro activeness, competitive aggressiveness, strategic renewal and risk taking (Ibid.).

3.5 Maintaining the competitive advantages

Most firms have a collection of good, average and limited valuable resources and it is important the company uses them appropriately to gain their full potential (Collis & Montgomery, 2008). Investing in resources and look forward are two important parameters if a company wants to maintain their position and their competitiveness (Ibid.). For maintaining a competitive advantage and keeping the continuous search for better solutions, a Strategic Entrepreneurship is required (Dhliwayo, 2014). According to Dhliwayo (2014) the definition of a competitive advantage is what makes an organisation different, by doing what others cannot, or doing it better than the others.

“The advantage that a firm can have or master is based on its resources. Since competitiveness is a function of the exploitation and leveraging of the internal resources, strategies are designed to capitalise on core competencies. Distinctive

assets, therefore, form a basis for creating a sustainable competitive advantage.”
(Dhliwayo, 2014, p. 125).

The firm’s ability to recombine intangible and tangible resources and present them as a unique and value-adding activity to their products is based on the firm’s knowledge. The thinking and the behaviour inside the company is the key to successful and sustainable competitive advantages (Dhliwayo, 2014).

In summery even small companies can compete in a competitive environment by focusing on customer value and adding value to their products, such as branding, quality, and better service. By concentrating on the valuable resources of the company they can strengthen and retain their unique position at the market. Entrepreneurship and the ability to see opportunities are important resources if small companies shall be able to compete.

4. Method

Chapter four focuses on the choice of method and other concerns regarding the methodological framework.

4.1 Qualitative research method

Traditionally there are two ways of collecting data, qualitative and quantitative. Depending on the purpose and aim of the study the most suitable design and strategy can vary. According to Christensen et al. (2011) and Robson (2011) the research process should be based on the problem and therefore the purpose, and the aim specifies the preconditions for the choice of method. Depending on the problem, the researcher can choose to gather qualitative data, detailed information that is expressed with words, pictures and text, or quantitative data, expressed in terms of numbers (Christensen et al., 2011). Neither method is better than the other and one cannot set them against each other; it is all depending on the purpose of the study (Christensen et al. 2011; Robson, 2011).

Christensen et al. (2011) state that a qualitative approach primarily consists of words, texts, symbol and actions, where the focus is to grasp the underlying meaning and substance. A qualitative research approach is focusing on the essence through a holistic approach, meaning that it is explorative, descriptive, and explanatory. The benefits with a qualitative method are information depth, insights, validity, and high response rate (Christensen et al., 2011). Meanwhile, there is a risk that the researcher affects the outcome, when analysing data and when the questions are being asked (Ibid.).

Since the study's main purpose is to highlight and analyse companies' strategies for developing success factors and competitive advantages, a method enabling open questions giving much detailed information is preferable. As already presented, there are both pros and cons with a qualitative method, however considering the objective and the research questions for this study a qualitative approach was seen as relevant and thus chosen. Semi-structured interviews have been successfully used in previous studies that have addressed the phenomenon of Strategic Entrepreneurship (Kvam et al., 2014; Morgan et al., 2010) and it has given the researchers an opportunity to explore the firms with greater depth. The qualitative approach gives the study depth, insight and interpretation of meaning (Kvam et al., 2014). Visits to the farms, guided tours and interviews on site were used to examine the companies and to get a deeper understanding of their chosen strategies to create competitive advantages.

4.2 Participants

In order to identify relevant companies for the study the selection was based on a purposive sample. A technique that is considered as relevant when the purpose is to pick out informants contributing with useful information, and create a greater understanding of the problem (Christensen et al., 2011; Fossey et al., 2002). For the purposive sample to be successful and to fulfil the aim of the research a guide with criteria was formed. The selection criteria were focusing on different aspects of the company and all of them had to be fulfilled by the companies participating in the research. Following selection criteria were stated:

- Agriculture or horticulture firm
- Defined as small or micro according to EU's guidelines
- Moved away from primary production to developing an own brand that the products are sold under today

- Located in Scania
- The company and the brand shall have been on the market for a while, not newly established
- The firm shall not be a close company, more than the owner shall work at the firm

Following these criteria three farms were identified and asked to participate. The companies were contacted via email in which the topic and the aim of the research were presented: the journey from primary producer to developing an own brand. The email was sent to the owner of the company and was followed up by a phone call and a time for the interview was booked.

All companies that were chosen are categorized as micro or small rural businesses, according to the European Union's definition, see table 2. To give a wide overview of the situation all of the participating companies have production in different fields, markets and geographic locations. The definition of small companies is retrieved from the European Union guidelines for small and medium sized enterprises, SME. According to EU, SME companies can be divided into three groups; micro, small and medium sized enterprises. The main factors that are determining if a company is SME are their number of employees and their turnover or balance sheet total. In this paper the businesses in focus are categorized according to EU as small and micro companies. It may seem that EU's sizing scale is fairly broad and the companies in this paper are closer to micro than small but the reason for using EU's definition is because there is no other official definition. Sweden has been a member of EU since 1995 and this is the definition that is used by the Swedish government and the government agencies. It shall also be noted that the focus of the study is not to compare strategies from farms of different sizes, but to highlight which strategies farms can use to be more competitive. The participating companies shall be categorised as small because of previous research by Messeghem (2003) and Ireland et al. (2003) stating that small farms are more likely to develop entrepreneurial strategies.

Table 2. The definitions fore SME according to EU (Europeiska kommissionen, 2015)

Company Category	Employees	Turnover	Balance sheet total
Medium	< 250	≤ € 50 m	≤ € 43 m
Small	< 50	≤ € 10 m	≤ € 10 m
Micro	< 10	≤ € 2 m	≤ € 2 m

4.2.1 Description of the participating companies

The first company is a family owned farm with approximately 90 hectare of land, where two generations of farmers are working side by side. The production is mostly focused around traditional agricultural products as cereals and leguminous. They grow, refine, and sell their own products to customers and retailers. Company number two is a small-scaled horticulture business with greenhouse production (<3000 square meters), a farm shop, and a small food refinery in form of a kitchen and bakery. It is owned and run by a family, using extra workers during high season. The third company is also an agricultural firm with animal production. It is owned and managed by two brothers that have built up the firm from scratch. Their main market channel is through retailers but they also distribute to restaurants and sell at their own shop in a market hall. In table 3 the farms production, markets and figures are summarised.

The first and the third company can be considered as fairly large by economical measures but in actual size of the farm and the surface area combined with the number of employees the companies are small according to Swedish standards (Sveriges officiella statistik, 2014). All three companies are run as limited liability companies.

Table 3. Summary of the firms figures and market channels from 2014. The turnover and number of employees are collected from Alla bolag (2015)

Company	Number of employees	Turnover M SEK	Products	Market channels
1	12	40	Agriculture – growing farm crops	Farm shop All the major retailers in Sweden Delis
2	8	4,5	Horticulture – growing vegetables	Farm shop
3	35	51	Agriculture – animal breeding	Shop in a market hall Delis All the major retailers in Sweden

4.3 Interviews

The paper has a theory driven approach and the theory and thoughts of Strategic Entrepreneurship formed the basis for the interviews. The interviews were focusing on the strategies and thoughts that have driven the progress to create strong business able to compete on the Swedish food market. The method of semi-structured interviews was chosen to gather information. A semi-structured interview helps the researcher to structure the interview, and at the same time it gives the respondent the opportunity to formulate the answer with his or her own words. An interview guide was used to give structure to the interviews, appendix 1. The interview guide was focusing on the thoughts of Strategic Entrepreneurship, SE, and was based on four main areas:

- Background (what was driving the transformation from production to creating their own brand)
- Their strategy today (goals and visions)
- Competitive advantages
- Plans for the future

The guide consisted of several open questions regarding each area, and the guide enabled the researcher to address the different areas in different order depending on what the respondent answered. The interviews were conducted between the 21 April and 27 April 2015, see table 4. They were recorded, then transcribed and varied between 41 minutes and 68 minutes. The respondents choose the time and place and all of the interviews were performed on the farm.

Table 4. A compilation of the interview that were held.

Company	Interview and visit	Length on the interview (minutes)	Transcribed
1	April 21, 2015	56	April 22, 2015
2	April 23, 2015	41	April 24, 2015
3	April 27, 2015	68	April 28, 2015

4.4 Data analysis

To analyse the information from the interviews a thematic analysis was chosen. A thematic analysis is widely used as a qualitative analytic method (Braun & Clarke, 2006; Boyatzis, 1998). Braun and Clarke (2006) state that there are several methods to analyse data from a

qualitative approach but thematic analysis should be seen as a fundamental method for qualitative analysis due to the flexibility. Thematic analysis is a method of identifying, analysing and finding pattern (themes) from the data. It enables a rich detailed description of the data and interprets various aspects of the research topic (Braun & Clarke, 2006; Boyatzis, 1998). Compared to other analytical methods, thematic analysis searches for patterns within the data item, for example interviews, rather than across the entire data set.

”Any theoretical framework carries with it a number of assumptions about the nature of the data, what they represent in terms of the ‘the world’, ‘reality’, and so forth. A good thematic analysis will make this transparent.”(Braun & Clarke, 2006, p.9).

A theme is not necessarily defined by quantifiable measures; it shall be seen as a topic that captures the essential and the important in relation to the overall research question (Braun & Clarke, 2006; Boyatzis, 1998). A thematic analysis searches across the whole data set to locate repeated patterns of meaning.

Thematic analysis consists of six individual steps that eventually form the themes and the analysis. In the first step the interviews are transcribed and read repeatedly so the researcher gets familiar with the text, and understands the depth and width of the content. After the reading the coding starts, step two, to organize the information into groups. The codes differ from the themes since they are more narrow and more of an organization than an analysis. The data is systematically worked through. In this stage it is important that the coding is broad, enabling all potential themes (Braun & Clarke; 2006). Phase three is searching for themes. All data is coded and the codes are compiled in a list. In this stage the purpose is to merge the different codes into different potential themes. At the end of phase three the codes will be organized into different themes and sub-themes. Stage four is reviewing the themes and refining them. It is possible that some themes have to be reworked. It is also crucial that the themes are considered in relation to the entire set of data, the validity of the individual themes in relation to the original data (Braun & Clarke, 2006). Defining and naming the themes is the aim with stage five. Through defining and refining the themes, the essence of every theme is captured (Braun & Clarke, 2006). The final stage, phase six, involves the final analysis and the presenting of the themes in a report.

4.5 Validity and reliability

Validity is a measure of how trustworthy the results are, and is an important aspect that should be taking into consideration when analysing qualitative data. It can be divided into internal and external validity, where the internal measures how well the results correspond with reality and the external evaluating the degree of generalizability (Christensen et al., 2011). Reliability focuses on the extent to a new survey using the same approach would have the same result (Ibid.). As a qualitative study is dependent on the interaction between people in a specific context, it is impossible to repeat the sample, in absolute terms. Therefore Christensen et al. (2011) mean that the traditional concept of reliability is irrelevant when establishing the value of an analysis. The authors are emphasizing the greater importance of validity in qualitative research when the focus is to highlight the underlying actors, structures and processes that leads up to, affect or control the phenomenon of interest. To optimize the validity, selection criteria were formed so the most suitable companies would be selected, but the focus has also been on systematically collect and analysing data. All interviews were complete and transcribed before the coding started, to minimize the risk of bias. It would have been optimal to be two researchers when coding to reduce the possibility of over and under analysing the data. Actions

that have been taken to avoid these errors are that the material is gone through systematically and repeatedly, and the respondents have been given the opportunity to read through the transcribed material and comment on the results.

According to Christensen et al. (2011), it is possible to generalize the results from qualitative studies, but it is not possible to talk about statistical generalizability. The authors discuss qualitative analytical generalization, which gives the big picture of a particular phenomenon but cannot be statistically proven. Following this arguments the result will not be statistically significant however the result will give an overview and an opportunity to interpret the information together with previous research. Following the argument that the most important aspects with a qualitative approach is that it highlights the underlying patterns in the data by paying attention to the patterns determining the variables that explain most of the content and the variations in the data (Ibid.). When analysing the data, it was obvious that the firms had the same opinions about which aspects were important and had formed their strategies for the company, showing credibility due to the fact that the companies are not connected. The fact that previous studies by Kvam et al. (2014) have been formed around the same structure verifies the decision.

4.6 Ethics

Ethical considerations are important and vital in all research (Christensen et al., 2011; Kvale & Brinkmann, 2009; Fossey et al., 2002). According to Kvale and Brinkmann (2009) there are four main areas to be taken into consideration when designing and implementing a collection of data: Informed consent, Confidentiality, Consequences, and The role of the researcher. When designing the method to collect the data, above mentioned areas were taken into consideration and actions were taken to minimise the potential ethical dilemma. When the interviewees were contacted the study's aim and purpose were presented, so also the subject and how the information would be used. It was also stated that the participation was optional. On site where the interviews were held the aim, purpose, and subject were presented again. It was pointed out that the purpose of the study was not to critically examine the firms and comment on their actions and what they could have done better, but to highlight what has been good and worked out well for the companies. The interviewees were told that they would get the opportunity to read through the transcribed material and the quotes that would be used. They were also told the firms would be anonymous and the information would be decoded. All of the interviewees gave their consent.

After the interviews, the data were transcribed and the results were sent to the interviewees. The quotes were anonymous but each interviewee got their code so they knew which quote was theirs. They also got the opportunity to change or withdraw parts of the interviews if they felt the information was incorrect. The results were written in English and the quotes were sent both in the original version in Swedish and translated into English so the interviewees were able to see the translation and comment on potential errors. These actions were taken to minimise the potential consequences and damage for the interviewed persons. Since the study is focusing on highlighting the positive aspects of the firms, and not to critically examine and highlight failures, it minimises the negative consequences the participating companies could receive. The author has no interdependencies towards the firms.

5. Results

Following chapter presents the empirical data from the interviews.

5.1 Introduction of the four themes

The empirical study is based on the information from the interviews that has been coded in to four inter-linked themes, see figure 2. The themes together sum up the essence of the interviews and presents the owners thoughts and actions. In the text the interviewed companies are referred to as C1, C2, and C3, see table 2, chapter 3 for further descriptions. All quotations are presented in English, however the original Swedish versions are found in appendix 2.

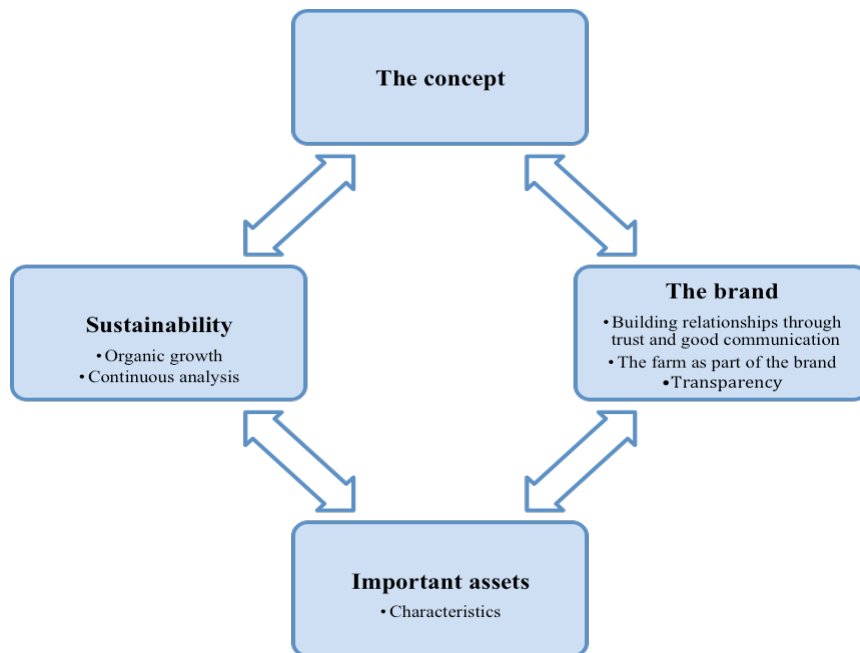


Figure 2. A schematic overview of the four themes and sub-themes.

5.2 The concept – clear and well elaborated

The participating companies express that one main argument for the transition from primary producer to an independent entrepreneur was an experienced loss of the operational control of their company. They experienced that it was no longer they as owners/farmers who decided what to grow or what price to take, but that such decisions were taken at a superior level within wholesalers and growers associations. The farmers felt that they did not agree with the fixed system and how the production and marketing were handled, so they decided to move away from the dependence of wholesaler and try to sell a larger amount on their own. According to the owners this was their only chance to stay competitive and profitable in the long run.

To be able to compete and move up the value chain the farmers felt that they must have something unique that would appeal to the consumers. They all had a lot of knowledge and experience that they felt they had not been able nor allowed to use as primary producers, and therefore each farm worked out a concept that would underlie the business strategy. The aim with the farm's concept is to produce and provide products of high quality corresponding with the producers' thoughts and values. High quality is a cornerstone in each of the farms' concepts and according to them it is the most important asset. Without their quality they are not unique and without this asset the competition is harder. According to the owners, the high quality they are striving for can only be achieved when the products are produced with responsibility

towards the animals, the environment, and the customers, it is important that every step in the process contributes to and maintains the quality. The business concept that they develop is based on the farmers' own knowledge, their beliefs and attitudes towards optimal production with focus on sustainability. According to one owner (C2) the company is formed around the customer's requests, combined with knowledge and the farms resources as location and equipment.

“If you skip the wholesalers, you as a producer will get paid more for your product, and you can produce and sell a better product. You want to do it in your own way, otherwise don't do it!” (C2)¹

The owners' curiosity and ambitions have enabled the change, and the interest of the farmer has steered the company toward its current position. All companies aimed to be a good alternative compared with the convectional products, and for the owners', their way of producing is the most suitable, sustainable, and best alternative. One owner (C3) said that they aimed to be the good alternative, both ethically and tastewise.² The production system is the foundation of the concept and a major part of the uniqueness.

Each farm's concept is focused around quality, and to produce and present products with added values. Two of the farms classifies their products as premium and the other farm wants their products to be “affordable”, not cheap and not expensive but the price shall reflect the amount of work and care behind the product. Their product is more expensive than similar products on the market, but they do not want to be classified as premium because they want their product to be a natural choice for the customers and not a luxury product that is bought occasionally.

“No, we see it as if one should feel good, it's something you should use each day. But you should still be able to see that we have put a little extra effort into it. It should not be so expensive that nobody can afford it. There should be something for everyone but still with the quality and care. We believe that it is something that can be combined.” (C1)³

The added values are obvious and natural for the owners. Fundamental parts of the farmer's concept, besides quality, are good service, communication and the creation of a relationship between the farm and the customer. These cornerstones will be further described in next theme. All of the farms can be classified as pioneers in their production field. The concept that they have established and based their company on was something new and uncommon when they first started. One of the firms introduced a completely new product on the food market and the other firms differentiated their previous mainstream production into a more specialised and niche production, by adding values to their products.

To sum up the first theme, the farms have focused on creating a concept with the cornerstones: high quality, service, communication and relationship building towards their customers.

5.3 The brand

All of the farms have each developed a strong brand, well known and established within the community, and two of the companies' brands are known regionally. Good communication, transparency, the unique concept, and the personification of the products are the cornerstones of the brand. The brand plays an important role for each firm as a communication channel towards the customers, and without the brand the customers would not be as familiar with their products. According to the farmers, the brands are charged with both soft and hard values,

meaning that facts are mixed with feelings and emotions. However, the most important aspects are the trustworthiness, and not to promise anything the brand cannot withhold.

5.3.1 Building relationships through trust and good communication

To build relationships based on trust and good communication with the customers was another cornerstone for each farm. With the communication the firms strengthen their brand, the brand trust, and the relationship to the customer, and they got a bigger competitive advantage according to the owners. To make the people behind the products (the farmers) visible was seen as an important part of the communication and was used by all farms in their brand-building. Some of the owners said they were uncomfortable with that part but they did understand it being crucial and an important part of differentiation from the bigger firms and competing companies.

“In the brochure the customers can see pictures of me and my brother, and we do that because we want to show that we stand up for our products and you can trust us!”
(C3)⁴

Their brands are built around their farm, the concept, and the relationship they have developed with their customers. All farmers talk about the importance of trust between the customers and the producers. One owner (C3) said that the trust and relationship was built when the customers first came to their farm shop and got to know their product, and saw the producer behind the products (the farmer). It was there and then the strong trust was built. He also mentioned that it was then he realised the importance of building a strong brand and that customers valued trustworthiness, not only price.⁵ Every firm that were interviewed focused on the profitability, through developing their own brand and existing production, instead of volumes. According to the owners, when producing smaller volumes it is possible to maintain the high quality, follow the guidelines of the concept, and to communicate the differences between their products and similar products on the market

All companies expressed the importance of the personification of their products, and how they use this in the construction of their brand. High quality, as mentioned earlier, is fundamental in the relation with the customer, without quality the customer’s trust and confidence in the brand and the products would disappear. The companies are relatively small which enables direct contact with the customers and therefore many of the customers have a special relationship with the farm, the brand, and sometimes even to the owners and employees. A big part of the communication is based around the farmers and personification of the products. This enables the customers to build a relationship with the brand and the products, and to get a greater understanding of the small-scaled production.

To develop good communication with customers in order to get consumer feed-back were important to each farm. They believed the communication is fundamental and they had developed their brand and firm together with the customer. One of the farmers stated:

“There is no reasonable farmer that wants to produce something that the consumers do not requests. You really want to produce a good product and be able to stand up for it. If the communication exist, there is an opportunity to do so.” (C3)⁶

All of the companies were keen to get information and critic from their customer and they all had an open dialog with the customers. One owner (C3) described the relationship with the customer as a boat where the customer sat at the front and the farmer/producer sat in the stern.

When only the farmer and a consumer sat in the boat, the communication was good and rewarding for both parties, the information the farmer possessed was desirable to the customer, and the farmer wanted to better understand the customer and listen to his or her thoughts. According to the owner, the problem occurs when a wholesaler or a retailer trying to mediate, interrupts the contact between the farmer and the customer. According to the farmer this interruption is neither positive for the farmer nor the customer. He preferred a dialog with the customer

“Because then I can be transparent, and then they can trust that what I say is true and correct.” (C3)⁷

Loyal customers are a big part of the farms’ custom clientele. The high quality, communication, service, and the building of a relation are the key elements to succeed according to the owners. The main part is the good service and that the customers feels welcomed and has a pleasant experience at the farm. The core customer is interested in food and is following the debate about production of food products in accordance to the owners. They have a greater interest in the production and are curious about how the product is produced and the producer.

“Well I think they are loyal. It is mainly related to our vision of education. Knowledge should not stay here with us, we are happy to share it. If you tell something that makes people become more interested, you can make them realise it is something they also stand for, and this is something they want to buy again when they get home. That is what we see in our online store. When those who come here as tourists go home they want to buy our products, often through the online store.” (C1)⁸

5.3.2 The farm as a part of the brand

The branding and the concept are built around the farm and for that reason a big part of the communication is depending on the customer visiting the farm. The farms are not able to produce big marketing campaigns with a lot of commercial. Therefore all of the companies have focused on building a relation with the customers, based on positive memories and connecting the farm with the brand. All of the farms are located in places in Scania, with a strong connection to tourism. In the summer, when the majority of the tourists arrive, the farms also functions as a tourist attraction.

“In the summer we have a lot of tourist that has heard about us and want to visit us. It is important to nurture it, be service minded and to offer good products.” (C2)⁹

The farms had all started with a farm shop but expanded the business with restaurants, café, guided tours and happenings. One of the farms had started with a farm shop but it had been too time consuming. So they decided to close it and instead focused on selling to local restaurants and participate in marketplaces and fairs to maintain the contact with the customers. Recently they started up a shop and restaurant in a local market hall to be able to come closer to the customers. According to the owners many of the customers are tourist that had visited the farm on their holidays, which created a good memory and a relationship towards the products and the farm, and continued to buy the products when they got home. The geographic location is an important asset according to the farmers, mostly due to the positive attitude many customers have, but also the uniqueness and that it is hard to copy for competitors. At the farm the visitors

get to know the products, the small-scaled production and the persons behind the products that are described in the paragraph above. It is an important part of the personification.

“Many customers have a relation towards us, some personally and some have just visited the farm and created a positive memory. We know that a satisfied visitor becomes a customer, we know that!” (C1)¹⁰

All of the owners are eager to create a positive memory and experience for the visitors because they know that a happy visitor becomes a customer. Some of the activities the farms have engaged in are not directly profitable, but for the benefit of the customers and as a big part of creating a positive experience. It is a balancing act to focus on the correct things, according to one farmer.

“When we analysed it, we saw that the main business and the production were dependent on the happenings and guided tours. We do not dare to take some part away because we can not guarantee that the result will be the same.” (C1)¹¹

5.3.3 Transparency

The communication, the concept and the personification of the products are connected to one word that every owner mentioned several times during the interviews: transparency. To be transparent, open, welcoming and to share information and knowledge was a big part of the success according to the owners. The transparency is a big part of each firm’s marketing and is a major part of their promotional plan.

“It is important that we strengthen our brand continuously by adding soft and hard honest values... It is all about being honest and transparent, so the customer feel they can trust us.” (C1)¹²

To be an open company that willingly shares information and knowledge with customers and co-workers is a major part of the transparency. Guided tours and open houses have been part of every individual farm’s strategy since the beginning. Transparency and honesty are dependent on each other, and it is through these the trust and relations with the customer are built.

“We have a lot of visitors and we gladly show them around. We have never been hiding information or trying to conceal anything.” (C2)¹³

To be generous and share knowledge comes naturally for each firm. All farms believe that the transparency and the openness have made them the company they are today and without it they would not have been the same success. One company sees their farm as a display window.

“This is our display window you could say. We can show them [the customers] around the farm, be transparent and show the business. They can visit the farm shop and eat something from the farm in our café. You tie it all together by ending here.” (C1)¹⁴

A big part of the transparency is the farmers being open, that they guarantee that the products are grown and produced under good circumstances. Several of the firms are connected to external accreditation programs but they all believe that they as producers and farmers are much more important as a guarantor for the customers in comparison to third part accreditation programs. Mainly since a real person is much more concrete and easier to trust than an

anonymous identification number from an accreditation firm according to the owner. Even media and critical journalist are welcome to visit the farm. The farmers believe they have nothing to hide and that their production is a good example of the business area they operate in. According to one owner, when the journalist is welcomed, well treated, and get the opportunity to visit the production and ask all of their questions, the critical approach often fades.

One of the owners sums the thoughts about the communication and the personification as

“If a customer is standing in front of a shelf in a shop, going to decide which product they shall buy, they shall feel that with our products there is a person behind and they can trust our products. Our idea is based a lot on the visit to the farm. We cannot afford big flashy campaigns, neither on television nor in stores. We must build on our good reputation. That someone was here and tell the next one. We'll have to take the long way.” (C1)¹⁵

The second theme, the brand, is presenting the owners' thoughts and strategies to build a trustworthy brand. Through good communication, an open dialog with the customers, and transparency, trust is built and maintained. The brand works an extension of the farm and the owners, it helps differentiate the products.

5.4 Important assets - The owner and the co-workers

The most important assets enabling the value-added activities and the competitive advantages according to the owners are their co-workers, the geographic location, and that the firm is ran by a family. One of the owners (C1) mentions that sometimes they as a firm struggle to see the unique and valuable assets the farm handles. They usually study their customers (companies) and study what assets they promote. According to the farmer, the unique assets two large industrial customers have decided to use in their marketing and communication is the geographic location and that the farm is run by a family. The most valuable assets according to the farmers are their co-workers. All employees play an important role in the firm, all have different knowledge and interest complementing each other. The farmers mention their co-workers almost as often as they talk about transparency and openness. According to the owners they have all aimed towards developing a group of people that can complement and develop the firm. It is important to find the right person for the job. The owner mentions their co-workers and their expertise as the most vulnerable asset and they believe that it is hard for competitors to copy. According to the interviews all employees at the farms work towards the same goal and they all share the same believes and vision for the farm.

“We have been a fantastic group, all through the management to the production. Everyone have believed in the ideas and helped each other. Without them we had not been where we are today.” (C3)¹⁶

In the interviews the owners emphasize the employees' involvement in the company. The owner wants their farms to be an open and welcoming place for their employees where they can share their thoughts and ideas for the company. Due to the increasing number of employees, the owner and the co-workers have to compromise more, according to the owners of C1 and C3. It is important that everyone gets involved in the development and communicates his or her own ideas for the company. All of the owners talk about the importance of running the farm together with their co-workers.

“It is the people that makes the company, not the product. It is the people that makes the brand!” (C1)¹⁷

Even when the companies are having trouble, the co-workers have been an important asset and made efforts to change the situation. On the question “Which part of the company are you most satisfied with?” one owner answered

“The co-workers’ commitment. Everyone wants to be a part of the company and help us to evolve and develop.” (C3)¹⁸

When the companies have grown, it has been more obvious for the owners that they cannot manage the company by themselves. Better organization of the company and dividing the tasks between people are two major aspects when growing according to the owners.

“It is good but now we have reached a point where you can not influence everything yourself but must rely on the employees, that they take their responsibility.” (C3)¹⁹

5.4.1 Characteristics

“You have to be passionate and make it personal!” (C2)²⁰

The interests of the owners have driven the transformation of the company. It is a continuous search for new ideas and inspirations, so that the development of the company will continue and the competitive advantages will be preserved. The owners mention that this search and the development is the core for the competitiveness. The market and the environment change, so the companies’ production, products, communication, and so on also have to change. The owners started their companies and established their concept because they believed that it was the best way of producing. New knowledge helps them improve the concept and adapt it to the reality. This is an important aspect of their trustworthiness, so they can continue to produce products they are proud of. According to the interviews the competitive advantages are connected to the co-workers and the ambition and intent the co-workers and the owners share. According to the owners trend and media are important factors for success but luck also plays a part.

Stubbornness and curiosity are important characteristic for persons wanting to do the same transformation, according to the farmers.

“I think you have to be durable and stubborn, and interested. Interested! We always try new varieties; we bake new bread and do new stuff. Curiosity. I think that is important. And ask the question - What do people want?” (C2)²¹

An open mind with focus on innovation and creativity is also important.

“Stubbornness and curiosity. That you do not give up. A desire to always develop and to introduce something new. One wants for those who come here to feel like something has happened since last time. Then to be able to see opportunity where no one else does. Creativity and innovation. And for that you need to be different people.” (C1)²²

Important characteristics according to the owners are;

- Dedication
- Stubbornness – never give up
- Ambition – a continuously development
- Creativity, innovation and curiosity
- Transparency and honesty
- Distinct concept that you believe in

A big part of the competitiveness according to the interviews is due to the companies being pioneers in their field of production. All the companies have been active in their field for a long time and they have a “head start” compared to other firms that are starting up. Information and knowledge about failures and successes are important advantages. The owners emphasise that the fear of failure must never overshadow the curiosity and the willingness to try new and different thing. Something that others may see as failure, the interviewed farms see as important knowledge. The success is based on hard work and they all mentions faith in their idea as the key to success. “Do what you are good at!”(C2). Due to the farmer being a big part of the brand and the company, it is important that they can be proud of the production and the products. There have been a lot of work and time invested in the farm and the company, and the farmers wants that to be recognized. The concept, the brand, and the personification of the products combined with the transparency make that possible.

To sum up the third theme the companies are developed around the thought and characteristics of the owners. Due to that, the companies have grown. Good co-workers play an important part of the future development of the farm. Stubbornness, curiosity and dedication are successful characteristics according to the owners.

5.5 Sustainability

5.5.1 Organic growth – taking the slow way towards growth

To grow slowly, or organic growth as one of the owners called it (C1), is the strategy for all of the farms that were interviewed. To be able to withhold their concept and their unique attributes, all of the farms have focused on growing in a slow and steady pace. Today, two of the farms are happy and pleased with their size and expanding is not a top priority. One farm is interested in growing and has set up a 5-year plan where turnover and profitability are in focus. The other two farms are focusing on withholding their position and develop their existing products and processes. According to the farmers, the slow growth is not entirely an actively chosen strategy. It is the only way to grow, mostly because the farms are small compared to competing companies in the food industry. Every farmer mentions that they want to continue developing their production and increase the value added activities. As one farmer mentions it is not all about product development but the farmer that stops evolving also stops being competitive.

“The entrepreneur who settles and stops to evolve, I believe will not be long lasting/prolonged. One must constantly find new things and think in new ways. It does not always have to do with new products, it may be developing more efficient production or the development of the tourist attractions as we have done.” (C1)²³

The organic growth is mostly based on the relationship the farms have developed with their customers. The customers have told their friends and families about this wonderful place, the

reputation has spread, and the number of pleased customers has increased. This is not something that can be done quickly and therefore it takes some time to grow and build the good reputation. As mentioned earlier the firms have no money to compete with large food producers and to make big marketing campaigns, and therefore they have to rely on other attributes and value-added activities.

“We have to take the long way with organic growth. It gives a ripple effect if one delivers what you promise. It is out of that hard work we see the results of today. It takes time but it has to do so. It is important that you do not grow too fast since there is a risk of ending up in a situation that you cannot handle. And then it becomes bad because of it.” (C1)²⁴

It is important that the core concept of the company remains, and the promises that are made are possible to live up to, so the good reputation is maintained.

“It is something emerging, not just anything you do in a day. If you spend as much work on it as we do, then you want it to show. You want to be proud of what you produce...” (C1)²⁵

5.5.2 Continuous analysis as a favour for the environment, co-workers and the rural community

Responsibility for the environment, the rural community, and the co-workers are one common characteristic that all the farms share. A big part of the responsibility, according to the owners, is to have a continuous analysis of the market, environment, trends, and the own company. The current Swedish trend, where the customers and the media focus on food production and how the food is produced, has given all the farms positive publicity. By analysing the customers' requests, the farmers were prepared for the oncoming trend. They all have clear views and thoughts about what will happen next and what will be desirable in the future. One of the farmers (C3) states that it is possible to see where the trends are heading but it is not always a small firm, like the farmer's, can follow them. Sometimes the trend and the customers' thoughts and beliefs do not coincide with what the farmer thinks is the best option for the animals, crop or the production, but sometimes it is the economy that stops the firm from adopting a new trend. That enables the bigger firms to catch up and when they have adopted the trend, the trend is losing its uniqueness.

According to the farmers, it is important to look up and try to see what is coming. It gives the company a “heads up” and minimises the risk of the changes being a shock to the company.

“We have a responsibility to those who work here. If the company is in trouble it does not only affect us as owner but so many others. It is almost an obligation to be up front to see what occurs and to be prepared for changes. I think we are pretty good at that, to be prepared.” (C1)²⁶

The co-workers are an important part of the company and all of the firms feel that they have an obligation towards the co-workers to be competitive and continue to develop. No one wants to fire people, so instead the firms are trying to develop the firm and find new areas that can create jobs.

“We are trying to find new ideas because we have found good people that we want to work with.” (C1)²⁷

The environment is also an important factor according to the firms. To be sustainable and work with a long-term approach is essential to all of the owners. It is continuous work towards being more environmentally friendly and efficient with the resources. The farms are trying to reduce the waste as much as possible and they believe it is important not only for the environment but also for the economy of the farms. There is a continuous search for new areas to use the waste products. They all have new ideas and different solutions, processing the waste into jams, chutneys, pâtés, and granolas are some examples. The non-eatable waste material is transformed into biogas and heating.

“We want to be as environmentally sustainable as possible but it is not the same as KRAV or organic. It is all about using our waste and doing it wisely.” (C3)²⁸

“We certainly do not want to throw anything away, so we try to find new uses. Resources must be used, not thrown away.” (C1)²⁹

During the interviews they all mention the rural community and how their production together with other colleagues influence the village. Cooperation with nearby firms is positive for both the own company but also the local community, according to the farmers. Farm C3 was focusing on the animal feed and in their concept they have stated that as much as possible of the feed should be produced as local as possible. Today, they collaborated with a farmer that shared the same idea. They have tried to grow new crops as a second crop at nearby farmers land but the results has not been as pleasing as they hoped. If it had worked out it would have been positive not only for the company but also for the farmer because of the increased income according to the owner. Despite the difficulties, the goal is still the same and the company is always looking for new upcoming possibilities.

The last theme is highlighting the responsibility the farmers express towards the co-workers, the customers, the rural community and towards the own company. To grow slow enables the farms to uphold their quality and unique attributes that together makes up the competitive advantages.

6. Analysis and discussion

The following chapter is focusing on analysing and discussing the information gathered from the interviews combined with data from previous research. The purpose is to answer the research questions stated in the first chapter and fulfil the specified aim of the research.

Following research questions has driven the research;

- What actions have driven the change from primary producer to the companies' current position?
- What strategies does the companies use to create competitive advantages?
- Which are the companies' success factors?
- What resources have played a significant role in the success of the company?

6.1 Looking for new ideas

All of the interviewed have in common that they were pioneers in their field which shows that they were all seeking to find possible opportunities in the uncertain that could make the company more competitive. This indicates that they all share one fundamental step of Strategic Entrepreneurship, the entrepreneurial mindset (EM). To create wealth through identifying and exploring opportunities, and focus on adapting competitive advantages, shows a strategic and entrepreneurial approach. As previous research shows (Nationell Livsmedelsstrategi, 2015; Vesala & Vesala, 2010) the competition in the farm sector is high, especially for small firms which not always are able to compete with the larger firms. This was one of the main reasons for the interviewed farmers decision to diversify their farms. The farmers have used their entrepreneurial mindset to find new opportunities with potential to work as competitive advantages for their farm. The interviewed farmers have, instead of continuing on with a traditional farming, analysed the environment and focused on new unique opportunities that have shown to be successful. The focus has been on developing an own concept based on the owner's knowledge, thoughts, and ideas. It is possible to classify the farms as MFA because of their strive to be differentiated and opportunity seeking. Political governance is one strong reason why more and more agricultural firms are choosing to invest in MFA, to better match the funding criteria. But the decisive reason for the companies interviewed was not politics, it was their own ambition and beliefs. Low profitability, not being able to influence, as well as anonymity are the shared opinions among the farmers, and the reasons for moving away from traditionally bulk production towards their current position. Two of the farms decided from the beginning not to compete on the traditional market as they realised they were too small to get the profitability on standard products and crops. The third company was a traditional producer but decided to scale down due to lack of interest. They all have developed their farms into multifunctional agriculture by adding value to the products just like previous research (Morgan et al., 2010; Vesala & Vesala, 2010) has suggested and it has led to a unique market position.

A shared opinion among the farmers is that when they were producing and selling to the wholesalers they were not able to influence their own production in the way they wanted. The own concept is therefore an important part of the farm, it is the core of the whole business. When developing the concept, they were all focusing on producing the best product; something to be proud of, and something they wanted to eat themselves. The companies show a lot of courage when they invested in a new type of production and a concept focused around high quality in a competitive and harsh market where the price is an important factor. As mentioned in the first theme, the farmers felt that this way was their only chance to be able to stay competitive and profitable in the long run, which is consistent with previous research by

Alonso and Northcote (2013). Both the farmers and pre-existing research states that price is not everything; as long as the extra values are well communicated there will be customers desiring both niche and premium products (Hofstrand, 2010; Born & Bachmann, 2006; de Chernatony et al., 2000). More and more customers are looking for niche and premium products with high quality according to previous research (Lassoued & Hobs, 2015; Kvam et al., 2014; Born & Bachmann, 2006; Winter, 2003), which shows that the new road the pioneers choose is becoming more and more standard. The interviewed farms have a head start toward newly established firms, but to stay competitive it is important that they keep on evolving and uses their entrepreneurial mindset to look for new unknown opportunities. As mentioned by the farmers, a continuous search and an ambition to evolve are crucial and come naturally to them, which show on a natural appliance of SE. The farms are focusing on creating and sustaining competitive advantages through innovation combined with identifying and exploring new opportunities so the competitive advantages can be kept.

As an important asset, innovation is mentioned both by the farmers and in previous research by Zhang (2014) and Dhliwayo (2014); it is important for the firms to take a chance to find and obtain new ways and opportunities to diversify the farms. A high degree of innovation enables Strategic Entrepreneurship, which is crucial for the competitiveness according to Ireland, Hitt and Webb (2007) and Zhang (2014). Innovation has made possible the change from traditional farming towards the current strategy. Combined with the owners' curiosity, interest, and ambitions, it enables a continuous search for development.

6.2 Strategies – value-adding farming

In the interviews with the farmers the word strategy was not commonly used. There was no clear answer on which strategy the firms have used to create competitive advantages. Small fragments were mentioned, for example to focus on selling and to hire sales persons, but they all talked about differentiating and adding-value in the passing under the interviews. What others should classify as a clear and well-elaborated strategy, the farmers see as a matter of course. To the farmers, it is natural to produce the way they do and it is the optimal solution. The farmers have used their knowledge and created a unique concept that they can stand up for and be proud of, and that is their strategy. They are eager to communicate to the customers and demand a dialog with the customers so they continuously can develop and optimise their products. The parable of the boat shows that the owners are well aware of how a good dialogue is built and what potential obstacles there are for it to be disturbed. Branding is part of the communication and it is through the brand they tell the customer the story around the products, the farm, and presents the persons and the hard work behind the product. The focus points for the interviewed farmers are high quality, sustainability, communication and open dialog, trustworthiness, and transparency. Even if the farmers are not mentioning this as a strategy during the interview in one sentence, they are well aware of the focus points' important role in their firms' success.

The brand is a big part of the communication and the farmers' work continues with strengthening and developing the branding. Several authors (Ponnam et al., 2015; Lassoued & Hobbs, 2015; Anisimova & Sultan, 2014) have pointed out that branding is an efficient way of communication because it has the advantages the farmers are mentioning; providing signals of quality, emphasise the people behind the product, and highlight the added-values. The farmers have built their brand around their farm and it can be seen as an extension of the farm. When the customer stands in an ordinary supermarket, and the interviewed companies' products stands on the shelf side by side with cheaper products, a successful branding will help the customer chose. As mentioned in the problem background tomatoes from Spain becomes equal

with Swedish if the uniqueness and different values are not presented to the customer. According to research the interest for branded food is increasing and the customers have a greater confidence in the food with a strong brand (Lassoued & Hobbs, 2015), which the farmers are trying to use. More and more products are being branded, and although the interviewed companies were pioneers, more and more small-scale competitors are starting to appear. But it is not all about putting a well-designed label on the products and to develop a brand with a fancy name. When analysing the results from the interviews, the farmers have worked hard with their brand and to load it with “both soft and hard values” as one farmer says. They all mention trust and confidence as major important factors and that the brand has to be trustworthy. The brand works as an extension of the farm. To highlight the uniqueness of the products, even if the customers misses a big part of the experience when shopping in a supermarket instead of at the farm shop, the brand and production design shall make the customer happy and remember all the fantastic memories they have experienced at the farm.

Branding is one part of the farms’ strategy and it is focused around the added values the farmers have chosen to invest in. Previous research by Matthyssens and Vandenbempt (2008) states the creation of customer value and differentiation as cornerstones to stay competitive. Value-adding activities that the farms have focused on are service, personification, a unique concept, and high quality - all of which are important factors according to previous research (Kvam et al., 2014; Winter, 2003; Doyle, 1989). Since the beginning the farmers have focused on adding value to their products and to create customer value. Born and Bachmann (2006) defines value-adding activities as “selling the sizzle, not the steak” and that is exactly what the farmers are doing. They produce ordinary farm products but have added high quality and extra care to the products and offers extra activities, open houses, tasting, and events to create customer value. The well developed brand also work to create customer value, when branding becomes more and more important customers are looking for products matching their ideal picture about themselves (Graffman & Söderström, 2009). Farmers and small-scaled production is trending in Sweden and the brands that the farmers have developed emphasise these trends and enables the customers to distinguish themselves and show that they are conscious consumers. Just as Graffman and Söderström (2009) mentions, the customers are looking for meaning and identity, and they do it through brands. This phenomenon is becoming more and more frequent and as long as the trend of locally-farmed food is strong, the interest for the value-added niche products will continue. The customer is looking for special brands with a clear and interesting story to tell that they can build their persona around (Ibid.). Big food brands are not that unique and special, and therefore they do not offer those special features the concision customer is looking for.

Carlsson et al. (2005) and Matthyssens and Vandenbempt (2008) are emphasizing the importance of good communication, which is fundamental for all of the farmers and their companies. The farmers talk about the openness and the transparency that have been important since the beginning of the company. They highlight the transparency and openness of the company as an obvious part of the strategy to be able to be more trustworthy. An open dialog with the customers, as the parable with the boat is telling, is the goal for the interviewed. Lassoued and Hobbs (2015) are highlighting the importance of trust between the producer and the customer, and this is something the farmers have used in their development. It is built and withheld with the openness and transparency. When going through previous research about success factors for value-added farming, branding, and value-added activities such as service, quality, and communication was mentioned, but none of the papers focused on transparency and to be an open firm. The farmers frequently mention transparency; it is a fundamental part of the companies’ competitiveness, according to the famers. To share information with both co-

workers, potential competitors, and customers are essential in all three companies. Together with the brand, it builds up the trust and validates the company's concept towards the customer. All are seeking for an open dialog with the customers, and they are both adapting to the requests and ignoring them if they do not fit with the original concept.

The slow growth, or organic growth as one of the farmers called it, is also a big part of the strategy. Even if it takes longer time it is vital so the farms can live up to what they promises. The trustworthiness is dependent on that the concept remains and the added-values are intact. All firms have a long-term strategy with sustainability in focus. To be able to maintain the strategy, the companies continuously work with analysing the environment and trends so they can take responsibility for the environment, co-workers, community and the farm, even in the future.

According to the previous research presented in chapter two and three, the strategies adapted by the farms are almost a schoolbook example when it comes to moving away from basic offerings towards value-added solutions and competitive advantages. They have identified problems in their field of production, analysed the market and the competitors, and moved away from the standard to develop something unique. By adding value and communicating the special values, they have created a competitive advantage. Through their brand and through direct contact with the customers they have created an open dialog where the customers' opinions play an important role, and they are continuing to develop by adding new values. The competitive advantages are created with the strategy as a base, with focus on branding, value-adding, and the dialog with the customers. To keep the advantage it is important the farms continue to develop, so they do not reach the commodity status mentioned by Matthyssens and Vandembemt (2008).

6.3 Success factors – the farmer as an strategic entrepreneur

The success factors are deeply connected with the original concept developed by the farmer. The companies have grown but the concept still plays an important role for the competitiveness and for the development of the success factors. The concept, value-adding activities, the transparency, and the relations towards the customers are the success factors that have enabled their current position. Many of the actions the farmers have focused on are part of Strategic Entrepreneurship. SE focuses on sustaining competitive advantages through innovation and identifying new opportunities, and it describes the farmers approach. Previous research mentions difficulties for small firms to develop competitive advantages, and bigger possibilities for identifying opportunities (Ireland et al., 2003) but the interviewed farms have succeeded in both parts. Even if the farmers have not been using the model of SE when developing their company, many of the important steps are present. Innovation and to be innovative, creative, and curious are mentioned by the farmers as important characteristics that comes naturally to them. Much of their time is focused around inventions and searching for new opportunities, which is the corner stone in SE (Zhang, 2014; Hitt et al., 2011; Ireland & Webb, 2007; Ireland et al, 2003).

When analysing the interviews with the owners, the ideas, ambition, and knowledge are vital for the farms' success. The owners talk a lot about their co-workers and how important they are for the firm, but the owner is equally important. An entrepreneurial approach is emphasised by the owner even if it is not a conscious choice, but when studying the farms and the companies' culture, it is obvious how important the thought of SE are in the daily work. Innovation is mentioned earlier as an important part, but the owners also encourage risk taking, continuous learning and development, important parts according to Ireland et al. (2003). The ideas pervade

the entire company from the owner to the warehouse workers; all share the same goal and visions for the company. The leadership enables this and it encourages the continuous search and development, and therefore the leadership and the owners are a big part of the success. Ireland et al. (2003) states that the characteristics of good entrepreneurial culture are shared beliefs and that resources are managed strategically, which all of the farms do. The owners have employed people sharing the same ambition as well as complementing the owners with new knowledge and special characteristics.

To be tolerant with failures is also a big part of the concept of SE (Ireland et al, 2003). Without failures the real success will not be reachable. According to the interviews, the owners do not see less successful ventures as failures. Especially the first company (C1), since their successful business is based on an idea that did not become the success they expected. Instead of scrapping the idea, they modified it and aimed it towards other customers, and it became the foundation of the current business. All of the farms have both small and bigger ideas that have not been so successful, but they have rearranged them and often they have become new successes. During the interviews, the owners do not mention them as failures, they see them as valuable knowledge. The characteristic of the owners and their personality are a great part of the success. All of the farms started as small firms with the owner and perhaps a few employees. If the owner had not been a natural strategic entrepreneur, the development of the farm had probably not been the same. The success lies in the farms were too small to be run as a traditionally agriculture and the farmers had the creativity, ambition, and will to try something different. Their skills of innovation combined with the risk taking, the continuous search for new ideas and new knowledge, and their natural talent to pass on knowledge and get everyone to work towards the same goal have made the companies what they are today.

When the farmers established their firms, the strategy was based on a disruptive innovation, where the farmers entered a new market with their products. Today the innovations are a mix between disruptive and sustainable innovations. Sustainable because of the attempts to extend their existing competitive advantages through adaptation toward the best for the customer. But in order to continue being competitive the farms are continuously working to find new opportunities, which classifies as disruptive.

To be able to move away from basic offerings and the competitive environment, the firms have to adopt an entrepreneurial approach (Dhliwayo, 2014; Collis & Montgomery, 2008). Entrepreneurship is an essential part of the strategy for many firms and even if it is not a stated strategy by the farmers, their actions are closely related to entrepreneurship. Innovation, opportunity seeking, and courage to go their own way sums up the essence of previous studies about entrepreneurship and SE. As both previous research and the results shows, firms with a entrepreneurial approach are more likely to create wealth through innovations, efficient use of resources, and identify customer needs and desires (Dhliwayo, 2014; Morgan et al., 2010; Collis & Montgomery, 2008).

6.4 Important assets

The farmers' strategies are dependent, and determined by the resources and assets of the farms. To be successful and utilize the full potential of the resources, the first step is to inventory which resources are important and valuable. When analysing the interviews, the farmers mention the co-workers, the geographic location, and that a family runs the company as important factors for the success. But as previously mentioned, the owner is an important part of the farm and especially the owner's characteristics. Trends in media and the society can also be added to the list of important assets. Each farm has their collection of important assets setting

the frame for how efficiently the firm can develop and maintain their functional activities according to Collis and Montgomery (2008) and to be successful. To be able to use the resources effectively and to preserve their value, it is important to be aware of what valuable resources the farm handles. The farmers emphasise the most important resource is their co-workers, which can be classified as an intangible asset according to Collis and Montgomery (2008). The farmers are aware of their co-workers being important and valuable, and they all invest time and money in their personnel. To focus on intangible resources is a smart move as it is difficult for competitors to copy. To build up a working environment where the co-workers can develop, get responsibility, and has the opportunity to be involved in the firm's progress makes the co-workers feel like an important part of the group. The owners have focused on the whole company sharing the same values and visions for the company, and they are keen to point out it being the co-workers' company as much as their own. All this makes the co-workers feel a responsibility towards the company and therefore it will be harder for competitors to headhunt them.

The branding is highly dependent on the geographic location, as the owners mention, it is easier to get customers to visit the farm if it has enjoyable surroundings. The geographic location may have been mostly important in the beginning of the establishment of the company and when the brand still was anonymous and unknown due the farms using the reputation connected with the geographic location. But it still is frequently used in each of the farms' marketing, where the customer can read small fragments alluding to the common descriptions of the area. Geographic location is more of a physical asset, but it is not one of the easiest ones for the competitors to copy considering the massive investments and the possibility that there are no farms available to start up a similar competing business. The owners are well aware their products and their production methods are easy to copy; therefore they have focused on charging them with values being more specific and harder to copy. The co-workers are one example, but the concept combined with the strategy make the products more unique. Some of the added values may at first seem easy to copy, but their uniqueness lies in several different values together forming the competitive advantage. The transparency the farmers have built their company around can seem easy to adopt, and it is. But for it to be a success factor, it is important the company practice what they preach; what they say they also have to be able to show at the farm. This has the interviewed farms managed. There is a common thread that the concept, the brand, the owner, and the co-workers all represent, and they are all part of maintaining the competitiveness.

As mentioned earlier, the owner plays an important role both as a leader and as an ambassador for Strategic Entrepreneurship by sharing the entrepreneurial way of thinking. But the most essential is the characteristics of the owner. The concept and the business are built around the owner's thoughts and ambitions, and therefore the characteristics play a major part. Hofstrand's research (2010) shows that the potential success with adding values to farm products is dependent on the skills the people inside the companies share, and all of the characteristic that Hofstrand (2010) has stated as important are mentioned during the interviews which implies the farmers are well prepared and well suited for value-adding farming. This can also be seen in the success of the companies. The goal has been to move up the value-chain for several reasons; increased profitability, values, and ambition. Due to this the farmers are interacting a lot more with customers than the typical farmer. Analysing trends, customer values and demands, and always looking for new opportunities is everyday work for the entrepreneurs and is crucial when determining which values shall be added to the products.

7. Conclusions

For small agricultural and horticultural companies that are struggling with the competition against bigger firms, value-adding farming can be a successive strategy to get competitive advantages. In a business environment with high competition, and a mature market where much of the focus is on the price, new unique products with appealing customer values can be one solution to stay competitive. As the results show, adding value in the form of good service, high quality, and branding has been a decisive opportunity for the interviewed companies in order to differentiate from standard agricultural and horticultural products. It shall be noted that it is not a quick fix or an easy strategy. To develop a successful competitive strategy the company that wants to engage in value adding farming must have done a proper analyse of the market, customers desires and the competitors. The characteristics of the owner is also vital, a entrepreneurial approach has been shown to be important both by previous research and the result from this paper.

The aim with the paper was to highlight small agricultural and horticultural companies' strategies to create competitive advantages. The conclusion that can be drawn is that all of the three interviewed farms have diversified their farms by focusing on adding value as their strategy to get more competitive advantage, and be able to stand out on market. The strategy is based on the concept, the brand and an open dialog with the customers. Important success factors is connected to the concept and is built up by transparency and to be a open and honest company, the relationship with the customers, and a strategic entrepreneurial approach which focuses on a continues development a search for new ideas, innovation and opportunities. The owner and the co-workers is a major part of the farms success and can be classified as important resource. The geographic location combined with the fact that it is a family farm has also had a positive impact.

Strategic Entrepreneurship is a key factor for successful value-added farming. According to the analysis it can be said that SE is a natural part of the interviewed company's strategy and everyday life. For companies that want to create competitive advantages through adding value to their products should focus on the different parts of the model of SE. In best-case scenario it comes naturally, otherwise extra emphasis on the different parts should be placed.

There are benefits and opportunities for small agricultural and horticultural firms to create sustainable competitive advantages through value adding activities. It is not the easiest strategy but as long there is a well elaborated strategy with clear goals and visions that the whole company share and the courage to try a new road the strategy can be successful.

7.1 Future research

In order to complement the results, it would be necessary to study a larger amount of companies with a larger diversity in scale and product area. This study has also only been focusing on Scania, and due to this it would be interesting to see a study covering all of Sweden. As previous research has been focusing on Finland, Tuscany and Wales, a larger study involving multiple countries could also be a complement.

Another area to cover would be the consumer's thoughts about value-added products. It would be interesting to see which added values are important to the consumer, contributing to increased interest, willingness to pay, and building relations.

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Appendix 1 - Interview guide

Short presentation of the research and aim.

Degree in business administration at SLU.

The way from primary producer to companies with a clear and established brand, success strategies. Thoughts, strategies, motivations, reflections, opportunity and problems during the trip. Three companies interviewed.

Not critically examine the company but wants to highlight successful concept. Do not focus on what could have been done instead but rather how you have done and what is great about it.

Technical details

About 1 hour

Recording

Anonymity

Will get the opportunity to comment on the quotes and read thru the results.

Background information

Tell me a little about the company today?

- Area
- Established
- Number of employees)
- What is your role?

Interview Questions

Can you describe how the company was when you were pure primary producers? Before you ended up where you are today. Positive / Negative

What has driven change towards today's position? Society / Politics / Economy / Consumers / Trends

Strategy TODAY

What are your goals and vision?

Is there a strategy to achieve them? How would you summarize the strategy?

How did you come to the conclusion that the strategy would work?

Proactive or Reactive

Business model - goals and vision

Position in the market? Premium, bulk...

Who is the customer? What do they want? How have you found out about this?

How have you translated this to make money?

What have been the main characteristics / resources for your company's change of strategy has been implemented?

People / Knowledge / Network / Properties / Core Competencies / Resources / Product

Competitive Advantages

What are the competitive advantages?

How do you create a competitive advantage to stand out in the market?

Strategy - Business model - Follow others, unique, defend ...?

Knowledge

Features - Innovation/Creativity/Pro activeness/competitive instinct

Resources

How to communicate the competitive advantages towards the consumers?

What are the competitive advantages based on?

What is unique/hard copy? (Resources)

Change

How do you work with development? Change/Find new ideas/partnerships/networks

Constant change? - Search

Included in the strategy? - Business concept

Finishing questions

Future

How does the future look like? Goals?

What strategies will you be using to reach them?

The aim of the interview was to highlight your company's strategies to create competitive advantages with focus on successful branding strategies and communication of added-values.

Is there anything you want to add?

Appendix 2 – Quotes from the interviews in Swedish

1. Hoppas man över grossistledet så kan man få bättre betalt och man kan göra en bättre produkt. Man vill göra det på sitt eget sätt annars kan det vara!

2. Det goda alternativet.

3. Nä, vi ser det som att ska man må bra så är det något man ska ha varje dag. Men det ska ändå synas att vi har lagt lite extra kraft på det. Det ska inte vara så dyrt att ingen kan köpa det. Det ska vara något för alla men ändå med kvalitet och omtanke. Vi tror att det är något som går att kombinera.

4. Så i broschyren står jag och min bror. Och det gör vi just för att vi vill visa att vi står upp för detta, ni kan lita på oss!

5. Och då var det så att när de kom i vår butik och de lärde känna våra produkter, att det fanns en avsändare bakom produkterna så fick vi ett starkt förtroende. Och då märkte vi att grejen ligger i att bygga ett varumärke det ligger inte i att bygga volymer.

6. Det finns ingen vettig bonde som vill producera något som ingen konsument vill ha. Utan man vill verkligen producera en bra grej och stå upp för den. Har man den kommunikationen då så finns det möjlighet att göra det.

7. För då kan vi vara transparenta och de kan lita på vad vi säger.

8. Jo jag tycker att de är trogna. De har framförallt med vår vision med utbildning att göra. Kunskapen ska inte stanna här hos oss utan vi delar gärna med oss av den. Kan man berätta något som får folk att bli mer intresserade kan man få dem att känna att det här står jag också för och det här vill jag köpa även när jag kommer hem. Så det ser vi i vår webbutik. När dom som kommit hit som turister åker hem och vill köpa våra produkter så gör man de igenom nätbutiken.

9. Ja men på sommaren har vi mycket sommargäster som hör om stället och vill köra ut. Det gäller ju att vårda det och vara trevlig och ha bra grejer.

10. Många har ju en relation med oss, vissa personligen och vissa bara att man varit här och tyckt det varit trevligt. För vi vet att en nöjd besökare blir vår kund, det vet vi!

11. När vi gick igenom vår verksamhet så insåg vi att de olika delarna var beroende av varandra, evenemangen och studiebesöken var en stor del av företaget. Vi vågar inte ta bort någon del för vi är inte säkra på att resultatet kommer bli det samma.

12. Det gäller att stärka varumärket hela tiden med mjuka och sanningsenliga värden... För hela vår grej idag handlar om att vara ärliga och transparenta så att folk verkligen kan lita på oss.

13. Ja vi har mycket studiebesök och vi visar gärna runt. Vi har aldrig varit, smusslat med något.

14. Så detta är vårt skyltfönster kan man säga. Dels att vi kan visa dem runt på gården och vara transparent och visa verksamheten, att de kan få besöka butiken och att de kan äta någonting som är bakat på produkter från gården eller vad man nu kan tänka sig. Att man knyter ihop säcken genom att avsluta här.

15. Står man i hyllan och väljer så ska man känna och se att här finns något bakom, vi kan ha förtroende för denna produkten. Vår idé bygger mycket att man ska komma hit. Vi har inte råd att göra några stora flådiga kampanjer, varken i tv eller i butikerna. Vi får bygga på ryktesspridning, att någon varit här och berättar för nästa. Vi får ta den långa vägen.

16. Sen har vi varit ett fantastiskt gäng, ända från ledningen till produktion. Alla har liksom trott på idéerna som kommit fram och vi har hjälpts åt alltid. Annars hade vi inte varit här.

17. Alla här som är företaget inte produkten i sig! Kan jag tycka. Det är människorna som gör varumärket.

18. Det är nog personalens engagemang. Att alla vill vara med och driva det framåt och vara envisa.

19. Det har blivit bra men nu har man kommit upp till en gräns där man inte kan påverka allting själv utan man måste lita på att medarbetarna tar det ansvaret och gör det.

20. Man måste brinna för det och göra det personligt!

21. Tåliga och envisa, det får man nog vara. Och intresserad. Intresserad! Vi provar alltid nya sorter, vi bakar nya bröd och gör nya grejer. Nyfikna. Det tror jag är viktigt. Vad vill folk ha?

22. Envishet, att man.. nyfiken. Att man inte ger upp. En vilja att hela tiden vilja utvecklas och presentera något nytt. Man vill ju att de som kommer här ska känna ja men här har hänt någonting. Sen att man ser ingångar där ingen annan ser en möjlighet. Kreativitet och innovativ. Och för det krävs det att man är olika människor.

23. Ja den företagaren som slutar utvecklas tror jag inte blir så långvarig. Man måste ständigt hitta på nya saker och tänka nytt. Det har inte alltid med nya produkter att göra utan det kan vara effektivisering av produktion eller att man utvecklar besöksnäringen som vi har gjort.

24. Vi får ta den långa vägen med organisk tillväxt, känns det som. Och det ger ringar på vattnet om man sköter sig. Det är det vi ser resultatet av nu. Men det tar tid och det får det nog göra. För man får inte växa för snabbt heller för då hamnar man i en helt annan situation som man inte hinner med och då blir det dåligt på grund av det.

25. Det är inte något man gör över en dag, utan det får växa fram. Läger man ner så fruktansvärt mycket jobb som vi gör här så vill man att det ska synas.

26. Vi har ju ett ansvar, känner jag, mot de som jobbar här. Om det inte skulle gå bra så är det inte bara oss det drabbar utan det är så många andra. Det är ju nästan en skyldighet, känner jag,

att vara där framme och se vad som händer, vara beredd på svängningar. Och det tycker jag vi är ganska bra, på att vara beredda.

27. Vi försöker hitta på nya idéer för vi har hittat bra människor som vi vill jobba med.

28. Vi vill vara så ekologiskt hållbara som möjligt och då är inte det samma sak som KRAV eller ekologiskt. Det handlar om att vi ska ta hand om vårt avfall, att vi gör något klokt.

29. Vi vill absolut inte slänga något utan hitta nya användningsområden. Resurser måste användas inte kastas.