

The role of organic marketing initiatives in rural development

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ABSTRACT

European rural policy faces economic, environmental and demographic challenges. Its recent development has shifted emphasis towards agri-environmental schemes and support for organic farming, refinement of structural funding programmes, and Community Initiatives such as LEADER. At the same time, a transformation and refinement in consumer demand for food is leading to greater market emphasis on the health, environmental conservation and ethical qualities of products. An appropriate alignment of marketing systems, taking advantage of these trends, could also potentially benefit development in rural areas, with both economic and broader implications. This paper presents a framework for the study of organic marketing initiatives (OMIs), their interaction with the communities and overall environment of the regions in which they are located, with the aim of improving the capacity of organic agriculture to generate positive social, economic and environmental effects on rural development, which are of particular policy relevance in the peripheral, disadvantaged regions of Europe.

Keywords: rural policy; rural development; organic marketing

INTRODUCTION

A new model for European rural policy is being implemented to realign the previous emphasis on commodity-based support towards an expanded package targeting a broader set of social and environmental objectives. This is an integrated approach that promises to improve the welfare and sustainability of rural communities while also addressing the concerns and interests of other external stakeholder groups.

Organic agriculture has increasingly been viewed, in policy terms, as playing a significant role in the refashioning of agriculture and rural development in Europe. The primary focus of organic farming practice on resource conservation and enhancement of environmental health is compatible with new policy objectives for improvements in local resource management. In the context of rapidly growing organic markets in Europe and worldwide, organic agriculture is also viewed as a potential contributor to local and regional economic growth and diversification, improvements in local identity and marketability, thus contributing to the revitalization of rural communities.

The potential for organic systems to act as the basis or catalyst for the regeneration of rural landscapes and economies seems promising. Particularly interesting in this regard are the many organic marketing initiatives (OMIs) being developed throughout Europe. These marketing initiatives are focal points linking producers, consumers and marketers. Despite their specific and pivotal role in the organic industry, and their broader impacts on local and regional development, there is little information available about these organic enterprises.

An extensive study has recently been initiated to generate comprehensive data on European organic marketing initiatives and to examine their role in rural development (OMIaRD). Organic marketing initiatives are defined in this study as any venture, commercial or cooperative, involving the participation of organic producers and which improves the strategic marketing or addition of values to the basic product. The overall framework used in this investigation is interdisciplinary and exploratory. In the first phase of the study, which took place in 2001, a general survey of OMIs was carried out in 19 countries, including the 15 EU member states, Norway, Switzerland, the Czech Republic and Slovenia. In the second phase, currently underway, more in-depth investigations of a smaller number of OMIs are being conducted in the eight countries represented by the major partners involved in this project: Austria, Germany, Denmark, Finland, France, Italy, Switzerland and the United Kingdom.

FRAMEWORK OF IN-DEPTH INVESTIGATION

The initial survey of 196 OMIs has revealed wide variability in structural and functional (internal) characteristics (e.g., age, size, organisational structure, turnover (capital and labour), product range, producer involvement, activities, distribution channels, objectives and strategies) as well as significant differences in agro-geographic and socio-political (external) contexts. While this rich diversity of internal and external factors forms an interesting and valuable body of information, it also presents challenges for defining a suitable approach for comparative analysis, particularly in terms of evaluating the impacts of OMIs on sustainable rural development.

Rural development theory is undergoing considerable examination and change, which is an attempt to reflect the new pressures and responses of rural communities to an evolving global economy, and the emerging needs and expectations that urban communities have of the countryside (van der Ploeg *et al.*, 2000). Whereas traditional economic analysis (e.g., changes in employment levels, enhancement or decline of income) has formed the basis of rural studies, this conventional disciplinary approach is limited in dealing with the concept of rural development that is emerging. As this shift in perspective is relatively new and evolving, there has been little opportunity to develop frameworks for analysis that integrate aggregate economic evaluation with other equally important issues, such as community involvement, increases and improvements in accessible services, diversification of local economic activity, improvements in local knowledge and skills, and enhancement of the built and natural environment. There has been even less opportunity to test these ideas in the field.

The methodological approach we have decided to adopt for the in-depth investigations of OMIs and the regional contexts within which they are situated is that of *comparative case-study analysis* (see, for example, Stake 1995, Yin 1994). Because the case study approach involves the investigation of many variables in a restricted number of contexts, this has implications for the selection of the in-depth case study areas, as well as the comparative analytic approach to be adopted once the fieldwork is completed.

Selection of a maximum of five and a minimum of three OMIs for in-depth case studies will take place through a staged process of analysis and progressive elimination, by comparing a number of factors internal and external to the OMIs.

The final selections will reflect important themes or trends and major agro-geographic regions (particularly those in Less Favoured Areas (LFAs) in Europe. The basis of the case study inquiry will consist of background documentary analysis as well as narrative research focusing on interviews with key informants.

To ensure that all possible dimensions of rural development impact are taken into account we have chosen *stakeholder analysis* as the organising framework for the case studies. Each OMI is characterised by the involvement of and their impacts on various stakeholder groups (e.g., owners, employees, producers, local community, region, consumers, environment). Table one provides a list of potential stakeholder groups and the ways in which OMIs could impact on them, consequently generating specific rural development indicators. The basis of an initial evaluation for the stakeholder analysis can be provided by matching stakeholder groups to a set of impacts and associated indicators that are at least identifiable and assessable, if not directly measurable, and by presenting them in an integrated framework.

Table 1 Selected rural development evaluation indicators for organic marketing initiatives, by stakeholder group

Stakeholder group	Indicators
Owners	Standard enterprise accounting data such as turnover, profit, net worth and retained earnings; social responsibility audits; environmental management systems
Employees	wage levels; assessments of job satisfaction and security
farmers and growers	prices; contractual supply arrangements; diversity of alternative market outlets
local community	employment levels; multiplier impacts; degree of territorial identity of products; civic contributions of Initiatives
Consumer choice	product satisfaction indicators; potential for interaction with producers or intermediaries
environmental interest	visual impact of premises and activities within the built and natural landscapes; environmental impact assessments; energy and materials conservation and waste minimisation strategies
Regional and national policy makers	Employment income growth, best value for money, broad environmental objectives

The in-depth case studies will be informed by a participatory perspective through the involvement and guidance of an Advisory Committee, consisting of one or two key representatives from the major stakeholder groups. Workshops will be held with members of the Advisory Committee so they can assist in the development of this research through the identification of key issues, additional stakeholders and their interests, and important socio-economic and political networks. These and other key informants will be identified through both purposive and snowball sampling. Twenty to 40 interviews with representatives from the identified stakeholder groups will be conducted per case study in order to achieve an appropriate level of information depth and saturation.

STRATEGY FOR FINAL ANALYSIS AND INTERPRETATION OF THE EMPIRICAL MATERIAL

The case study methodology allows a wide range of types of empirical material to be considered. As the major part of the data collected will be textual (documents, conversations and more formal interviews), the initial approach to analysis will likely rely on a qualitative data analysis software program such as NVivo. The precise strategy for this part of the analysis depends on what case-study regions are chosen and the local language, since there are translation issues to consider.

One of the outcomes of this research will be a sustainability index, which we envision will consist of the range of analytical techniques included in the comparative case study framework, from the outcomes of interviews with representatives of the stakeholder groups, through aggregate assessments of environmental performance to application of a much more abstract systems-view, such as the multi-sectoral qualitative analysis (MSQA) established by Roberts and Stimson (1998). In the MSQA approach, a traditional input-output analysis is adapted to accommodate regional core competencies, strategic infrastructure and risk, industry development and market opportunities. Incorporating the issues discussed in this paper into a modelling framework, uniting both the concerns of OMI as individual businesses with those of policy makers acting in the public interest, could draw on systematic qualitative evaluation of the multiple influences, interest, and interdependencies involved in the institutional development of organic marketing. A final goal of this research is the development of guidelines for existing and potential OMI, and related actors at local, regional and higher levels to create and foster successful marketing strategies, hence strengthening the prospects for employment and incomes in less favoured regions of Europe.

Acknowledgements

The authors acknowledge financial support from the Commission of the European Communities' Fifth Framework Research and Technological Development Programme for the project "Organic Marketing Initiatives and Rural Development"; however, views expressed are those of the authors, and do not anticipate the Commission's future policy in this area.

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From: Powell et al. (eds), *UK Organic Research 2002: Proceedings of the COR Conference, 26-28th March 2002, Aberystwyth*, pp. 317-320.