Teagasc

AGRICULTURE AND FOOD DEVELOPMENT AUTHORITY

The Irish Agriculture and Food Development Authority

Rural Cooperation for the 21st Century: Unique Opportunities for Farm Families

BrookLodge, Macreddin, Co. Wicklow

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Development Direction

There are two ways to be competitive in a global economy:

1. being the lowest cost supplier of an undifferentiated commodity
2. providing the market with a unique and superior value in terms of product quality, special features or after-sales service.

Michael Porter *The Comptetitive Advantage of Nations, cited in Kirschenmann (2008)*

Irish Farm Families: multiple opportunities

Commodity groceries: foods that command a low price in their category often due to their extensive availability.

Artisan food: a superior tasting food, achieved through food-making skill, which commands a higher price. Artisan food is not the remit of small food producing firms only. Many fine examples of large artisan foods of scale in sales and exports exist and are growing.

Speciality food: a specialist or niche food. These foods are usually defined by their exclusive distribution and premium price.

Regional food is foods connected to a region by reputation. Examples include Parma ham from the region of Parma.

- Protected Designation of Origin (PDO)
- Protected Geographical Indication (PGI)

Traditional: does not refer to origin but has traditional significance in a particular culture – food character

- Traditional Speciality Guaranteed (TSG)

See TASTE Council, 2004

Food Harvest 2020

*“A shift from **commodities**-based supply to one that is increasingly **brand centred and consumer focused**”* (p.3)

Vulnerability

Farms in the middle ground "are the most vulnerable in today's polarised markets, since they are too small to compete in the highly consolidated commodity markets and too conventional and commoditised to sell in the direct speciality markets"

US White Paper

Value Chain

- Farmer-owned brands?
- Must 'move up' the value chain

- Example of beef value chain:

Challenges

Opportunistic branding capital, but

- Farmers' *expertise* and *preferences* strongly rooted in agriculture – "*farmers want to farm*"
- *Time* and *resources*: constraints to small-scale and labour intensive direct selling
- But, many farmers can have limited expertise in:
    - Service provision (retailing)
    - Branding
    - Marketing
    - Advertising
    - Processing
    - Distribution

Cooperatives

- ‘Values’-led rather than value led
- Farmer-owned brands: farmers must become ‘empowered’ agents:

What does ‘empowerment’ mean?

- **Conscientisation**: ability to understand external (‘outside the farm gate’) factors influencing farm viability: challenges, obstacles, opportunities
- **Participation**: proactive, not passive, in reacting and responding to these factors
- **Solidarity**: farmers join together organisationally to react and respond

(See Petterson and Solbakken, 1998)

Origin Green

"Embracing sustainability (has) potential to deliver a point of differentiation in what remains an extremely competitive marketplace"

Origin Green

- Spectrum of opportunity to engage
- Large and small enterprises:
  - *Large* processors:
    - Glanbia
    - ABP
    - Slaney Foods
  - *Small* producers:
    - Foods of Athenry,
    - The Apple Farm of Tipperary
    - Derrycamma Farm

Opportunity: Middle Ground

- Market re-positioning/re-orientating of middle farmers:
- ‘Sustainable’; ‘family’; ‘non-intensive’
- Shift towards second route:

““There is a burgeoning market demand for foods - neither cheap commodity foods or expensive luxury speciality foods - that are somewhere in the middle and are produced in accordance with sustainable agriculture standards. It is precisely the farmers of the middle who are in the best position to produce those products [at the scale required in the market]”.

US White Paper on Agriculture of the Middle

The Typical Irish Farm: Middle Ground

- Branding strategy: cultural, social, ecological significance *of traditional family farms in rural Ireland*
- ‘Farm story’ and cultural landscape *‘terroir’*
- Many Irish farms are small/mid-sized and non-intensive: environmental aspects
- Sophisticated food production/safety standards: work of Teagasc
- Significant proportion participating in agri-environmental schemes
- High animal welfare, grass-based production systems (Boyle *et al.*, 2008)

Competitive Advantage

" Ireland is small not 'multinational'…Its competitors for the 'green' market cannot deliver on that promise" (Pathways for Growth)

"

"…high value-added parts of the food industry depend on Ireland's 'green image' for competitive advantage" (Ireland's Smart Economy)

Dependent on "consistency, quality, safety" (Sustainably Competitive Agriculture, Purvis and Downey, 2010)

Today

- The importance of and unique market opportunities for family farms
- Cooperative models to assist farmers to avail of these opportunities

Thank you