The decline of farmers direct marketing in Austria: consequences and counter strategies

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Abstract: *Contrary to many other European countries where direct marketing is still promoted as a new marketing channel with promising prospects, Austria is experiencing a decline of farmers direct marketing since 1988. Data from a household panel conducted regularly by the Austrian agricultural marketing board (AMA), comparing sales of 2001 up to 2006 show a sharp decline of expenditures on farmers markets as well as of farm gate sales. Only box systems are expanding as they combine the idea of buying products directly from the farmers with the convenience of home delivery. However expenditure in direct marketing channels in total decreases in parallel to the decline of the number of direct marketing farmers.*

On the other hand regional and organic products are booming in supermarkets. Both developments are strongly interconnected. Consumers increasingly want to buy "farmers products" as part of their daily shopping routine. All supermarket chains and even all discounters in Austria have therefore picked up the issue and provide organic and/or regional products. Most of them go even one step further and associate organic with other characteristics of added value. They compete in that with direct marketing farmers as also supermarkets offer their products as "farmers products" as well as "traditional" and "pristine" alpine products.

Due to the fact that supermarket chains are highly innovative and have created strong brands for regional and organic product lines, it becomes more and more difficult for farmers to achieve an added value by direct marketing.

The paper sets of from the historical development of direct marketing in Austria and the expectations into it by policy, farmers and consumers. The analysis of statistical data compares the long term development of different direct marketing channels and monitors the changing consumer perceptions. The paper continues with two examples of regional brands, one in a major discounter, offering dairy products from selected regions, the other providing a new form of arrangement between organic farmers and a regional supermarket chain. Both approaches are analysed and compared with each other in light of the expectation into direct marketing of various stakeholders

Keywords: *direct marketing, supermarket strategies, new arrangements*

Introduction

Austria has a rather long tradition in direct marketing. From the 1980s onward there was a heavy political interest to support direct marketing as an alternative to the growth model of general European agricultural development. This was a reaction to the natural limits to growth which became visible in a mountainous country much earlier than in more advantaged regions of Europe. After about 20 years of experience with direct marketing the following trends become visible:

- The high hopes put on direct marketing have only been fulfilled partly. Some farmers were able to professionalize in this segment, but in general the trend is reversing. Increasing regulative barriers and high initial investment costs prevent new entrants. Furthermore many farmers are prevented to engage into direct marketing out of market remoteness or due to labour constraints, especially under part time farming conditions.
- Customers are interested in buying farm products (equalling often farm products with small scale and organic), but they do not want to have separate shopping routines and additional efforts. Therefore box systems and other forms of customer friendly marketing forms are increasingly preferred to farmers markets and on farm sales. However the size of this niche is rather small as the level of customer loyalty required by box systems is rather high.
- The bulk of products enter the market through conventional channels. Supermarkets are in response to consumer trends appropriating increasingly farmers arguments for direct sales in

their promotion. Partly farmers engage in new forms in cooperation with supermarkets to retain the economic and motivational benefits of direct marketing for farmers.

The paper aims to provide a closer look into current trends and to explore two examples of arrangements between farmers and retailers. It starts with an overview over the historical development of direct marketing in Austria and the political intentions behind the early governmental support already during the 1980s. On the background of this perspective the different expectations of policy makers, farmers and consumers into direct marketing are explained.

The next section provides statistical evidence on the significant decline of sales direct from farmers since 2001 and the changing perceptions of consumers.

Then two case studies on the integration of regional products into the strategies of supermarket chains are presented: one as an attempt by a major discounter to appropriate the positive image of farm produce for its owns ends, the second on a farmers cooperative which developed a program jointly with a regional family based supermarket chain.

The final section analyses these strategies in the light of the expectations and discusses the possibilities for farmers to retain the expected benefits in cooperation with supermarkets chains and discounters.

The material presented was collected during various ongoing and recently completed research projects. The statistical data on the changes of sales in direct marketing was not collected by the author himself but builds on the RollAMA 2007. The RollAMA is a household panel conducted periodically by the Austrian agricultural marketing board (AMA), involving 1400 households on their purchase of milk and dairy products, Meat and meat products and fruits and vegetables. Statistical data on the consumer expectations and behaviour comes from an unpublished study on direct marketing commissioned by the federal presidential conference of the chambers of agriculture and conducted by a professional marketing research agency (Market 2005). This representative study was conducted as a telephone survey among 500 consumers in 2005.

The two case studies use material from printed and internet presentations (homepages www.zurueckzumursprung.at. and http://www.bioalpin.at/

In the case of "Zurück zum Ursprung" newspaper clippings and evidence collected in an action research project "Ecoregions a model for sustainable regional development" enrich the descriptions, while in the case of "Bio vom Berg": participant observation of the development of the initiative since its inception in 2002 provided a valuable background.

The expectations towards direct marketing in Austria

Activities in direct marketing started in Austria around 1980. It is interesting to note that the initial support came from the socialist government to get a foothold in the conservative dominated rural area. Between 1975 and 1980 a number of institutions supporting alternative approaches to agriculture were founded. Also programs to support endogenous development were started. Direct marketing activities, often on a collective basis were one strong component of these programs. The basic argument was a fundamental critique of the growth model of industrialised agriculture (Krammer and Scheer, 1978). The limits of this path of modernisation had become visible in a mountainous country like Austria earlier than in other countries with more favourable conditions for agricultural intensification. Direct marketing with a stronger integration of on farm processing was perceived an alternative development strategy. However, as there were also political reasons for supporting such approaches by the government, the initiatives met the resistance of the traditional agricultural advisory structures which were part of the chambers of agriculture a firmly conservative structure.

Only after 1987 when the conservative party was again in charge of the federal ministry of agriculture it was minister Riegler who announced his manifesto for a "eco-social agricultural policy" (Riegler, 1988). Within this political move Riegler incorporated the alternative movement into mainstream policy. The aim of this new agricultural policy was *"to develop ecological responsible and economical appropriate peasant like agricultural production methods, which provide safe and high quality foodstuffs to the consumer and a just income to the farmer"* (Riegler, 1988, p.321 own translation). This new direction of agricultural policy wanted to conserve small scale structured agriculture by supporting additional sources of income on farm and introduction of payments for the provision of public goods by farmers (like maintenance of cultural landscape). Under the heading "*development* *and extension of new forms of income combinations*" the manifesto focuses on direct marketing as a new chance in response to the *"increased quality and environmental consciousness of consumers as well as the increasing demand of a leisure society"* (Riegler, 1988 p. 329 own translation).

In response to this new direction in agricultural policy the chambers started to install an advisory system for direct marketing. Subsequently the number of farmers markets and farm shops increased dramatically. In the beginning the main objective was to keep farms which were considered too small for full time farming in business (Schermer 1989). In some instances part time farmers even managed to become full time farmers again. By adding value to the product through on farm processing and direct marketing farmers were expected to remain full time in farming. Moreover it was considered a possibility to share the responsibilities between two generations on the farm by providing possibilities of specialisation for the young farmer in processing and marketing. The increased contact to the non-farming society was expected to have a positive impact on farm succession.

During the preparation phase for the accession to the EU (in 1995) direct marketing got a further importance of being the showcase of local agricultural production. There was the fear that with the opening of the borders Austria would be flooded by foreign products which were expected to be cheaper on the market. The then federal minister of agriculture, Fischler, coined the slogan of Austria as the "delicatessen shop of Europe" and the production of farm specialities gained national recognition. When Austria finally joined the EU in 1995 the already positive picture of agriculture in harmony with nature was fostered by massive conversion to organic (due to an attractive agro-environmental program). Organic, local and fresh from the farm were to a high degree interrelated in the view of the consumer, a view largely supported by political claims of a localised "consumption patriotism" (Sassatelli and Scott, 2001). In general the consumers responded very favourable to the first attempts of direct marketing, because farm produce was regarded of higher quality as compared to the "regular foodstuffs" provided by agro-industry with a high degree of standardisation.

In a later study on the effects of the accession to the EU (Schermer, 1999), it was observed that especially small scale farmers in mountain regions went for direct marketing. This seemed to be strange because their volume was low and practically all of them depended on a full income from a non farming occupation without prospects of becoming full time farmers again. It turned out that their main objective was to get a positive feedback from the consumers in times when a high proportion of the agricultural income came from transfer payments for the provision of public goods. As one farmer phrased it: *"The government gives me the money to survive, while the consumer gives me the necessary feedback to carry on"* (Schermer, 2003. p. 199). The use of objective 5b money from the EU-structural funds to provide communal infrastructure for small scale processing was assisting to reduce investments which would have been necessary but not viable on an on farm scale.

In general direct marketing was considered important on a political level:

- as part of endogenous rural development,
- as a means to maintain small scale farming and
- as a showcase for agriculture towards the consumer to maintain also the high level of support for agriculture.
- Furthermore on farm processing and direct marketing proved to be a laboratory for innovations and product development.

From a farmers perspective an array of economic and social considerations was applied:

- On the economic side farmers expected to increase their income without growth of the farm size by adding value to primary production. This seemed a logical consideration especially in mountainous conditions where the extension of the operation is limited by natural factors.
- Furthermore direct contact to the end consumer suggested a higher degree of independence from marketing institutions and more self determined working conditions.
- Under such aspects also the employment of two generations on one farm has to be seen. The diversification of farm operations into production processing and marketing also provides separate business areas which can be attractive for farm succession and finding a spouse for the young farming generation.
- In regions where most of the agricultural income is realised via transfer payments motivational aspects play a big role for farmers as direct sales provide direct feedback from customer.

Consumers favoured farm produce because:

- It was considered fresh, naturally (and quasi organically) produced
- The origin of the product was known and the way of production could at least theoretically be controlled by a visit to the farm.
- The taste was considered superior to the standartised products provided by food industry.

Recent changes in direct marketing

Declining sales

According to a study commissioned by the Austrian chambers of Agriculture in 2004 about 36% of all Austrian farmers were involved in direct marketing, another 14% were considering to start the activity while 9% had stopped direct marketing already. About 12,6% of all farmers achieved more than 20% of their income from direct marketing and could be considered as specialised on this way of marketing. The main problems associated with direct marketing were reported to be high investment costs to comply with increasing legal restrictions and the high labour demand (Market 2005). End consumers are still with 81% the majority of customers followed by gastronomy and specialised food stores. The total turnover of direct sales in Austria (including farm gate sales, farmers markets and box systems was in 2005 about 305 Million €. More than half of this (180 Mio €) is sold direct on farm. (BMLFUW 2006)

During the late 1980s and 1990s direct marketing activities gained importance first in the form of farmers markets and on farm sales, later farm shops and box systems developed which were mostly involving more than one farm. However, volume and turn over of direct marketing are declining since 1988 (BMLFUW 2006). Latest figures, published in summer 2007, compare the changes of direct marketing between 2002 and 2006 (table 1).

Table 1: Changes in the marketing channels for fresh food in Austria since 1999 (in %)

Market outlet	1999	2000	2001	2002	2003	2004	2005	2006
Hard discounter	8,7	9,1	10,8	14,8	16,0	17,1	17,7	19,4
General food stores	71,6	70,2	68,1	67,8	68,2	67,3	67.8	66,6
others	19,8	20,7	21,1	17,4	15,8	15,6	14,5	14,1

(Source: RollAMA 2007)

The long term comparison of different market outlets (divided into hard discounter, general food stores including supermarkets and other including specialised shops, butcheries, bakeries etc plus direct marketing channels) shows that until 2001 the market share of „others“ was increasing (probably at least partly due to increase in direct marketing), but since then is sharply decreasing. General food stores and supermarkets remained roughly on the same level while the hard discounter can demonstrate continuously a significant growth rate. Within the “others” the figures of RollAMA report the sharpest drops since 2002 from bakeries (- 41,9 %), butcheries (- 31,2 %), open markets (- 24,4 %), on farm sales (- 22,5 %) and farmers markets (- 21,1 %). Increases within this category were found only with organic stores (+ 37,4 %) and delivery services/box schemes (17,6 %).

Table 2: Changes in farmers direct marketing channels since 2001 (RollAMA, total expenditures in 1000 €)

Marketing channel	2002	%	2006	%	change
On farm sale	236.713	62,4	183.449	55,5	- 53.264
Farmers market	59.793	15,7	47.161	14,3	- 12.632
Box systems and deliveries	71.483	18,8	84.051	25,4	+ 12.568
Organic food stores	11.516	3,1	15.823	4,8	+ 4.307
total	**379.505**	**100**	**330.484**	**100**	**- 49.021**

(Source: own compilation based on data by RollAMA 2007)

A closer look to the direct marketing channels in particular (table 2) reveals that more than half of the turnover in direct marketing is made by on farm sales (this corresponds with the figures above (BMLFUW, 2006). Box schemes had already 2002 a higher share than farmers markets, the difference has increased since. Box systems could increase their share about in the same amount as farmers markets decreased. The increase of organic stores is significant but the share is relatively low (less than 5% of the direct marketing channels).

The figures suggest that the decline of direct marketing was a result of changes coming from two directions:

- First the number of direct marketing farmers declined with the trend towards professionalism. Not every farmer who had started to market directly stuck to it in the long run, some realised that they lacked the abilities required for direct consumer contact, others were afraid of the investments necessary for a professional processing and marketing of their raw produce, again others were put off by increasing hygiene regulations or fiscal restrictions requiring book keeping etc. while their volume was small.
- Secondly consumers do not want to invest additional time and costs to buy farmers products, but expect to find them during their regular shopping routine as the following section explains.

Changing consumers expectations

A representative telephone inquiry (Market 2005) showed that 20% of Austrians households buy weekly direct from farmers, another 25% buys once or twice per month. Another quarter purchases sporadically farm products while only 28% never buy from farmers.

The major motive of those who do often purchased direct from farms was the known origin of products. 23% of interested consumers said they prefer farm products because of that. The same percentage favours the freshness of farm produce (related also to regional origin) Healthy products (21%) and better quality (20%) follow. All other reasons, like personal contact, no chemical preservatives etc. are mentioned only by a small minority, around 10%each.

There was highest agreement with the statement: farm products guarantee regional provenance, it is known where the product is from (75%) But only 39% agreed to the statement that farm products are specialities not found in supermarkets. (Market 2005)

These figures show that consumers are interested in products of regional origin but do not see farm products markedly different from supermarket products. Recently focus groups (conducted in the frame of the EU-6th framework project EuroMARC in summer 2007) have supported the view that in Austria connotations like “organic”, “traditional”, “regional“, “mountain” and “small scale” are quite interchangeable attributes to farm products. As today all supermarket chains and even discounters’ stock organic product lines, the customer gets the impression that it is possible to buy regional farmers products during the regular shopping routine. The image of organic (and some quasi-organic) brands seems to be high enough to safeguard the fulfilment of expectations without personal proof. This has led to a serious reduction of direct marketing sales in recent years.

New regionalism in supermarkets

During the last years Austrian supermarkets have seen a proliferation of regional brands and marketing activities. There has been also considerable political support. Two examples: the federal ministry of agriculture promoted a concept of “Genussregionen” (regions of delicatessen) which should represent typical products of a region and allow identification of a region with a certain product. Each year in autumn “nachhaltige Wochen” (sustainable weeks) are announced in the food stores where regional products are specially promoted with financial support of the ministry.

As already mentioned all supermarkets in Austria currently stock organic products, most have developed their own brands, the best known being “Ja! Natürlich” of the Rewe group. “Ja!Natürlich” (Yes!Naturally) was the first organic brand in a supermarket, established as early as 1994, working mainly with the image of pristine nature of the Hohe Tauern National Park (Schermer, 2005). Their advertisements showed “Pinzgau” cows (a local endangered breed) in front of high mountains. Since then almost all supermarket chains and discounters followed and established their organic brands. Some of them claim regional origin besides organic. A number of regional brands and labels have been established in supermarket chains more recently, most of them owned by the retail companies themselves. Some like the REWE owned Merkur chain claims to provide space for regional farmers to sell their products there (Salzburger Nachrichten, 2007). The idea was that "*at least 5 farmers out of the region should supply the closest Merkur market with 15 to 20 different products*". The idea was announced in the beginning of February 2007, until now, however there is little evidence that the concept has been realised. It appears therefore that such announcements are often only marketing gags which have no long term perspectives.

Trade labels like most of the organic almost all regional labels in Austrian supermarkets and discounters bear the problem of possible substitution if a cheaper source is found. One counterstrategy against this is the creation of producer based brands and labels.

The following two brief case studies are examples of both ways, the first of a regional based brand in a large discounter (Zurück zum Ursprung), the second of a producer based brand in a regional supermarket chain (Bio vom Berg).

Zurück zum Ursprung (back to the origin)

This brand shows some peculiarities: first of all it is a label established by the dominating discounter chain in Austria, which is quite unusual for a brand based on regional origin. Secondly it was developed by the former founder of Austria's best known organic brand (Ja!Natürlich). Therefore he was associated with organic for a long time and as the selection of regions was made deliberately to include a high proportion of organic farms without mentioning this fact. The new brand is allegedly identified as organic by a large number of customers and the organic movement is considering legal action (Die Presse, 2007).

The brand manager himself however claims that due to the conventionalisation of organic the new line of discrimination is not between organic and conventional but between small scale traditional agriculture and industrial farming practises. He criticises the "anonymous, global offer in organic markets" (Der Standard 2007). Therefore the regions selected for this brand are characterised by small scale farms, GMO-free agriculture, silage free feeding of dairy cattle, animal friendly free staling systems, alpine pasturing etc. However, the reality is not entirely living up to the promise: each of the regions presented by the brand features a different speciality of production: while one region is characterised by hay feeding (without silage), another features free stalling, while the promotion suggests that both features are common to all regions. So far the product range is limited to dairy products. While the milk is produces on rather small traditional farms, the processing is done in a big industrial dairy plant.

The promotion of the brand in the material provided by the discounter works with arguments and promises usually made by direct marketing farmers: "*The products taste the way they traditionally should. Therefore dairy products of "Zurück zum Ursprung" come from selected regions of origin and consist of fresh milk only and best ingredients which carry the honest taste, no artificial flavours have to assist. This maintains and supports regional farm structures, living landscapes, valuable, natural living spaces and protects the environment last but not least by the shortest transport routes "* (www.hofer.at/at/html/product_range/sortiment_**ursprung**, own translation).

Furthermore the promotion argues with GMO-free production, animal friendly husbandry and fairness to consumers and producers ("consumers deserve honest food which keep their promise. For that farmers have to work harder and deserve better pay. This is fair trade, exactly as it should be"). Besides written material and a very emotional TV promotion ("*products with the taste of home*") the brand operates a quite elaborated internet appearance. The homepage of the brand (www.zurueckzumursprung.at) is divided into two major parts:

- the "experience world" and
- the "information world"

The "experience world" provides a number of interactive features on this site with many short video clips where farmers explain certain farming practices like daily milking chores and features:

- The pasture with information on the local breed, on the herbs and extensive meadows.
- The high alp with explanations on the importance of managing alpine pastures for animal health, product quality and safeguarding against natural disasters like avalanches.
- The farmyard shows the stable and the way animals are kept and fed.

- The milk chamber highlights the hygienic conditions of milking while
- The milk transport features the short distances from farm to the dairy and ends with the high tech processing in the dairy

In essence the parts dealing with animals focus on the natural conditions while dairying and milk transformation is described in technical terms.

The “information world” promises traceability of each product back to the producing farm by entering a product code. It also contains information about the principles of the brand:

- Regional origin,
- GMO-free
- Animal welfare
- Food quality
- Transparency of production
- Fairness to the consumer
- Fairness to the farmer

Bio vom Berg (Organics from mountain)

This brand was created in 2002 by organic farmers in the province of Tyrol, one of the nine federal provinces of Austria. About 40 organic farmers and small cooperatives for food processing, mainly dairies founded an umbrella cooperative called Bioalpin. This umbrella cooperative operates a producer brand under the label of “Bio vom Berg” (organic from the mountains). It organises the logistics to bring farmers and processors organic products to the retailers and promotes the products jointly with their retail partners. The turnover increased from € 700 000.- in 2003 to 3.5 mio. € in 2007 (Björn Rasmus, CEO of Bioalpin, personal communication).

In the inception phase there were attempts to limit the dairy products to silage free (“haymilk”) production but this was not successful. Processing of the milk is done on farm or mostly in small cooperative dairies. Only fresh milk is pasteurised and packed on contract base by the big regional dairy company. In contrast to “Zurück zum Ursprung” the brand is not limited to dairy products, but aims to provide a full range of organic products. Currently besides a broad range of dairy products, mainly cheeses, Bio vom Berg supplies vegetables, fruit, grains, eggs, meat and meat products. The name was consciously chosen not to imply any regional restriction as this allows also selling organic products from adjacent regions. So far this has been only used in the case of organic apples from a producer cooperative in South Tyrol / Italy.

The fact that this is a producer label of the regional organic farmers community is communicated extensively with all partners. The president of the cooperative acts as a testimonial that the products are coming straight from the farmers his picture is present in most of the promotion material. The band is promoted together with partners in the retail sector.

Bioalpin cooperates mainly with two partners in the regional food industry and trade. One is the biggest bakery of the region, the other a regional dominant supermarket chain,

With the bakery old local grain varieties are propagated and the bread is sold under the brand “Bio vom Berg”. Farmers cultivating grain for the bread project demarcate the edges of their fields with signposts giving their names and indicating the project and brand. They receive a premium price for their grain. Even as the acreage increases every year and the bread is rather expensive, so far it has been in constantly short supply.

The supermarket chain is family owned and operates under the name of “M-Preis”, after the initials of the owner family, Mölk. M-Preis operates around 130 supermarkets in the province which makes them the most important regional food retailer.

The company tries to profile themselves against their competitors by featuring regional products. Their homepage (http://www.mpreis.at/produktvielfalt/aus-tirol/index.htm) compares the number of regional products with those of the competitors. At the time when Bioalpin was founded M-Preis was considering to start their own organic brand, but they stopped this plan in favour of cooperating with the new regional umbrella cooperative. They were very instrumental in the development of the brand, especially in giving support to professionalize the farmer's initiative to be listed.

Today Bioalpin and M-Preis promote regional organic products with similar arguments as "Zurück zum Ursprung": support for small structures farms and processors, reduction of food miles, sustainable commerce in Tyrol, high quality and tasty products. M-Preis claims to be the biggest supplier of regional organic products in Tyrol. The purchase of "Bio vom Berg" products is argued by safeguarding the Tyrolean mountain farming system and an active contribution against unnecessary food miles (which is an important argument in Tyrol, a country ridden by a long history of transit traffic problems). The cooperation with Bioalpin is argued less on the basis of a "just price" than on the grounds of a reliable partnership which guarantees the consumer all year round high quality and fresh organic products.

Comparison and consequences

Both brands operate with images and arguments brought also forward by direct marketing farmers. This raises the question whether the new regionalism in supermarkets can fulfil the expectations set into direct marketing by various stakeholders. The possibilities for farmers to engage into direct marketing were always limited due to market conditions, labour constraints and regulatory requirements. Therefore one could suppose that new arrangements between farmers and retailers would have a bigger scope. This section tries to evaluate this assumption in the light of the two examples described above.

Both brands match with the expectations set into closer relationship between consumer and producer in varying degrees. If we look at the set of expectations listed in the beginning of this paper we get the following picture:

- On a policy level the scope for rural development seems to be higher with "Bio vom Berg": the active involvement not only of small scale producers but also of artisan small traditional processing structures has more potential for rural employment and local product innovation. Moreover so far "Zurück zum Ursprung" focuses on dairy production only, while "Bio vom Berg" tries to promote also the production of vegetables, eggs, meat and grains. Dairy products are arguably easier to be regionally produced and processed than other product groups (Spitzmüller, 2007). Both examples aim to support small scale farming and help to keep up a positive image of farming. "Zurück zum Ursprung" might have the potential to act as a model for a "fair trade" seal for small scale farm products by multiple retailers. There is a policy group working on this concept and the brand manager of "Zurück zum Ursprung" is part of an advisory group to this initiative. The so called "Fairea" concept is organised under the lead of the Ökosoziale Forum (eco-social forum), a think tank initiated by the former federal agricultural minister Riegler aimed to push his ideas of eco-social economy, now headed by the former EU-commissioner Fischler (Hagmüller, personal communication).
- On the farmers level both add value to production, "Zurück zum Ursprung" by paying a premium slightly higher even than what is paid for organic milk. However, as there are at least some on-farm processors integrated into the cooperative, the aspect of added value through on-farm processing is realised more in the case of "Bio vom Berg". Also the high identification of the producers with the brand in the case of "Bio vom Berg" fulfils better the motivational expectations of the farmers. On first sight it seems also that "Bio vom Berg" allows more independence for the farmers as it is a farmer led brand engaged in a partnership with retailers only. However there is a second side to the coin as the strong support of M-Preis resulted also in an identification of the brand as the organic brand of this particular retailer, which limits the possibilities to cooperate with other retailers.
- For consumers both brands fulfil the expectations of finding fresh products. "Bio vom Berg" has the added value of offering a broader range of regional organic products. The fact that all products come from the home region adds to consumer trust. However the electronic possibilities of traceability and the level of information provided on the homepage is higher in the case of "Zurück zum Ursprung". It can be argued that the number of critical costumers who visit the farm to "control" the production conditions is not higher than of those using an internet form of traceability. Finally the expectation to find products tasting superior to the usual

products offered in supermarkets might be easier fulfilled in the case of “Bio vom Berg” as the small scale processing structure might allow a more specific production.

“Zurück zum Ursprung” mainly corresponds to expectations raised by policy makers and consumers, while “Bio vom Berg” is closer to farmers expectations. Here not only the economic expectations have to be taken into consideration, but especially the level of identification with the brand. This identification is high in the case of “Bio vom Berg” which is perceived by farmers as being their own brand. In the case of “Zurück zum Ursprung” it is just an other way of marketing their product, the farmers delver the milk to the same dairy as they always have done, they use the same methods for milk production, they just receive an additional premium.

The two examples show different set of arrangements: “Zurück zum Ursprung” is completely retailer led, the brand manager selects the regions and farmers, develops the rules for participation and offers premiums for a certain way of traditional production. He also organises the quality control. Consequently the rhetoric speaks of fairness to consumers and farmers. “Bio vom Berg” on the other hand as a farmer led initiative speaks of “reliable partnership” between farmers and retailers for the benefit of the consumer.

There are also two different concepts of regionalism applied: while “Zurück zum Ursprung” selects certain regions showing a special notion of natural image and markets their products nationwide, “Bio vom Berg” primarily sells regional products within their region of origin. Their boundaries are largely fixed by the origin of their members.

This has a number of implications:

- The two brands operate with different forms of traceability: “Zurück zum Ursprung” offers a lot of information and (virtual) experience of production by short video trailers on the homepage. By entering a product code the customer can find out who has produced the product. “Bio vom Berg” operates in a more traditional way with local closeness and the (theoretical) possibility to visit the farms like traditional direct marketers do.
- The concept of Bioalpin needs regional partners with a high attachment to the region. That is why their partners are family based, locally grounded enterprises with a high regional identification.
- The degree of mutual dependence is different. “Zurück zum Ursprung can switch the regions if necessary” the partners of “Bio vom Berg” are not easily exchangeable. The chance to develop a collective market approach between farmers and retailers is higher.

Although both brands operate with images close to those of direct marketing, “Bio vom Berg” delivers the promise closer to the aspirations of direct marketing than “zurück zum Ursprung”. Therefore the cooperation between regional based, family owned multiple retailers and processors and farmers initiatives seems to have a promising potential to counteract the fact that primary producers are more and more marginalised in the supply chain. Further research, especially comparative case study approaches across different countries are necessary to confirm these initial findings.

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