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The Role of Marketing in Local Food Networks

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ABSTRACT

Local food producers are often advised to collaborate with other local food producers to jointly participate in marketing and sales activities. Local food producers are often small and must operate many different activities to run their company, so the idea to collaborate may help them to become more efficient. We explore the role of marketing in local food networks through an analysis of marketing strategies and marketing mix in six local food networks in central Norway. When producers participate in food networks, they disconnect from direct relationships with their consumers. The value of this relationship must be considered in addition to costs related to sales and distribution in the network. The networks rely on regional products and regional branding as the main marketing strategy and promote local and localized products.

Keywords. Food network, marketing strategy, marketing mix, quality, distribution

1 Introduction

In Norway, policies have encouraged farmers to establish value-added activities such as food processing, which have resulted in a variety of artisan production and product innovations based on local traditions (White Paper no. 19, 1999-2000). Traditional farming is product-oriented such that co-operatives or other companies usually handle sales, marketing and distribution. Inexperienced producers often face challenges when selling their value-added product because of high competition in the ordinary food market. To cope with this situation, local food producers are forced to look for alternatives in marketing their products, and they often connect directly with consumers. Selling directly to customers has subsequently led to the development of different kinds of marketing, sales and distribution arrangements to reach consumers. By concentrating on local markets and keeping a low profile in marketing, however, some local food producers have managed to develop and compete at a pace that fits their capacities and abilities (Grande, 2010). Magnus and Kvam (2008) found that many food producers prefer to distribute their goods themselves. However, the distribution is often fragmented and inefficient; for instance, when using their own cars or trucks, half the vehicle capacity may remain unutilized (Bosona and Gebresenbet, 2011). There appears to be a lack of good intermediaries such as transporters and wholesalers who can provide services to producers of alternative food products (Ilbery and Maye, 2005).

The Norwegian food supply chain and food market have some distinctive features. The food supply chain is highly streamlined—now, they have three grocery chains covering 93,3 percent of the grocery market (Dagligvarehandelen, 2016), and these chains have integrated backward by establishing their own wholesalers (Pettersen, 2013). The Norwegian grocery market have few suppliers, wholesalers and grocery chains in addition to relatively high prices and low product variety compared to other countries (Gabrielsen, 2010). Their efficient distribution system supplies a continuous delivery of a minimum amount of volume to serve the whole country or a defined region. Small volumes of other products

typically have had trouble getting access to this wide of distribution. When food producers succeeded in reaching consumers after several years, the grocery stores became interested in selling these products. Lack of experience and complexity of the food market make it difficult for food producers to succeed in these markets (Grande et al., 2013). Several studies have also suggested that distribution is a key challenge for local food producers when ensuring market access and competitiveness (Henchion and McIntyre, 2005; Magnus and Kvam, 2008; Grande, 2011; Kvam and Magnus, 2012; Haugum et al., 2013).

As the number of local food producers and volumes grow, networking activities can have beneficial effects on small-firm performance (Aldrich, 1999; Blundel, 2002). Several studies have suggested that network activities in local food systems have many advantages (Bosona, 2010; George et al., 2001; Grande, 2011) and that producers can achieve significant benefits by coordinating distribution with others (Bosona and Gebresenbet, 2011).

Studies have shown that the growth of local or alternative food systems or networks may have several different driving forces (Sonnino and Marsden, 2006). Various alternative food networks are often built around different and competing definitions of quality that reflect differences in farming systems, cultural traditions, organizational structures, consumer perceptions and institutional and policy support (Renting et al., 2003). For example, alternative food networks in southern Europe are mostly built on activities to enhance regional quality production and direct selling with long-lasting traditions (Marsden, 2004). A different approach is found in northern Europe where alternative food networks are often based on more commercial quality definitions that stress environmental sustainability or animal welfare and innovative forms of marketing (Sonnino and Marsden, 2006). Yet, alternative food systems in the U.S. are rooted in environmental and social sustainability (Cleveland et al., 2014). The network concept seems unclear and problematic when studying alternative food networks. As Treager (2011) points out, a definition based on what an alternative food network is not, rather than what it is, leaves room for a great variety of alternative networks. To address this issue a further clarification of the characteristics of food networks is necessary.

Food producers have a choice to conduct marketing, sales and distribution themselves or to collaborate with other producers to solve their common marketing challenges. In Norway, the idea of networking to solve common challenges has been stimulated by governmental grants to develop joint marketing efforts for food producers. However, the role of marketing in food producer networks seems to be sparsely investigated. In Norway, food marketing falls into either mass marketing—which is used by the three large grocery chains—or marketing in the context of direct contact between producers and customers. This article aims to contribute to the literature of food networks by focusing on how networks can strengthen producers' marketing strategies. We explore the marketing strategies of the food networks and how their marketing strategies are operationalized.

2 Food producers and marketing

Local food producers are often small firms rooted in agricultural production based on the ideas and working capacity of the farm family. These businesses handle all the necessary operations themselves, including sales and marketing of small volumes directly to consumers. This requires quite different competencies and may restrict the capacity of the firm. Research shows that they may obtain advantages by networking, for example, to remain current in terms of product development, new technology, consumer trends and market development (George et al., 2001). Networking activities in local food systems can improve transport, expand market area, strengthen partnership vertically and encourage the exchange of knowledge and experience (Bosona, 2010). Grande (2011) found that small-farm companies used networks to discuss ideas, share information about product development and marketing and to reduce costs and obtain access to more customers. This study also showed that spin-off companies from agriculture tend to stay with their former networks and that their challenges on marketing and sales may not be well taken care of in existing networks. Several advantages of network development are thus found, but challenges are, according to Treager (2011), less investigated.

New relationships between producers and consumers are at the core of alternative food networks (Sonnino and Marsden, 2006). When entering a network, this direct contact between producers and consumers disappears—or at least changes—and new organizational and physical structures are important to continue promoting alternative values (Fisher et al., 2015). Food networks are not isolated, but they operate within conventional systems and market logics (Bos and Owen, 2016). Sonnino and Marsden (2006) demand a more nuanced and complex understanding of the relationship between conventional and alternative chains.

For example, Treager (2011) found four different ways of using the concept 'alternative'. One approach emphasizes the nature of the channel, for example, a short chain. A second approach is the governance and financial structure underpinning the network. A third is represented by the characteristics of the products, for example, natural or cultural features that are related to a local area. Finally, some networks are alterative because of the goals and motivations of the actors involved (Treager, 2011). We suggests that these different approaches can guide a more nuanced description of the features of a network.

The COFAMI project (Encouraging Collective Farmers Marketing Initiatives) looked at experiences and policies related to collective farmers' marketing initiatives in 10 European countries (Knickel et al., 2008; Schermer et al., 2011). Collective marketing initiatives can be understood as active responses to changes in markets, policies and wider social contexts (Schermer et al., 2011). These new initiatives, as found in the COFAMI project, attempt to counteract the loss of producers' control over the food supply chain by creating alliances and co-operation with other categories of societal and market actors. Within the COFAMI project, Knickel et al. (2008) and Schermer et al. (2011) found that the farmers' collective marketing initiatives involved several different strategies.

The first strategy included initiatives aimed at pooling volumes following the model of traditional co-operatives; in addition, they included new innovative producer organizations following traditional co-operative models. Their collective marketing strategy was based on gaining volume in order to lower costs, influence price levels and strengthen their position in the supply chain. In Schermer et al. (2011), however, the pooling volume strategy is abandoned because classic co-operative marketing has lost much of its innovative capacity, and much of the dynamism in collective marketing approaches correspond to new co-operative strategies. While the pooling strategy is included in our study, we keep in mind the weaknesses pointed out by Schermer et al. (2011). The five other collective marketing strategies represent new dynamics in collective farmers' marketing. The second strategy is high-quality food products, which is based on distinctive quality attributes. This is a strategy used to differentiate food products from other offers in the market and to reach specific market segments willing to pay a premium price (Schermer et al., 2011). The third strategy, regional products, aims at strengthening the relationship between the product and the territory as a part of their own quality specification (Knickel et al., 2008). The fourth strategy is a quality differentiation strategy that focuses on strengthening the direct consumer-producer relationship. The main idea of this strategy is to shorten the supply chain, avoid intermediaries and enable direct communication between producers and consumers (Schermer et al., 2011). The fifth strategy is to develop markets for non-food products (e.g., agro-environmental services) and to produce these products where there is not currently a proper supply chain (Knickel et al., 2008). The sixth and final strategy they found is to establish regional brands; this normally involves a common label that represents a wide range of products from the region (Knickel et al., 2008).

Knickel et al. (2008) express a need for new organizational forms of collective marketing to optimize outcome of the different strategies, particularly on the producers' end of the chain. In addition to this, Schermer et al. (2011) stress that it is important to obtain a better understanding of the operation of collective marketing initiatives and the factors constraining or enabling them.

We see that quality in different wrappings is central in most of these strategies to differentiate the product from the mainstream supply chain, ranging from high-quality products, regional products, direct producer-consumer relationships and the branding of the region to underpin the regional product. The general term of quality or value (Renting et al., 2003) includes the intrinsic quality (e.g., nutrition and taste) of the commodity offered and the construction and negotiation of quality for the whole product (Sonnino and Marsden, 2006). The concept of quality is often used as a multidimensional approach; it may simultaneously relate to an identifiable place, traceability, aesthetic attributes and nutrition (Sonnino and Marsden, 2006). In total, quality is a very general idea that differentiate the local food products from the mainstream industrial food systems (Harvey et al., 2004).

The high-quality strategy is based on the intrinsic quality of the commodity. The regional product strategy uses territory as an external quality attribute. The global food system is restricted by nature and culture, which allows territorial adjustment and forms of the food chain (Morgan et al., 2006). The strategy to establish a regional brand is an attempt to differentiate the product from the mainstream assortment and to strengthen the regional product by branding. The communication of these qualities must be accounted for when promoting the products. Direct contact between producers and consumers allows them to construct and negotiate different quality attributes related to the product, production methods, territory and other attributes that are aimed at creating value for the consumer.

Kotler and Armstrong (2008) provide general descriptions of the marketing mix including product, place, price and promotion. This marketing mix consists of tools that are suitable to implement the marketing strategy and may also serve as an approach to study marketing in networks. The product is related to a

need-satisfying offer for the consumer. The consumers buy food almost daily and are offered a wide variety of products. For example, different varieties of food are suitable to feed people and thereby to satisfy the consumers.

Quality, as one or more traits of a product, is one of the means for competition that is to be blended in the marketing mix (Grönroos, 1989).The role of the product is related to the quality of the commodity supplemented by other quality attributes according to different marketing strategies, as proposed by Knickel et al. (2011). Place relates to how the product or offer will be made available for the consumer. How to reach consumers is often a main challenge and is especially related to distribution. One initiative to reduce this challenge is to engage in collaborative arrangements, such as networks.

Price is how much the producer will charge for the product. The final price to the producer depends on the costs related to using external services to sell or distribute the product. The revenues created at the consumers' stage must be shared between the producer and the network. The activities conducted in the food network represent extra costs that induce a higher price to be paid by the consumers.

Finally, promotion is about communication with customers regarding the offer; thus, promotion is crucial in order to explain the quality attributes of the product. Several collaborative arrangements created by the producers create an intermediate unit that will take over contact with the consumer. This loss of direct contact with the consumer must be compensated for as part of the promotion. The intermediary unit is a customer, but the real consumer is one stage further away from the producer. One interesting element is who the promoting activities are directed at, that is, the intermediate or the consumer. Producers have one option to push the products to the network, so the network can sell the products to consumers. Another option is to focus on the consumer market (i.e., construct quality), so the consumers will demand the products from the network. In this case, the consumers demand the actual products because of the need-satisfying features of the product. According to Kotler and Armstrong (2008), the product needs to be a need-satisfying offer for the consumer. An earlier version of a description of marketing mixtures by Kotler (1984) has been criticized for being isolated from the relationship to the customer (Grönroos, 1994; Gummesson, 1987). In Kotler and Armstrong (2008), the consumers have a more clear role, as the product is described as being need-satisfying for the consumers. The relationship has a crucial role in the direct producer-consumer strategy as an arena for the producers to better understand the consumers' needs.

The relationships between producers and consumers are at the core of alternative food networks (Soninno and Marsden, 2006). How the networks succeed in taking care of this relationship and improving local food producers' access to market is likely to depend on several factors. The above discussion suggests that food networks are likely to be influenced by their origin, that is, by the motivations of their members, their initial funding and governance, the products and qualities they promote and finally the channel (Treager, 2011). Next, we see that food networks may take on a variety of market strategies in their effort to connect to the consumers and the market (Knickel et al, 2008). The marketing mix of product, price, place and promotion further explain the different mechanisms that these networks may embody (Kotler and Armstrong, 2008). In the following, we investigate six local food networks to explore their main characteristics and market strategies in order to increase our understanding of the mechanisms and processes that influence their creation and success.

3 Methodology

Central Norway has a large amount of farmers that conduct value-added activities such as producing different kinds of food as a spin-off from their farming activities. Different attempts to collaborate have followed, and while some have succeeded, others have struggled. The Logi-Mat-project was established to develop and demonstrate knowledge, methodologies and solutions and to build a competence network of logistics for food (Haugum et al., 2013). The food network is one of the topics in this larger project.

We used a qualitative case study approach to explore the market strategies for the food networks along with the decision-processes related to these strategies. Data were gathered from 2012-2014 through farm visits, interviews, documents and web sites. A semi-structured guide was used for the interviews. The interviews were recorded, and notes were written down during the interview. After each interview, a summary was written.

The study included six food networks, which accounted for their respective cases. The six networks have different histories, and Table 1 gives an overview of the networks. We selected five of the cases from within the region that emphasized food promotion. The sixth case came from outside the region but was included since the other networks have used this network as a model for their own development. The case unit was a food network, and we interviewed their representatives, most often farmers (members)

but also hired people or employees. Actors throughout the value chains with relations to the local food network were also interviewed, that is, local food firms, food distributors, hotels, restaurants and grocery shops. This method enables us to explore the challenges that face food producers and network representatives and obtain in-depth insight into their assessments and decisions. The producers are the market's decision makers; they make crucial decisions regarding how products are marketed as well as whether local food networks act as an intermediary between producers and consumers.

Characteristics of the networks

Each of the six networks seem at first glance to stand out as unique, but they all exhibit different characteristics, and we find both differences and similarities between them. Table 1 labels the networks A to F along with some facts and the function and status of the network.

Table 1.
Characteristics of investigated local food network

Case	Esta-blished	Type of business	Number of producers	Function	Status
A	1999	cooperative	30	Intermediate company	Well established, sales and distribution
B	2006	cooperative	12	Processing company	Searching to find the right concept
C	2013	plan cooperative	0	Distribution to grocery	About to start, recruiting members
D	2008	project	25	Web sale	Web sale to grocery stores, restaurants, catering etc.
E	2007	corporation	10	Own channel	Local products for local grocery stores and restaurants
F	2006	cooperative	28	Intermediate company	Well established, sales and distribution

The networks in Table 1 vary in age, organizational model, number of producers in the network and how they function. The status gives a short description of each of the networks.

The networks in Cases A and F are intermediate companies with the most stable sales and distribution function. Both have physical hubs where the producers have to transport their products. Employees at the hub sell products, and they pack and ship to customers, mainly, grocery stores and restaurants. Network A has employees that take care of sales and distribution activities. Network F hires persons to conduct almost the same functions. Both networks contact customers weekly and sell products on behalf of the producers. The majority of the customers are located in the same region as the producers and, to some degree, in nearby regions. In both cases, TINE, the Norwegian dairy cooperative who frequently serves all the grocery shops, handles the outbound transport. For the network to reach other customers especially outside the region there is a need for other transportation.

The network in Case B is established to supply a planned commercial kitchen at a former military base that is now trying to establish a health institution. The idea is twofold: one aspect is to serve the health institution with a minimum amount of transportation, and the other is that the commercial kitchen can process food to be sold in grocery stores. The network has waited a long time for the kitchen to be established, and when we interviewed them, the kitchen was running at a small scale. While waiting for the kitchen to begin operation, little was done in developing the network. Instead, the board of the network waited for the kitchen to define the premises.

Case C plans the activity similar to the models of A and F. A group of producers are about to establish the network as a cooperative. The network also seeks new producers to join the network, since they are in a recruitment period. They face challenges to find a place to store the products before delivering them to the grocery stores. Case C plans to distribute the products themselves, and in this way, they should provide better services at the grocery stores. To do this job properly, they plan to concentrate on some selected grocery shops nearby.

Case D is a web portal where grocery stores, restaurants and catering businesses can order products from 25 producers. The producers must accomplish the required distribution. The web portal is designed for

and functions within one region, but their ambition is to operate at a national scale. Unlike Cases A and F, where the employees in the network contact the customers, no one contacts the customers from the web portal. The web portal is a silent offer, which the customers have to find on their own to buy the products.

Finally, Case E represents producers who want to collaborate to distribute their products together. They have, to some degree, the same customers and found that it would be wise to load one car instead of loading each car separately. Both producers and customers are spread throughout the region, and the distances make efficient distribution difficult.

4 Results

The networks studied differ in the way they are organized and their ambitions. As Treager (2011) pinpoints, the concept of an alternative food network tends to be used for quite different collaborative arrangements. In this section, we present the result of the analysis of the food network and focus on features such as governance and financing, products, channels and goals and motivation (Treager, 2011) as well as marketing strategies (Knickel et al., 2008) and the blend of marketing mix (Kotler and Amstrong, 2008).

Access to financial capital through governmental funding programs seems to be a common factor for the start-up and development of several networks. Government advisors promote food networks and offer funding to develop the networks, and many food producers are thus encouraged to collaborate to solve apparently common functions. The funding for developing food networks is especially directed towards horizontal networks among producers, challenging them to solve sales and distribution problems together. This is solved by establishing co-operatives of food producers in cases A, B, C and F, where the producers have positions on the board.

In varying degrees, all cases have received grants for at least three years to develop their network. Few have however been able to establish a sustainable network after three years. Case A received grants for supplementary projects, stating that it takes time to find the right way to organize this activity. Networks C and E have received project funding and plan to engage a project leader to build up and run a system for sales and distribution during the project period. Both use the two mature networks (A and F) as models. They are very eager to start selling, and their strategy is to develop the system through trial and error. Network E has made such attempts earlier in former projects, yet they have not found a proper model. Network B is about to finish a project period without having found a good system for common sales and distribution. Case D had ambition to expand both geographically and to other groups of customers but struggles to find a proper business model.

There is a wide range of products and qualities that the food producers expect the network to sell. Products can be categorized in different ways. One approach is to focus on the relation to farming. One group consists of products processed by farmers; these products are processed mostly at the farm and are based on raw materials from their ordinary farm production. Cheese and different kinds of meat are good examples of value-added activities at the farm level. A second group consists of unprocessed products from farm production, which the farmer wants to sell outside the mainstream supply chain; vegetables and berries are examples. Another group of products is based on production and processing of new raw materials at the farm. Products based on new raw materials may not have any existing market access. One option is to process this raw material to make it more attractive in the market. Some of these products represent new products in the market. We also find a fourth group of products, where the raw materials come from outside the farm. Such producers can be decoupled from farming (e.g., small bakeries). A fifth quite marginal group harvests raw materials with different degrees of processing; mussels and wild berries are examples of these. Most of the producers in Case B want to produce raw materials and deliver them to the commercial kitchen as a value-adding activity. The other cases provide a mixture of different groups of products.

The nature of the channel is similar for networks A, C and F, since the networks handle sales and distribution on behalf of the producers. Network C distributes themselves and networks A and F use others to distribute their products. Network B has the kitchen as a common customer, and the producers deliver directly to the kitchen. Network D, the web-portal, is a channel for ordering products; in this case, the producers must arrange distribution.

The farmers' goals and motivations to take part in the network greatly vary, even if all share a common incentive to improve or increase their sales and distribution. The members of the networks are very different with respect to both products and strategies. Some of them like to produce when it suits themselves, or they have limits due to seasonal products or other capacity obstacles. Other producers

have the capacity to produce but need to find the right market that is willing to pay. Still others want the network to conduct all sales functions including following-up with the shops. As one farmer in Case B put it, *"I just want to produce the turkeys and so the network can take care of the rest."* We found that not all members in the network and invited producers were eager to take part in the network. Many of them were satisfied with their current distribution, even when they knew that it was costly to travel to the customers with small volumes. They appreciated meeting the customers, especially the chefs at the restaurants. On the other hand, producers who participated in well-functioning networks were more aware of the advantage of the network; even then, some of them conducted their own sales and distribution in addition to using the network.

In Case A, we found that the producers had to fulfill some requirements to be a member of the network, while networks C and E with fewer members wanted to recruit more members. Employees in the network in Case A said that they worked a lot to strengthen the contact between the network and the producers. Those who worked in the network felt that the producers did not rely fully on them, and so they worked consciously to establish good routines. The network also said that they were not good enough at conveying stories from the producers to the customers.

4.1 Marketing strategies

The marketing strategies in the networks are presented according to the six different strategies identified by Knickel et al (2008): pooling volume, high-quality food products, regional food products, non-food markets, direct producer-consumer contact and regional brand. Table 2 gives an overview of the strategies found in the cases.

Table 2.
Marketing strategies in the networks

	Case A	Case B	Case C	Case D	Case E	Case F
Pooling volume	Volume of different products		Volume of different products			Volume of different products
High-quality	Non examples of network					
Regional food	Own quality requirement Geographical limitation	Regional based	Regional based	Partly regional based	Regional based	Regional based, fluid borders
Non-food markets	Non, all cases focus on food					
Direct consumer producer relationship		Can be maintained		Possible to have contact		
Regional brand	Name of the network is the name of the region. Building regional brand	Name of the network is historical related to the region	Name of the network is the name of the region	Branding the nation	Name of the network is the name of the region	Name of the network is the name of the region

The pooling strategy is explicit in Cases A, C and F. Cases A and F are the two intermediary companies that rely on a certain amount of volume to be able to defend the costs of an intermediate company. Case C is in an establishment period and has to focus on recruiting new producers to have enough volume and variety of products to be interesting enough to take interest from the grocery shops. Pooling volume in these networks means a variety of different kinds of products and not a pooling of the same kind of products. Employees in network A reflected on their network as a model for others and stated:

"... there have to be a certain amount of producers with a certain amount of volume … a sustainable sales system, because it have to be, have to employ at least two persons to run an office and serve …"

The high-quality strategy and non-food markets seem not present in any of these cases. We did however find high-quality products, but none of the networks solely built on a high-quality product marketing strategy. The variety of products in the networks makes it difficult for the network to have a high-quality strategy. In addition, the different products may build on several differentiation strategies that aim at

high-quality products, such as territorial raw materials, artisan production or product innovation. We did not find any signs of non-food strategies; this may be due to our case selection (i.e., food networks).

The networks are all currently regionally based. The regional food strategy is connected to the territory and is based on products that, to a large degree, are grown or harvested in the region and are partly combined with local food culture. These networks are joint efforts from the producers in one area to differentiate the products from the region or place from other products.

Direct contact between producers and customers can be maintained as a part of the network in Cases B and D. In Case B, there is direct contact between the producers and the kitchen (i.e., the customer). In Case D, direct contact relates to the fact that the web portal does not solve the distribution challenge for the producers. Some producers may be able to distribute the products themselves and have the possibility to have direct contact with the customers.

All six networks are located in a geographically defined area, and all of them have a name related to the place, including one indirectly through a legend and another to the nation. The geographical areas of the networks differ in size. On one hand, the idea is to build a network for all small food producers to gain volume for efficient sales and distribution; on the other hand, the network sets criteria to be a member of the network to secure quality and further reputation. The potential to gain volume will also be restricted by the size of the place branded in the name of the network.

4.2 The marketing mix

We investigate the marketing mix (Kotler and Armstrong, 2008) as an operationalization of multiple strategies in food networks. Table 3 summarizes the main findings of the marketing mix, including product, place, price and promotion for all the cases studied.

Table 3.
Elements of marketing mix in the cases

Case	Product	Place	Price	Promotion
A	Quality related to local production	Sales and distribution hub with one of the producers	Producers invoices network, who forward to customers. Charge commision fee from producer 20 %	Place branding, artisan
B	Quality related to local production, traditions	Local processor/ kicthen	Network is organized to serve the kitchen. Individual pricing	Place and historical branding
C	Quality related to local products	Distribution to local grocery stores including store presentation	Plan commision	Place branding
D	Quality related to local production, artisan	Web sales	Free for producers and customers	Local products
E	Quality related to local production, artisan	Ambition is local sales and distribution	No system yet	Place branding
F	Quality related to local production, artisan	Sales and distribution hub at hired localization	Network buy the products from the producer and charge provision 15 %.	Place branding

The products in the networks vary along different dimensions, e.g., type of product (e.g., meat, cheese, herbs), seasonal variations, volumes variations, different degrees of industrial and handcraft processing and different degrees of exclusiveness. Relations to the place becomes one of the common traits of the products, and all of them relate quality to local production. Underlying local production can be local cuisines, traditional handcrafts, local raw materials, local growing conditions and other elements that are used to construct the quality of the product. Case C is about to start and describes the products as having

"… unique taste based on high quality, good and unique taste and carrying a history as an extra ingredient."

The market or the place where the products are sold varies among the networks. Networks A and F sell mainly to grocery stores and restaurants in the region and neighbor regions and to a few other grocery stores and restaurants other places in Norway. These two networks have many producers and many customers, and there is little focus on who the customers are. To some degree, these are the same customers that they sell directly to. The network on behalf of the producers follows up with the existing

customers on behalf of the producers. Network B has one customer: the kitchen. The network in Case C defined local grocery stores to be the main customers and made this as a premise for the producers to participate. The network in Case D, the web-portal, is a common place for potential customers to order products. In the beginning, the portal is directed at customers in one defined area where the portal is promoted. Case E has many customers in their local area, but at a more detailed level they found that they had different customers spread around in the same area. In the food network, they did not discuss product promotion to the same customers. At this point, the intention of the network was to collect products from a range of producers and spread them out to each of their existing customers.

The price policy seems not very clear in the networks. In Case F, the network buys the products from the producers, and the network further charges the customers for their provision. Case A has commission sales, and Case C plans to have commission sales, where the network charges a percentage of the price on the invoice. Case E has not figured out how to charge payment for the services. The web site network (D) plans to develop invoice and distribution solutions, but they have vague ideas for how to finance the portal. Each of the producers in Case B must solve pricing.

The promotion activity in the networks are built around the regional brand and the use of the associated label. In Case B, the network functions as an interest organization that promotes the products to the kitchen. For Case D, the website does not promote the region in which they operate because they want to become a national company. Instead, they promote local products. The producers in Cases A and C must pay a fee to the network to be able to take part in the network and be able to use the regional brand.

5 Discussion

5.1 Characteristics of network

Murdoch (2000) explains that the meaning of the term 'networks' differs according to its context of use, and Treager (2011) pinpoints the insufficient and unclear use of the concept 'alternative food network'. To be able to contribute to current knowledge, it is therefore necessary to better describe the concept of a network. Alternative food networks (AFN) is a commonly used term, but the *alternative* can refer to a channel, the underlying governance or financing arrangement, the characteristics of the products or the actors goals and motivation (Treager, 2011). We see that all these factors influence the networks in this study, and the networks can be described in different ways depending on the perspective used. Food networks are therefore *alternative* as viewed from multiple perspectives.

The producers' choice to use the network depends on the advantages that the producers gain from joining the network. The producers' goals and motivations to take part in a network are different, and many producers are hesitant to join the network. Governmental programs to develop networks are often presented and promoted as a solution to solve sales and distribution challenges, and these programs are mainly directed towards producers. The financing mechanism may tempt producers to take part without considering how this will affect their current strategy. It is common to use the co-operative organization model, since farmers are familiar with the strategy. However, traditional cooperatives usually handle the same products, while the products are very diverse in these new cooperatives. By choosing the cooperative model, the board will consist of farmers, which will lead to few new impulses. Board members with another background could contribute with other competencies. This corresponds to Grande (2011), who found that companies from agriculture tend to stay with their former networks; in that study, farmers' challenges in marketing and sales were not sufficiently solved using existing networks. In addition, all producers have their own company to run beside the network, and most of them are already short on time. This will restrict their abilities to develop the network. Schermer et al. (2011) argues that the classical forms of cooperatives have lost much of their innovative capacity, and much of the dynamism in collective marketing correspond to new co-operative strategies. This may indicate that networks following the co-operative tradition restricts the possibilities to develop the network.

Each producer's goals and motivations to join the network may be very different. One of the motivations, especially for farmers, to start food production is to earn more money by shortening the supply chain. The network needs income to cover wages for the people who perform common functions on behalf of their members. This price may be difficult to set because of the variety of products and volumes that exist in the network and it may be hard to accept for the producers because they are not familiar with the real costs of such functions especially the costs of their own time. This is in line with LeRoux et al. (2009), who conclude that failure to account for owner/family unpaid labor contributions can result in channel selections that reduce overall firm performance. When the network received funding for development, there was a tendency to keep the commission fee artificially low. We did not find a common business model, but the models in use have commission fees that range from 15 to 20%. Both the model and the

size of the fee were subject to discussion by the members. In addition, food producers like to have contact with customers as well as flexibility and control over the distribution, which they can gain in direct producer-consumer relationships (Knickel et al., 2008). We found that producers sell directly to consumers while also selling through the network. This reduces the potential volume for the network and the network will be left with the more complicated distribution. Less volume and expensive distribution increases the costs for the network as well as the commission fee.

5.2 Marketing strategies

All networks have a regional food product strategy where quality differentiation is expressed by linking the food product with the territory combined and reinforced with a regional branding strategy. This supports Knickel et al.'s (2008) marketing strategies and the combination of them. The members must fulfill requirements or quality criteria to join the network, and there are examples of criteria that define the region. Other criteria are used to secure the quality of the products that are related to the branding of the place or region. The quality criteria underpins and protects the regional brand from bad reputation. The regional product and branding strategy is expressed by the regional brand and is visualized by a label. As long as the producers fulfill the requirements for membership in the network, they are able to use the label. Well-established labels of regional brands are important in promoting the products from the network. This strong emphasis of the regional product in combination with the regional brand relates the products to a place of origin. The products have a locality, and this approach can give meaning to the term 'local food'. This supports Ilbery et al.'s (2006) approach to this term. Depending on the context, the term 'local' may indicate local history, traditions, raw materials and growing conditions. Even though there is no long tradition for such quality elements, they seem to be more similar to the kind of quality elements that Marsden (2004) found in southern Europe compared to what Sonnino and Marsden (2006) found in northern Europe.

The pooling strategy is important for networks that offer producers' services, such as selling, packaging, labelling and transportation. The activities conducted by the network represents costs to be covered by the producers as a commission fee of the products. It is important to have a certain amount of volume to keep the costs low and the commission fee at an acceptable level. This adds to Knickel et al.'s (2008) pooling strategy that a minimum of producers and products is necessary to conduct efficient handling. Two main differences from traditional co-operatives with a pooling strategy is the variety of products that complicates the handling and the fact that the producers to some degree have different customers. This underpins Schermer et al.'s (2011) critique of the pooling strategy.

The pooling strategy is apparent in three of the networks in combination with the regional food product strategy and the regional branding strategy. The regional product and regional branding strategy both restrict the amount of supply of food products from the region, while the pooling volume demands more volume. The potential to gain volume when the region is defined is growth among existing producers or start-ups in the region. This shows that there can be tensions or contradictions between some of the marketing strategies, which Knickel et al. (2011) argue can be combined. The pooling strategy heritage from co-operatives may therefore not fit well into combinations with some of the other collaborative marketing strategies. Our results suggest that the mixed strategy of regional products and branding on one hand and pooling volume on the other can be contradictory.

The direct contact strategy is apparent at both the producers' level and the network level. The producers appreciate the direct contact with customers, and direct sales give unique frames to communicate the quality of the product and especially the values attached to the commodity. Employees at the network level noted that they were not good enough to communicate the stories about both the product and the producer. Sonnino and Marsden (2006) suggest that new relationships between producers and consumers are at the core of alternative food networks; but when using an intermediate unit, the arena for direct communication between producers and consumers disappears. One proposition for further research is thus to explore how an intermediate unit can handle the advantages from the direct relationship between producers and consumers. Investigating this theme will also bring more attention to the consumers, as called for by Treager (2011).

5.3 Blending marketing for local food networks

Food producers selling a variety of food products at local, regional, national and even international markets have different needs in constructing their marketing mix. When operating on their own, they blend the marketing mix themselves. The blending is challenged when they are encouraged to find common solutions for different products within the network. The blending at the network level will affect the producers' motivation to take part in the network.

Crucial questions regarding this are as follows: Will I reach my customers and gain new customers? Will I be able to maintain my relationship with my customers? Will it be cost efficient?

The product in the marketing mix is fixed, since the product is the starting point for the producers to join the network. The food products are differentiated based on quality attributes as regional food products and by a direct relationship with the customer. When entering the network, the quality must be promoted at the network level, and the regional brand is a tool in this promotion. Regional branding can also have a value for producers regardless of whether or not they use the network. For some producers, the network may not represent any value besides the possibility to use the label.

Food producers bring products to a collaborative arena in order to reach existing and new customers in a more efficient manner. The focus on the customer differs between the networks. Most of the networks act according to the producers' existing customers. This is in line with Treager's (2011) critique of the lack of consumer perspectives in food networks. The network shows little initiative to elaborate the market further; it is the producers' customers, not the networks' customers. One exception is the network that had defined selected grocery stores as a premise for recruiting new members.

In creating a marketing mix, producers face a choice to remain in direct contact with the consumers or to pay a commission fee to the network to handle sales and distribution activities. The relationship between producers and consumers are at the core of alternative food systems (Sonnino and Marsden, 2006), and the value of this relationship must be taken into account. When entering a network, the producers will be able to use the regional brand and the network's services. For the network to be attractive, it must keep its commission fee low to attract producers; on the other hand, the network needs a sustainable business model to remain in business. Since the networks in this study seem to struggle to find a suitable business model, this indicates some support to Schermer et al.'s (2011) critique of the pooling strategy.

6 Conclusions and implications

We find the marketing strategies detected by Knickel et al. (2008) and Schermer et al. (2011) to be a useful tool in categorizing alternative food networks and in the next step reveal insight about their possible challenges. Different approaches to networks' marketing strategies can strengthen and elaborate insight in various kinds of alternative food networks.

In general, we find that regional products and regional branding are typical marketing strategies for the investigated networks. Their products are linked to territory or other localized quality attributes. However, there seem to be conflicting goals between the collective strategies aimed at regional products and regional branding on one hand and the pooling volume strategy on the other hand. This supports Schermer et al.'s (2011) critique of the pooling volume strategy as a suitable strategy for collective marketing. One practical solution for the network is to refine the regional product and regional branding strategy and use it solely in sales and distribution activities from other actors in the supply chain. This may provide more opportunity to maintain the innovative capacity in the producers collaborative attempts, as Schermer et al. (2011) suggest. In addition, we find that producers make tradeoffs between direct contacts with consumers and the option to pay a commission fee to the network for handling sales and distribution. Membership within a network gives additional value to producers since they can use the regional brand when selling directly to the consumer.

Next, we find that when establishing an intermediate unit, it is unclear how the consumers' needs are captured. The producers lose direct contact with consumers when they join a network. The producers therefore face a strategic choice and must assess how the networks' marketing strategy will work together with their own marketing strategy. We found little awareness of the consumers and the market possibilities at the network level. Their marketing mix seem to rely on pushing products to the market labeling items with different quality elements, then especially regional branding. We thus suggest that the relationship between the network and the consumer to be further studied, since this likely to critical to the success of the networks. By direct contact between producers and consumers, there is an arena for producers to catch the consumers' needs. This actualize Knickel et al.'s (2008) expressed need for new organizational forms of collective marketing to optimize outcome of the different strategies, particularly on the producers' end of the chain. How can this be maintained through collaborative networks?

The traditional approach to build food networks is to organize them as cooperatives and apply a pooling volume strategy, but according to Schermer et al. (2011) this organizational form may restrict the possibilities to find new innovative solutions. We have found that establishing an intermediate unit will actualize a pooling strategy, which however may inhibit regional product and regional branding strategies. These conflicting strategies makes it difficult to find an economic sustainable business model, since producers are sensitive to the price they must pay for the network's services and the efficiency in the

network are restricted by the defined region. In addition, the cooperative business model often limits the direct contact between producers and consumers, which appear critical in communicating the quality of the products. Our results thus supports Fisher et al.'s (2015) call for new organizational and physical structures in promoting the alternative values in local food products.

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