HealthyGrowth

From niche to volume with integrity and trust

FULL CASE STUDY REPORT

Upplandsbondens – Sweden

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Contents

Most local organic market chains have inherent problems in moving from niche to volume, and mainstream large-scale market chains have inherent difficulties in securing and advancing organic values. The project "Healthy Growth: from niche to volume with integrity and trust" investigated a range of successful mid-scale organic value chains in order to learn how they are able to combine volume and values, and to use this knowledge to support the further development of organic businesses, networks and initiatives. Research teams from ten European countries contributed with 20 case studies. More information and documentation can be found at: www.healthygrowth.eu

1 Introduction

Upplandsbondens (UB) is a farmer owned cooperative that was established in 2006. There are approximately 100 members. All members are organically certified meat-producing farmers (beef, mutton, pork) in the county of Uppland, Sweden (figure 1). UB is certified according to the organic certification KRAV, the Swedish organic standard, which is somewhat harsher on e.g. animal husbandry than the EU organic regulation. The overall value chain in which the bulk of the meat is channelled is comprised of the farmers, the UB cooperative (in which only farmers are members), slaughterhouses, meat wholesalers, retail shops and consumers. UB negotiates prices and looks for market solutions for its members. Market partners have changed throughout the years. The largest volumes of meat are channelled via a large meat wholesaler based in Stockholm, to supermarkets all over Sweden (a national retailer). This meat is sold under the retailer's own organic brand and thus the meat cannot be identified as UB meat. UB has its own brand for meat that is processed and sold in the Uppland region only. During the time of the case study data collection (2014), only retail shops that could cut up and package their meat themselves could sell under this brand since the wholesaler UB works with locally did not yet have the facilities to cut and package. Thus, only a minor part of the meat from UB members can be identified as such. Other (smaller) volumes of the meat are sold directly to consumers in meat-boxes[1], to a restaurant wholesaler or in public procurement processes. Many of the member farmers also sell meat directly from their farms, but this is outside of the UB value chain.

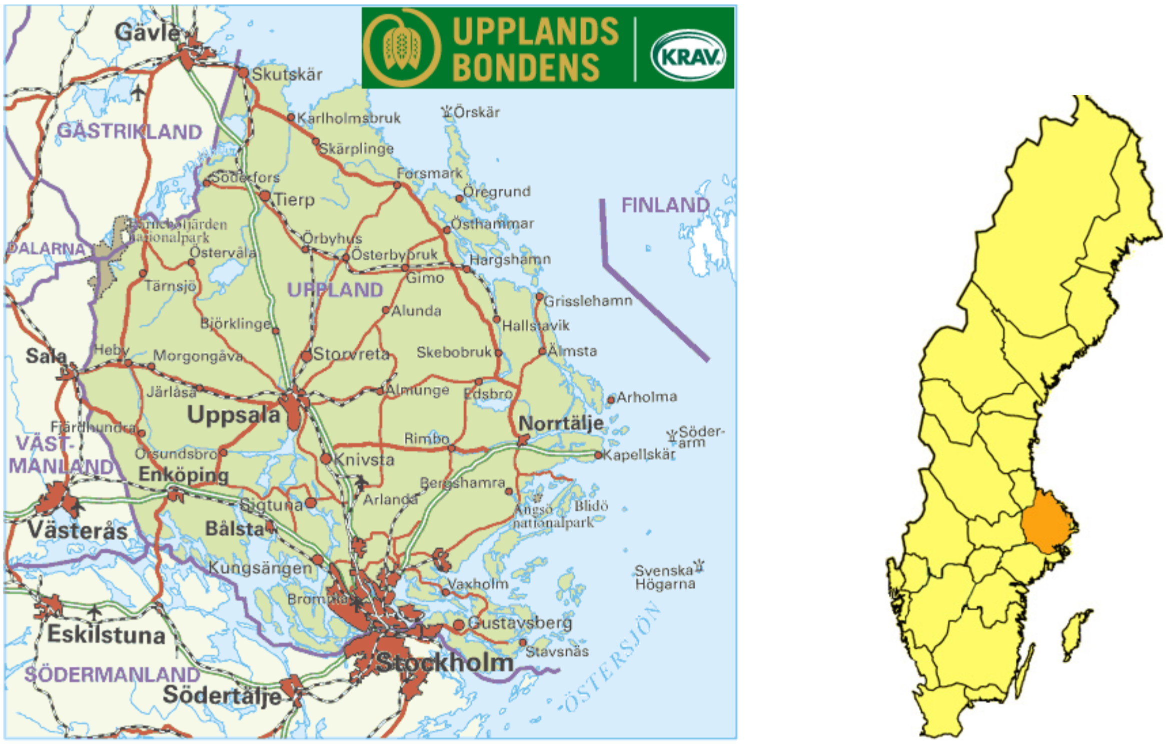

Figure 1. Map of Sweden and the county of Uppland (just north of the Greater Stockholm region), where all 107 UB farms are located.

[1] Discontinued since Autumn 2014 because the meat box entrepreneur went out of business.

UB is interesting in the HealthyGrowth project for several reasons. First, while regional organic food is not new in Sweden, it is a small market and larger efforts such as UB are still very scarce. Second, despite the fact that many experts say there is great demand for regional/local organic food, and despite the fact that the UB farmers want to deliver just that, they experience significant obstacles in reaching their local consumers and have been trying in different ways since the start. Third, the potential for a mid-scale initiative such as UB in the Stockholm metropolitan area, and in a context where Uppsala municipality has decided to procure 100% organic food, is very large and thus interesting to follow. Finally, UB is interesting since it is an initiative based on cooperative ideals, in a market dominated by profit-seeking businesses. The value chain in focus is the one that UB wants to develop: where their meat is sold under their own brand to retailers in the Uppland region via a regional meat wholesaler.

Abbreviations used frequently in the text:
KRAV: The Swedish organic brand and owner of the Swedish organic standard.
LRF: The Federation of Swedish Farmers (the largest national farmers' association in Sweden).
MBE: The meat box entrepreneur who handled the meat boxes consumers asked for via the UB homepage. He was a skilled meat cutter (earlier working at SL5). MBE went out of business during 2014.
MR: Major retailer, one of the three largest national retail chains in Sweden. This chain was the first to boost organic products and their own organic brand was the first on the market.
NW: National wholesaler (a national meat wholesaler that cuts, packages and delivers meat to retailers. When sold to NW, UB meat is not sold under the UB brand but under an organic brand by a major retailer with which NW has a contract.
RP: Regional processor (the newly found partner wholesaler that is supposed to help UB sell their meat under their own brand regionally. They cut, package and deliver conventional, regional meat and cured meat products to 90 retail shops in the Uppsala region).
RW: A restaurant wholesaler.
SCAN: The large scale national meat cooperative (linked to LRF) that emerged at the turn of the last century and that now is a dominant player. They have slaughterhouses, processing units and a number of brands of meat products.
SL1: One of the slaughterhouses in the Uppland region used by UB.
SL2: Another slaughterhouse in the Uppland region used by UB.
SL3: A third local slaughterhouse, earlier used by UB, then dropped. It was out of business for a while and was reopened end of 2014. UB was just starting up cooperation again during the time of the case study.
SL4: A large slaughterhouse in southern Sweden owned by a Danish meat business.
SL5: An earlier partner of UB that slaughtered, cut and cured meats. Now out of business.
SL6: A slaughterhouse belonging to RP.
UB: Upplandsbondens (the core case, a farmer cooperative).

2 Case-study approach – Materials and methods

The key informant at UB (referred to as UB1 below) was one of the founders of the cooperative. He was our main source of information (two interviews, delivery of documents and telephone calls and a conversation at UB's 2015 annual meeting to check collected data). We contacted him since he has long been the treasurer of the UB board and since he also has extensive knowledge of the cooperative, people involved and the organic market in Sweden. He, in turn, gave us names of other relevant people to interview. We chose another co-founder and long-time chairperson of the board (referred to as UB3), and also a relatively new partner (regional meat wholesaler) (UB2), on which UB has placed great hopes to be able to boost their own brand.

From previous interviews, performed by a master student and later processed into a master thesis in Swedish (Samuelsson, 2012), we knew about UB and about some of the people involved. These interviews partly overlapped with the issues handled in HealthyGrowth and could thus be used to some extent, mainly to check and back up conclusions from the HealthyGrowth round of interviews.

All HealthyGrowth interviews except telephone contacts were done in person, with two researchers. They were recorded and transcribed in full. The same is valid for the interviews in the previous study, apart from one telephone interview (slaughterhouse). On 17 March 2015 we presented our preliminary findings from the UB case study in connection with the annual meeting of UB. At this occasion we complemented and up-dated our findings through short interviews with some of the main actors in UB, especially UB1 and UB4. See table 2. Direct quotes in this report are translations from Swedish to English by the authors. Our aim has been to represent original language statements as closely as possible.

Table 1. The documents used as information sources.

List of documents	Data type (source)	Document number	Short description of content
Home page, incl. Facebook	Internal		Presentation of the cooperative, contact details, recipes, ordering of meat boxes, news
Student essays/research reports	External		1. Master thesis by Anna Samuelsson (2012) "How farmers in Uppland, Sweden, are affected by producing local and organic meat – a case study about Upplandsbondens" 2. Project group work by 5 SLU students (Caringe et al, 2013) "Marknadsföringsplan Upplandsbondens [marketing plan, UB]"
Newspaper articles	External		
Marketing documentation	External/internal		From PR agency when developing the UB brand (logos, target consumers, analysis of market etc.)
Leaflets	Internal		A number of leaflets describing the products and the farmers behind it (for shops and consumers)
Contracts with suppliers/customers/members	Internal (confidential)		1. Contract with NW (national wholesaler) 2. Contract with RP (regional

		processor)
Report	Internal	Report to the county administrative board of how project money for developing the brand was used (2009)
Price and products list	Internal	Meat boxes
List of suppliers/customers/members	Internal	List of all members, contact details, year of membership, delivery volume, products delivered
Pilot study proposal	External/internal	Proposal for research written by researcher at SLU with UB as partner [not granted]
Financial statement		2008; 2013
Budget		2014
Operational plan		2014

Table 2. Interviews and interviewees for the HealthyGrowth case study.

Interviewee code	Gender	Age	Function	Date of interview	Duration of interview	Place of interview
UB1:1, UB1:2, UB1:3 & UB1:4	male	70s	Co-founder of UB, farmer	March 2014; March 2014; November 2014; March 2015	2 h; 2 h; 30 min; 15 min	His farm (UB1:1 & UB1:2); by telephone (UB1:3); annual meeting (UB1:4)
UB2	male	50s	CEO RP (regional processor)	March 2014	1 h	His office
UB3	female	50s	Co-founder of UB, farmer	April 2014	2 h	Her farm
UB4	male	70s	Co-founder of UB, farmer	March 2015	15 min	Annual meeting

UB1 was contacted in autumn 2014 to verify results and for additional information. This was done via e-mail and telephone.

Table 3. Interviews previously performed and partly used for the case study.

Interviewee code	Gender	Function	UB member since	Production
UB4	male	farmer	2006	Milk, beef
UB5	male	farmer	2006	Beef, mutton
UB6	male	farmer	2008	Beef, cereals
UB7	male	farmer	2008	Mutton
UB8 (same as UB3)	female	farmer	2006	Beef, cereals
UB9	female	farmer	2007	Beef, eggs
UB10	female	farmer	2009	Beef

UB11	male	farmer	2009 (?)	Beef, cereals
UB12	male	farmer	2009	Beef
UB13 (same as UB1)	male	UB founder and farmer	2006	
UB14	male	Retail shop (part of MR)		Responsible for the meat section
UB15	female	Retail shop		Shop owner
UB16	?	Slaughterhouse (SL1)		

3 Sweden – The national context

As a Nordic and extensively forested country, Sweden's agricultural land makes up a small proportion of the total land area, only around 8%, compared to 3% built-up land and 55% used for industrial forestry. Most agricultural land is used for growing crops, with only a seventh used for grazing (SCB, 2015b). The share of the working population working in the broader agricultural sector is around 2% (Jordbruksverket, 2013). Milk is Sweden's most important agricultural product, accounting for a fifth of the total value of agricultural production. Cattle, pig and poultry production is also important (SCB, 2015a).

Over almost a century, Sweden's agricultural sector has been characterized by state led efforts aimed at rationalisation, homogenisation of farm size, abandonment of small farms and productivity increases (Rytkönen, 2014). While the number of farms has been halved since 1970, production volumes have been sustained. Remaining farms have grown significantly in size, to an average of 37 ha today, a doubling compared to 40 years back in time (SCB, 2015a). However, over the last twenty years, in parallel with continued centralisation of the agro-food industry, a policy shift towards rural and regional development, also linked to Sweden's EU membership, can be discerned, as can the emergence of a "new Swedish rurality" (Rytkönen, 2014).

In 2006, the Swedish government issued a policy stating that at least 20% of Sweden's total agricultural land should be under certified organic production before the end of 2010 (Näringsdepartementet, 2006), a target that was not met. In 2011, when certified organic land was estimated at 15%, the Swedish Board of Agriculture (Jordbruksverket) was commissioned by the government to formulate new goals for organic production. The goal of attaining at least 20% certified organic land was maintained, while the target year was moved forward to 2020 (Jordbruksverket, 2012).

In recent years, the share of fully converted organic land and land under conversion grew from 6.9% of total agricultural land (in 2005), to 16.5% (in 2013) (Jordbruksverket, 2014). Compared to other European Union countries, Sweden has the second highest share of land under organic production, after Austria (Willer & Schaack, 2015).

The market share of organic food products was 4.3% in 2013, which placed Sweden fourth in Europe (Willer & Schaak, 2015). The market share increased from 3.9% in 2012 and 2.0% in 2004 (SCB, 2014). In 2014 sales of organic food increased significantly, by 38%, to attain a total market share of 5.6%. The rapidly growing demand for organic products has led to a shortage of organic eggs, meat and some dairy products (Ekoweb, 2015), which are also among main KRAV certified organic products sold by retailers (KRAV, 2015).

A general trait of the Swedish organic movement is that it has had as a strategy from the very beginning to link up with retailers rather than developing their own systems for processing and marketing. Consumers prefer retail outlets since they are convenient. Alternatives to retailers are rare and small in scale. Thus most organic actors operate within the mainstream food system. Despite the recent emergence of farmers markets and web based alternatives, very few fully organic food value chains exist in Sweden.

In the organic food sector, as in the food market in general, the hegemony of large-scale retail actors is overwhelming, with three major retail chains (ICA, Coop and Axfood) dominating the trade, together accounting for over half of total organic food sales (Ekoweb, 2015).

4 Overview of the case

Product range:	Fresh meat products (beef, pork, mutton)
Main actor:	Upplandsbondens, a farmer owned cooperative
Legal form:	Cooperative ("ekonomisk förening" in Swedish)
Number of Employees:	No employees, but board members are paid when working for the cooperative
Distribution channels:	Primarily via national wholesale partner, and to some extent via regional processor, and restaurant wholesaler
Current Turnover:	Approx. 24.3 Mio. SEK (2013)
Facebook Likes:	365 (10^{th} March 2015)
Google Hits:	2,210 (10^{th} March 2015)

4.1 Presentation and trajectory

UB is a farmer cooperative that does not have any employees, no office and no premises of their own. UB has a board that is paid when doing work, which includes negotiating with wholesalers, finding market partners, deciding what animals go to slaughter every week (together with the member farmers), keeping track of the economy of the cooperative, marketing and developing the brand and organising events for its members. The reason for farmers to be members is that UB is able to negotiate a good price for meat, and – for some farmers – that UB aspires to have production, processing and consumption of the meat within one region. All farmer members are KRAV certified meat producers, thus organic production, animal welfare and landscape protection through grazing is highly valued among the members. However, these aspects were already in place before UB was founded. UB is successful in the sense that it manages to sell all animals the members have to a premium price negotiated by UB.

The organic food market in Sweden is going well at the moment and all large retailers prefer to sell KRAV-labelled meat rather than EU organic meat. UB has a brand of its own that it uses when processing and selling in the Uppland region. However, the bulk of the meat is sold on the national market. Since most organic food is sold via retailers in Sweden, this is also the preferred channel for UB since no other actor can manage the quantities they offer, and they do not have the strength or know-how to build their own value chain all the way to the consumer.

Foundation of UB

UB was founded in 2006, by a handful of organic farmers who met each other fairly often due to geographical proximity (neighbours) or at work related events (UB1:1). Except for the initial meat farmers, farmers producing other food organically were involved in the beginning – producers of vegetables and milk, for example. However, these dropped out as the cooperative was formed and it was decided that they would only sell different kinds of meat (UB1:1). An important actor in the beginning was a local Green politician, at that time working for a major retail chain (MR). She established the MR's own organic brand and helped UB to get their products into some of the MR's shops in Uppsala (those that could cut and package meat in the shop) (UB1:1). In turn, the contact with MR was the entry point for UB's subsequent cooperation with NW (see below). In the very beginning the slaughter was done in the large-scale farmer cooperative owned slaughterhouse that was situated in Uppsala (SCAN). This slaughterhouse was soon closed (2008), however, and UB had to find a new partner on very short notice, which they did in a slaughterhouse in northern Uppland. Later other slaughterhouses were also added (UB1:1).

Changes in product range, distribution channels and market partners

UB's initial plan was to have all kinds of organic products sourced from the region, but they soon discovered that there were not enough producers to fill the need they would have. So since most of the founders focused on beef production, they decided only to sell different kinds of fresh meat (beef, pork, mutton) (UB1:1). Initially, the plan was to open a physical shop in Uppsala selling only local organic products. This plan was soon abandoned, however. There were three major reasons for this: the cooperative could not find a person who was dedicated enough to run a shop, the shop space was much more expensive than they could afford, and they had troubles finding enough products (vegetables) to fill the store. So the decision was to focus on meat only and try to find good market partners instead of taking care of the whole chain themselves (UB1:1).

Since one of the founders (UB1) had managed and sold meat boxes for a longer time (from premises on his farm), meat boxes were one of the initial distribution channels. However, only small amounts of meat went through this channel. The larger quantities went through MR as soon as this market channel opened up for UB (UB1:1). The meat box scheme was handed over to an external entrepreneur since handling of meat boxes on the farm was too time consuming for UB1. However, this business has not developed well, and stopped operating in autumn 2014. UB is looking for an alternative solution, but in the end of 2014, no solution had been found. The only meat boxes available at the moment are from individual members in UB selling meat directly from their farms (but this product flow is not part of UB).

Since the start in 2006, UB has been in search for ideal market partners. The value chain logistics still do not work satisfactory according to them. An important distribution channel was developed with the national meat wholesaler (NW) who now sells the large bulk of the animals sold from UB. UB helped NW to build its organic meat channel. At first, NW boosted local brands such as UB, but later, due to their own fast growth, they dropped all brands except the major retailer's own brand. Thus, most of the animals from the UB farmers are sold all over Sweden within the MR distribution system and without the UB brand. The UB branded meat is now sold via the regional meat wholesaler and processor (RP), but this cooperation has only just started and has not yet developed much. At the annual meeting of UB on 17 March 2015 it emerged that the cooperation between UB and RP (spring 2015) had not taken off, but was basically on hold, and not working as expected (UB1:4).

Reasons for the changes in UB's history are manifold. One reason for changes in use of slaughterhouses is when slaughterhouses open or close, or when they become organically certified or not. The number of animals produced within the UB cooperative has steadily increased (due to an increased number of members) and thus new channels and partners have been needed. NW has experienced a transformative growth since they were able to increase their market share of the organic meat market at a stroke, as the SCAN cooperative announced they would no longer sell KRAV-certified meat, but only EU-organic meat. Thus, SCAN lost the contract with e.g. MR, who turned to NW instead, who could increase their sales instantly. According to UB1, NW has doubled its turnover since 2009.

UB has worked with a number of partners that are now inactive. One such partner, which UB liked very much, was the integrated slaughter, cutter, packer and processor of cured meats SL5. However, this enterprise went bankrupt. The meat box channel has been small in quantity all the way. It was taken over from the founder-farmer by a meat cutter/packer in Uppsala (who used to work for SL5). However, while their craft skills were very high and they offered a broad product range, the meat boxes did not develop well due to the lack of entrepreneurial skills of the people running it (UB1:1). UB has supported the meat cutter/packer with investment funds, but he was close to bankruptcy during the time of the interviews (spring 2014) and has now gone out of business (autumn 2014) (UB1). Meat from UB farms is also sold to a restaurant wholesaler (RW) and in public procurement processes. However, this is handled by the slaughterhouse SL1 (in cooperation with RP since they belong to the same business consortium) and not directly by the UB board.

Farmers (members), slaughterhouses, wholesalers and shops within the region UB has defined as its area, and that are KRAV-certified (the Swedish organic standard) are potential members/partners. RP was selected since they too have a regional and quality identity that fits well with UB – however it is not organic. The number of local organic slaughterhouses is low, which means UB has to use the ones that are available. In general, the number of possible partners is limited since the number of local organic actors is low. Lately, public procurement has increased in importance and probably will increase more in the future since many municipalities and county councils now set ambitious goals for procuring organic products. Another partner that has potential is the restaurant wholesaler (RW) to which UB sells a few animals/week (again, via the slaughterhouses that do the actual selling).

The slaughterhouses used by UB have also changed since the start. In the very beginning UB used the large-scale SCAN slaughterhouse in Uppsala, which closed in 2008 (due to consolidation in other places). SCAN holds a hegemonic position in Sweden's meat industry so new, smaller, private slaughterhouses just only started to emerge at that time. UB tried two slaughterhouses (SL3, and a slaughterhouse in northern Uppland), which they have now left. For some time, a partner, SL5, was preferred by UB for the reason that they had slaughter, cutting, packing and cured meat in one house. Thus, for some time, UB meat was also processed to cured meat products. However, this partner went out of business and UB had to find other solutions.

The current solution is that UB cooperates with two slaughterhouses in the Uppland region, where all their animals are slaughtered (i.e. the ones sold to NW as well): SL1 and SL2. There is no cured meat processed at the moment. The new partner RP still has not developed their organic cutting and packaging unit, which means only supermarkets that can cut and package themselves can sell UB branded meat. The distribution central are the two slaughterhouses. From there the bulk of the meat goes to NW that cuts and packages meat themselves in Stockholm, some to regional supermarkets, some to the meat box entrepreneur (previously), some to the restaurant wholesaler, some to public procurement and some back to farmers who sell directly from their farms (but that is not part of the UB responsibility) (UB1:1).

RP is a regionally well-known brand for meat and cured meat products in Uppland. They enjoy a good reputation in terms of quality and in terms of dedication towards local farmers. However, they have only developed the conventional market and have been reluctant to go into the organic niche. Now that UB has managed to cooperate with RP the plan is to use the network of 90 retail outlets RP already delivers to for UB branded meat as well. The sizes of RP and UB are compatible and the regional devotion as well. However, there seem to be differences in terms of expectations and regarding how to develop a partnership.

Because the partnership with RP is not developing as UB would like it to, they have recently changed their focus from their own brand to the task of giving its members the best price and a good range of alternatives on the market (in terms of prices and slaughterhouses). They are now adding two more slaughterhouses. One is in the Uppland region – SL3. It was closed for a few years and is now reopened with new owners. The difference between SL3 and other slaughterhouses is that they only do the actual slaughter, and no transports. Thus, UB will have to organise transports themselves, which they see as an opportunity to improve animal handling and to control costs "the more we can control the value chain, the better" (UB1 – telephone contact December 2014). In connection to this, UB will offer its members a course on low stress stock handling (LSS). UB1 thinks such knowledge will decrease the time it takes to load animals on the trucks and thus save UB money.

The other new slaughterhouse is in Linköping, some three hours driving distance south of Uppland. NW has a contract with this enterprise and UB could slaughter through NW in Linköping. While being outside the Uppland region, they pay 1–2 SEK/kg more than other slaughterhouses. UB wants to give its members the chance to decide for themselves what slaughterhouse to use. So far, the Linköping option has only been used once. NW has recently bought a slaughterhouse of its own, on Gotland, the largest Swedish island in the Baltic Sea. However, UB has not yet looked into this option.

Significance for the local community

The significance of UB for the local community in terms of image and direct and indirect employment/local economy was not specifically discussed in the interviews. In general, since the 2,000 or so animals/year coming from UB farmers are all slaughtered in the county (still), this brings local employment, as did the cutting and packaging of meat for the meat boxes. Since the UB branded meat can only be found in a few shops in the region, it is bound not to be well known to consumers. This may change if the cooperation with RP develops, since that brand is well known locally.

4.2 Basic facts

Changes in producer and consumer prices

The aim for UB is to be able to offer its member farmers the best price possible for organic beef, pork and mutton. Their way of doing this is to negotiate with the wholesalers (NW 1,500 animals/year, RW 100 animals/year and RP 300 animals/year) what prices they should get (in different categories of meat such as heifers, older cows, calves etc.). Then UB discusses appropriate slaughterhouses with NW (some farmers also prefer one slaughterhouse to the other) in order to optimise costs, transports and slaughter. UB pays the farmers, pays for the slaughter and sends invoices to the customers (wholesalers). The information needed for invoicing is provided by the slaughterhouse. UB pays the farmers a premium along the lines of the agreements with NW and RP. The size of the premium has changed somewhat, but is basically a few SEK/kg meat sold. The changes in price premium are hard to calculate since the reference value is what different large slaughterhouses pay – but these have shifted their praxis in how prices are set and how prices are communicated. Earlier they worked with indexes, where the UB treasurer could follow up their prices and his own prices. Now, however, the largest slaughterhouse in Sweden has a reference price and then negotiates individually with each farmer – prices that are then not known to the UB treasurer. This decrease of transparency in the meat industry is a problem for UB and their position in the market.

Concerning consumer prices we do not have any data, more than to say that the products of UB are usually the most expensive fresh meat products for sale in Uppland (i.e. more expensive than retailers' own organic brands).

Changes in product range, marketing channels and outlets

In terms of product range, the meat box entrepreneur offered a large range of meat cuts from UB animals. These were possible to buy directly from the meat cutter's premises or were put in meat boxes that were delivered/had to be picked up at certain places. Since this enterprise went out of business during autumn 2014, there is no new strategy to sell meat boxes at the moment (spring 2015). In most cases, consumers can contact the farmers individually and buy meat directly from the farms.

Since the start, UB has grown in terms of member farms (and thus also in terms of how many animals it can deliver for slaughter) and in terms of turnover. While overall turnover has steadily increased, the part of the meat sold with UB's own brand has fluctuated due to the problems to find local partners. The vast majority of the meat (and thus of turnover) is represented by the cooperation with NW, which sells the meat from UB farmers all over Sweden (i.e. not under the UB brand). In 2013 UB was no longer granted the so-called value added support from the Swedish board of agriculture, which meant that UB ran into financial problems (the flatter part of the development curves, see figure 2). The number of member farms will not increase much more since all interested farmers in Uppland that would qualify as members have joined the cooperative. However, some organic meat farmers north of Uppland also use the negotiation and handling services of UB. These are not displayed in figure 4. Farmers from Jämtland, Gästrikland, Hälsingland and Dalarna (around 50 farmers) do not have any good slaughterhouse options in their own regions and therefore use the same as the ones available to UB. This part of the UB membership base can increase. The only difference between "real" UB members and the members from other counties is that this meat will not sell under the UB brand. But since the major partner is the national wholesaler, this is not a big issue. Rather, these new farmers are important for UB so that they can fulfil the growing needs of NW. If UB could not offer NW enough animals, NW may look for other partners. UB is challenged to "keep pace" with NW. This dependence on NW is not desirable for UB, which is why they want to develop their own brand locally (meat with a defined origin).

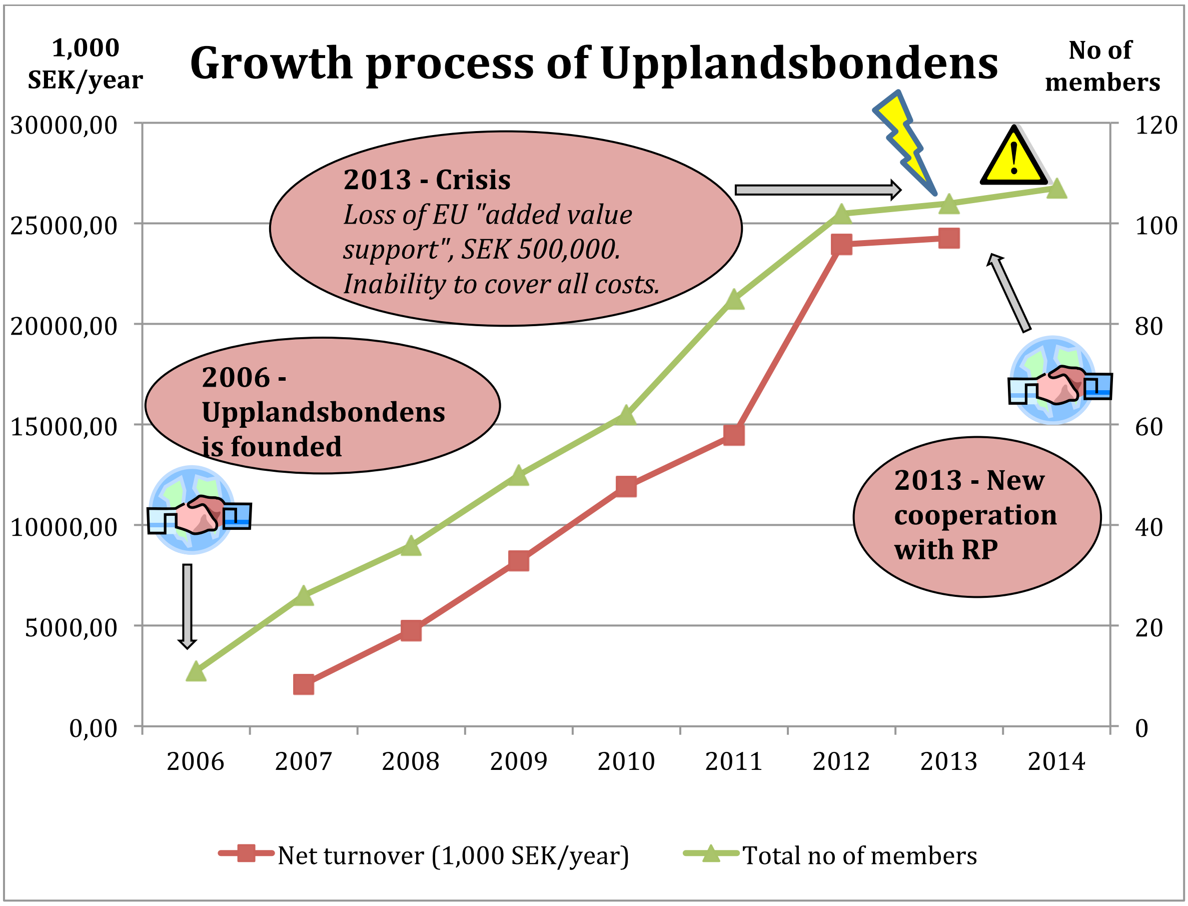

Figure 2. The growth process of UB, turnover for UB from 2007–2013 (available numbers), and number of UB member farms since the cooperative was initiated in 2006, until end of March 2014.

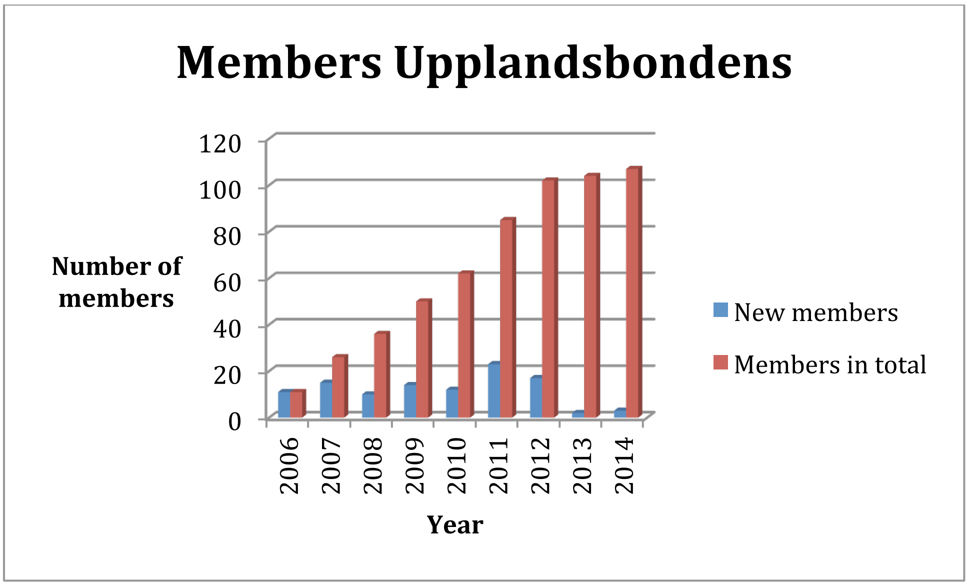

Figure 3. UB members in Uppland 2006–2014 (March).

4.3 Value chain organization

Since the start of UB in 2006, the chain actors between the cooperative and the end consumers have constantly changed. The basic chain has always been member farmer – slaughterhouse – wholesaler – shop/restaurant – consumer; and farmer – slaughterhouse – meat box packaging – consumer; or more recently: member farmer – slaughterhouse – public kitchen. However, choice of slaughterhouse(s) and wholesalers has changed. UB now use two local organically certified slaughterhouses (SL1 & SL2), while they have used four other ones previously (SL3, SL5, another slaughterhouse in northern Uppland, and SCAN). In a similar way, the role of the wholesalers has also changed. The bulk of the meat (1,500 animals/year) is channelled through the wholesaler (NW) that cuts and packages meat for all of Sweden (i.e. not under the UB brand). Earlier, this wholesaler also sold meat with the UB brand, but since they have gone through a major expansion, they now only focus on the retailer's own brands.

The UB branded products for retail shops are now sold via a new partner (contract signed 2013), which is a group of businesses with a regional identity (two slaughterhouses and one packaging/cured meat processor) (RP, with the slaughterhouses SL1 and SL6). The idea is that this wholesaler should cut and package fresh meat cuts with the UB brand and distribute it to the over 90 retail shops they already sell their conventional products to in the region. So far, however, only shops that can cut and package themselves can access the UB branded meat since the processing facility has not yet been organically certified. Around 300 animals/year is now sold via this channel.

A smaller, but slowly increasing amount of the slaughtered animals either go via a restaurant wholesaler (RW) to restaurants (100 animals/year), or to municipalities and county councils who procure organic meat (no figure). These procurement deals can however also be outside the region and are thus not sold with the UB brand. The slaughterhouse/regional wholesaler business group handles the procurement deals and the contacts with the restaurant wholesaler (i.e not UB themselves). The meat boxes could, until recently, be ordered at the UB home page and/or directly from the meat cutter (MBE), which was situated close to one of the slaughterhouses (SL2) and that also ran a small shop at the premises where UB meat could be bought. The meat boxes were delivered to two places in Uppsala and one in Stockholm for pick-up by customers.

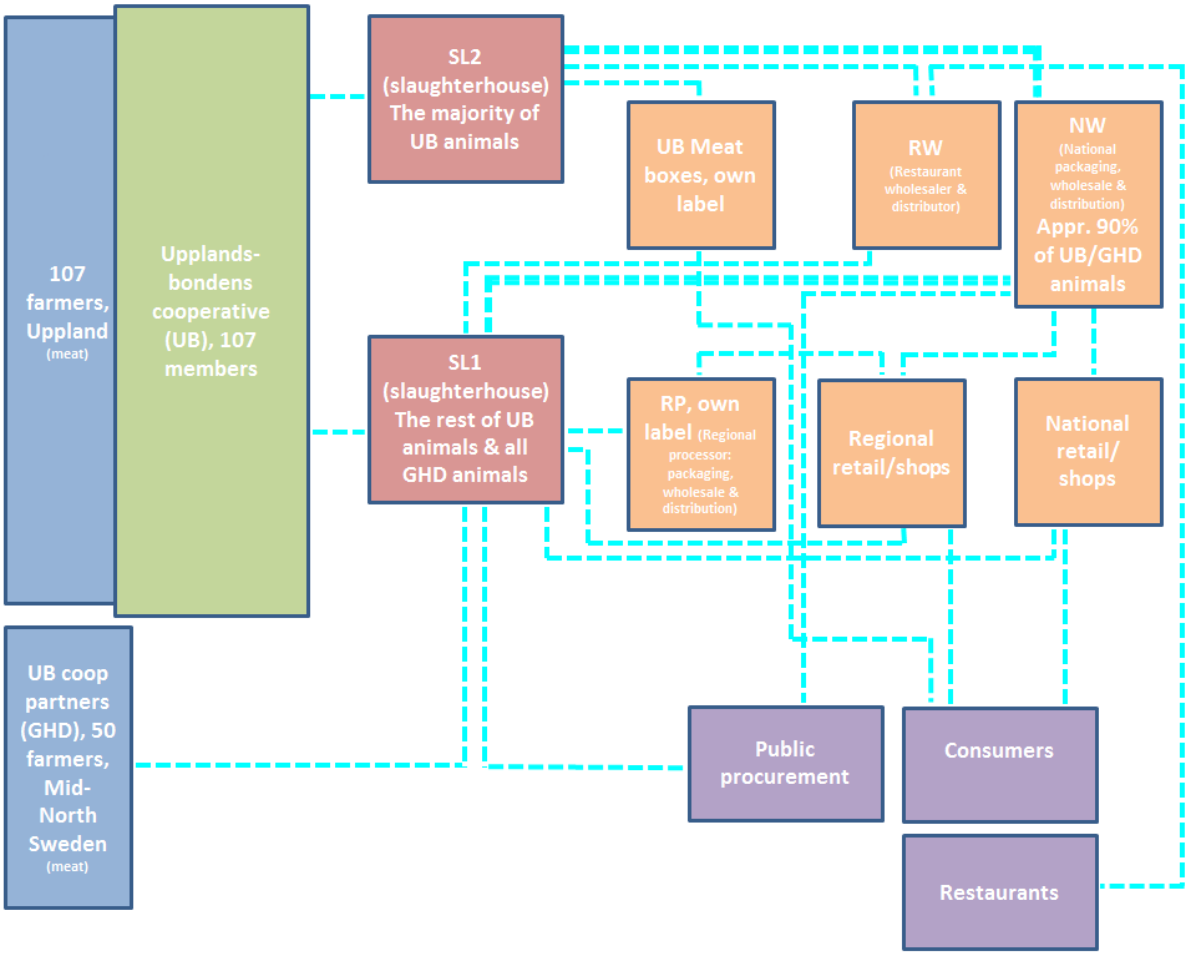

Figure 4. Upplandsbondens stakeholder analysis. In the figure, GHD refers to UB's appr. 50 farmer partners in Mid-North Sweden, not formally part of UB but organized by UB.

5 Analytical perspectives

5.1 Organization and governance

Controversies within UB

When asked about it in the interviews, the UB representatives could not think of any controversies within UB regarding values of the cooperative. The core is that the members of the cooperative should be KRAV-certified and that all production, handling and selling should be done within the Uppland region. The forming of a cooperative (as opposed to another form of business or foundation) was not an issue of controversy either. According to the interviewees (UB1, UB3), cooperatives are the norm for farmers, i.e. an organisational form they are used to and like. Since each individual member has her/his own business (the farm), a cooperative is suitable, they think. The most important mission of the cooperative in relation to its members is to obtain the highest possible price for the animals sold (with the limitations that the regional and organic values set). Thus, the role of the board of UB is to negotiate the price of the animals vis-à-vis the wholesalers. This is the main rationale for the member farmers to actually be members of the cooperative: they do not have to negotiate themselves, and they can rely on UB negotiating the highest possible price for them. For this, they pay an admission fee to the cooperative, as well as a yearly fee depending on the number of animals they have sold through UB (approx. 1 SEK/kg meat (UB1)).

Some controversy has occurred in the cooperative since slaughterhouses in and outside the Uppland region has contacted some of the larger producers of UB and suggested good prices to them with the condition that they bypass UB. Since UB does not have contracts with its member farmers, UB cannot prevent members from making their own deals, and also does not wish to do so. However, they are keen to point out that the high prices for UB meat have been obtained by them negotiating for a large group of farmers, and that individual negotiations with slaughterhouses is a dead end for farmers. Our interviewees (UB1, UB3) also thought that most farmers see this point as well. At the moment, the issue with interest from slaughterhouses towards individual members has been solved by opening this option to all members. UB is in the process of making deals (themselves or via NW) with two more slaughterhouses so that members can pick and choose what slaughterhouse to use for their animals. All farmers who use the same slaughterhouse are paid the same price, but the price may differ between slaughterhouses. Thus individual members have to make the trade-off between price, animal welfare/transports and other aspects important to them. The market in Sweden takes all organic meat there is, which means UB is in a favourable position to negotiate on the national level. Thus, the focus has shifted somewhat from the regional/local to the national. A major reason for this is also that the cooperation with NW works much better than with the local partner RP.

Controversies between UB and partners

The new cooperation partner RP and UB have a number of controversies between them in the current phase of founding their cooperation. First, RP have long resisted an organic niche for their company, but have now, after long persuasion from UB1 and others agreed to develop an organic niche for meat products with their joint label. After the cooperation agreement between RP and UB was announced, UB received a lot of positive feedback (UB3), which shows that RP holds a powerful brand in the Uppland region. Second, UB would like RP to develop a cured meat production line with UB meat. However, the CEO of RP has not seen this as an option (UB2). For RP, nitrite use is a matter of food safety (UB2). While nitrite is allowed according to the EU organic standard, it is not permitted in KRAV-labelled products, due to its carcinogenic properties. When asked about it specifically, UB1 stated that they would agree to the EU organic label on cured products if RP would produce them. For UB, this would be a first step in making KRAV cured meat products. However, the development of a cured meat product range together with RP is not likely to happen in the near future.

RP and UB do not share the same perspective on the meat market and do not seem to have the same goal in terms of organics. The cooperation between UB and RP has not developed as UB would have wished during 2014 or the beginning of 2015, and is on hold (UB1:4).

During autumn 2013 there was a controversy between UB and NW that has now been resolved. The case was that UB agreed to a lower price from NW under the condition that NW took on some parts of the administrative costs UB had for handling what they sold. However, this promise never materialised, and UB was left with receiving a lower price and the same costs for administration. The idea NW had had was that the slaughterhouse SL1, where half of the animals from UB are slaughtered, should do the actual administrative work. But this did not work out. NW did not agree to compensate UB for this until UB1 met the NW CEO and one of his employees on a food gala in Stockholm and had the chance to talk over a few glasses of wine. After that NW agreed to pay a higher price to compensate for the loss UB had experienced. Thus, the relationship between NW and UB is based on trust between key people as well as hard line price negotiations.

Values

What came out clearly in the interviews, was the view from UB board members that it is hard to get (younger) member farmers to engage in the cooperative. This was mainly attributed to lack of time, but also to the individualistic times we live in (UB1, UB3).

Different positions within UB can be discussed individually by a member and the board (by calling or sending an e-mail), but all important decisions are taken at the yearly assembly in the cooperative. This is the only meeting UB has where all members can attend and vote. The cooperative also tries to have at least one field day in summer, when members are invited to a study visit somewhere in Sweden. This is the less formal way of socialising and no formal decisions are taken at these occasions.

When it comes to the quality issue of the meat itself, UB would like to put the focus more on quality, but the interviewees say that the slaughterhouses are not good at handling meat in a way that increases meat quality (maturing the meat, storage). For UB, the quality they can influence is the way their animals are kept while alive and how they are handled on their way to the slaughterhouse. There is hardly any demand for high quality meat in the shops (i.e. the qualities that are brought to the meat after slaughter). UB1 explains this fact by saying that Swedish slaughterhouses have not produced a demand for high quality meat and that they are not interested in a product differentiation in this respect.

Once it had been decided what the farmers wanted to work with (local organic meat), the forming of a cooperative came naturally to them (UB1, UB3). This is the organisational form farmers are used to in Sweden and what they prefer in order to maintain individuality and control over the organisation. A cooperative needs a board that runs the daily businesses. In the beginning, this board was formed of the farmers that felt most commitment to the work, in many cases the same people as today. Those that have left the board have left due to time constraints or since they no longer feel the same energy in the issues of UB (UB3).

All KRAV-certified meat producers in the Uppland region have the possibility to join UB, and until now, a little bit more than 100 farmers are members (107 farmers as of the end of March 2014). This means that 30–40 farms are left that could become members, but are not. Thus, UB does not choose members but accepts them if they fulfil the criteria. Only once during the growth phase UB has actively contacted potential members. The analysis now is that all farmers that would like to join UB have joined (UB1).

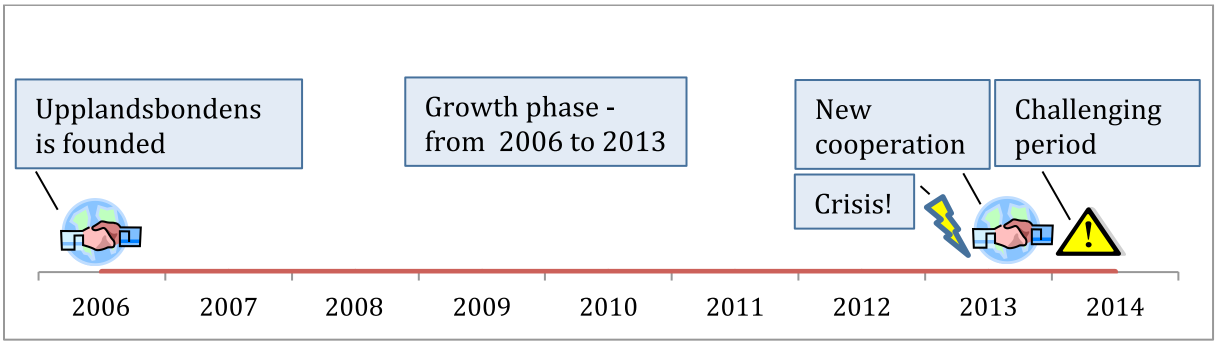

Figure 5. Upplandsbondens timeline.

Contracts and negotiations

UB members and UB do not have contracts between them. The members are members in the cooperative and work is based on trust and loyalty to it. Being farmers themselves, the UB board is aware that farmers dislike long-term binding contracts so they avoid them. At one moment, UB was forced to make written contracts with its members to satisfy a wholesaler they worked with. But, they included a clause that said that if the member could obtain a better price somewhere else, he/she was free to sell to that bidder. So in effect, these contracts had no real impact.

UB has written contracts with the two major wholesalers they work with (NW and RP). In the case of NW, they had formulated a contract but in the end never got around to signing it. Still, that is the document they rely on and work with (UB1). They renegotiate prices every six months with NW (UB1:1). Since 2013 UB also has a written agreement with RP on cooperation and development of the UB brand within RP. They also renegotiate prices every six months, after the negotiation with NW. At the moment (Spring 2015), UB works without a contract with RP due to the difficulties they have in agreeing on how to communicate and market the products.

In negotiations, UB takes care to send as many representatives as they know the wholesaler will send to the negotiations so that the power relation is the same (UB1). It is important to be at least two people since one should talk and the other one should look at the other people at the table, make their own impressions, see how the other parties react etc. (UB1). In the case of NW there is trust and a basic understanding of mutual dependence and goodwill, but at the same time price negotiations can be very harsh and hard line. UB (UB1, the treasurer) collects careful statistics over the year of animals sold, prices, different prices offered by the major slaughterhouses nationally etc. In this way, he is always very well prepared for the price negotiations and can argue well for his suggestions. He also knows if he should fight for premium prices for cows, or if it is more worthwhile to argue for higher prices for heifers/steers. UB1 described NW as also good at negotiating.

Changes in government support

A government support mechanism that was of decisive importance for UB was the “added value support” that is available to farmers in Sweden who want to develop their own brand of products from the farm. This support was obtained by UB since the start until 2013 when it suddenly stopped (since a new administrator at the Swedish Board of Agriculture interpreted the regulations differently). The support allowed UB to do market related activities (supermarket visits, market stalls at farmers’ markets, product brochures) and to develop the UB brand with professionals, and to employ a project leader for market related activities. In total, UB obtained 2.5 million SEK over the years to develop their brand. Since the added value support has now been discontinued, UB cannot employ anyone to do the marketing and the presence in retail shops has also been reduced to almost nothing. UB does participate in and sponsor smaller events when a customer asks them to e.g. sell hamburgers or the like. But this does not happen very often (twice during 2013 (Financial statement, 2013)). UB was also granted project support as they organised the education of NW employees in organics when NW went into this niche.

5.2 Business and management logic

UB’s legal form

The legal form of UB is a cooperative, in Swedish: “ekonomisk förening” (directly translated: economic association). This means that UB is a member organisation, where members pay an entrance fee to the cooperative, and that the cooperative is an entity that can earn money, pay taxes, etc. Members can be businesses or individuals. In the case of UB they are farm businesses. All members are equal, i.e. they all have one vote each. This form of organisation is the most common among farmer-owned businesses in Sweden. Some of these cooperatives have grown into large enterprises, acting as multinational companies.

Budgetary balance
The years before 2012, including that year, total sales revenues and added value support from the EU[2], received through the Swedish Board of Agriculture, covered all of UB's monetary costs, including marketing. However, in 2013, as UB was denied the added value support by the Board of Agriculture, this resulted in a loss of the expected 500,000 SEK and a subsequent inability to cover all costs. This loss had to be recovered, through deductions from compensation (i.e. the price premium) to farmers for their products (UB1:1). Farmers pay for UB services (negotiation, handling, selling) in relation to how much meat they sell through UB (approx. 1 SEK/kg meat). Since the price UB manages to get from their partners is good, being a member still pays for the member farmers.

Key business objectives
The key business objectives of UB can be described as follows:

● Profitability: UB's goal is to use its surplus to pay the highest possible price to UB farmers/members (UB1:1).

● Growth: Additional volume growth of deliveries to the NW is not a priority – "actually I am not so sure that we want to grow so much more" (UB1:2). However, provided there is a demand and interest from NW, UB could contemplate growing. On the other hand UB wants to grow its own brand: "to get an own brand that is demanded and that all animals should be part of our own brand, that's where we want to go!" (UB1:2) UB also wants to increase mutton and pork production, as well as expand into cured meat.

● Maintain a solid financial base: This failed 2013 when "added value support" was discontinued.

● Altruistic objectives:
- Realising the "organic idea": high priority (UB1:1)
- Local production: high priority (UB1:1)
- Animal welfare: high priority (one out of 100 coop members sends some animals further away (Linköping) for slaughter, if more profitable) (UB1:1). But also in extraordinary situations animals have been sent to slaughter beyond Uppland. It is very important to UB farmers that their animals are treated well all the way to the final slaughter and that they do not have to suffer long transports and/or many stops on the way.
- Ensuring family/small farmers' existence: high priority (all surplus should go to farmers) (UB1:1)
- Strengthening rural economy: high priority (the goal is for all meat to be sold on the local market) (UB1:2); (buying local products strengthens local economy, local interdependence) (UB3)
- Protection of natural environment: quite high priority (grazing on semi-natural pastures) (UB3)

[2] In total 2.5 million SEK (UB1:1).

UB has no problems to retain their members or to sell the meat they would like to – there is a large market demand on the national level and NW and UB "vacuum cleans" for animals. The goal to use UB as a means for negotiation has been reached. The trouble is getting the local market in Uppland to function better so that UB can sell under its own brand, which is another important goal. In the long term this is a prerequisite to be successful in negotiations with their partners UB1 thinks: to be able to negotiate well you need more than one option. Developing and expanding their own brand is important in this respect. And since UB has decided the UB brand can only be used when the meat is produced, processed and sold in Uppland, the local market needs expansion.

Business plan and core philosophy

UB has no formal "business strategy", but there is a "business plan" (UB 1:2; UB3; Upplandsbondens, 2014), a "process development document" from 2009, outlining future goals for UB (Upplandsbondens, 2009), as well as a marketing plan from 2013 (Caringe et al., 2013). The latter was written by students at the Swedish University of Agricultural Sciences in Uppsala (essay in economics) and thus not a UB product in its own right. UB also has statutes (UB1:2) as all cooperatives need to have in order to register as such. The business plan is a requirement for all cooperatives: they are required to have yearly assemblies, a board and they need to develop plans for the year ahead, a budget and put down in writing what happened the past year. This is then scrutinized by an auditor so that the board can be released from responsibility at the yearly assembly.

The business plan for 2014 states that UB wanted to pursue the following goals:

- Strengthen and develop cooperation with market partners
- Continue marketing in retail shops and suggest activities like display of meat and cooked dishes, preferably together with RP
- Support communication with members and other actors via personal contacts, the home page and social media
- Work for increased production of lamb
- Work for a better situation concerning meat boxes (both in terms of economic risk for UB and in terms of consumer convenience)

Many of these goals were not possible to reach during 2014. The loss of the value added support cancelled all marketing activities. For example, around 30 market related activities were carried out during 2009 (Upplandsbondens, 2009), and only two in 2013 (Upplandsbondens, 2013). The meat box entrepreneur went out of business and the cooperation with RP has not developed in a satisfactory way for UB.

All strategic issues are discussed in the board and issues important for the further development of UB (e.g. new partners) are brought to the yearly assembly for the members to vote on.

Since NW would buy anything UB can produce at the moment, there is not much need for a discussion on strategies right now (UB1). However, as soon as farmers meet they discuss market developments and the way forward so informally and during board meetings there is a discussion on strategies in UB.

The core philosophy of UB's statutes is that "*everything* should be done within the borders of Uppland, i.e. slaughtering, meat cutting, selling and consumption within the borders of Uppland, that is like the cornerstone" (UB1:2). This is what makes UB unique. This said, it is assumed that all members are KRAV certified (and thus adheres to the animal welfare standards of this certification).

In addition, the rationale for farmers being members is that UB aims to pay the best price for organic meat.

Core management instruments

Core management instruments of UB include: regular negotiation of "fair" prices (fair to farmers, fairly shared among UB members), top-up of consumer price transmitted to local producers (if there is a surplus for UB that year), strong preference for local chain partners, supply to meet needs of chain partner, joint marketing UB-RP, chain partner meetings and regional cultural events, knowledge transfer through yearly meetings, open communication within the organisation, annual team building events (summer meeting), thorough statistics over animals that are bred and sold (UB1:1 & UB1:2). Keeping statistics over their own production, prices etc. is vital for UB when negotiating with wholesalers. Knowledge of the market and the production is important.

Transparency, communication, fairness, and trust

Transparency is built e.g. through info letters to coop members etc. (also see trust, below) (UB3), but while external transparency is perceived as important, it is not always prioritized, if it is perceived as entailing risks (UB1). This means that while all UB farms are open to anyone that wishes to visit, they do not actively work to get consumers to visit since this is both time consuming and can be risky in the sense of spread of diseases. Both UB1 and UB3 said that they think communication within the cooperative needs improvement.

Communication with consumers is considered important, but "often, when you are a producer, a lot of energy is needed to take care of your own farm, so not so many [coop members] have time to get involved, they think it is enough to get paid" (UB3).

Fairness is important to UB, profit is shared among coop members (UB1:1), a basic membership fee is equal for all members, then everyone pays UB according to kilos of meat sold (UB3). Fairness is also felt to be important in relation to business partners, the board people of UB demand transparency and fairness from their partners (UB1 & UB3).

UB considers trust to be crucial (UB1:1; UB3), "it is very important" (UB3), it is part of the business plan to achieve a high level of trust. Internally it is built e.g. through continuous information to coop members (info letters to members), summer activity and the yearly assembly (UB3). In relation to business partners, trust is built through meeting and talking, sometimes at social events such as food fairs or food galas. Even if NW is a large, national player today, UB takes pride in the fact that they taught NW about organic meat in the beginning, and this special relationship has prevailed – at the same time as they are tough negotiators. The relationship with local actors is less trusting than the relationship with NW. UB has offered education about organics to SL1 (as they did with NW some years ago, successfully) but they are not interested. RP has employees taking up orders from customers (retail shops) but they do not actively sell products. This is a problem for UB since they are new in the RP assortment and would need some marketing.

Management responsibilities are concentrated to a small group of board members, who take the main responsibility for the management of UB. Currently three board members take most responsibility (UB1:1; UB3). Previously, more board members have been involved, but not anymore (UB3). They no longer find the time for this kind of volunteer work. Any person who works in the board (our outside the board) is paid per hour by UB (they send an invoice to UB). However, there are no employees. The cost for members' work within UB is approximately 500,000 SEK/year. This work mainly takes the form of treasurer, selling animals and invoicing.

Management changes during the growth process

Being actively engaged in the management of UB is a demanding task. A small number of enthusiasts, on the board of UB, have taken the brunt of the responsibility, managing the coop. With time tasks have been concentrated to a few people, of which only one (UB1) has taken the main responsibility for budget issues. This may have made the coop's management more effective, but also more vulnerable, since knowledge about the coop's economy is in only one person's hands. The way the board works has not changed through the years. One person is the chair, one is the treasurer (the same as in the start), one is responsible for being the link between the slaughterhouses and the member farmers (the same person as in the start), and the other board members can have responsibilities such as the link to supermarkets, where UB sometimes visit and display their products. A major task now and for the future is to find members willing to take on tasks in the board as old board members leave (due to age).

During the growth process, which has constituted most of UB's existence so far, the team of people with main responsibilities has stayed in the small group of 3–4 people. Some have not endured: "…some of those who sat on the board from the beginning have disappeared, who could not take it. Well, it has been a tough journey, a lot of work, and they probably got tired, and then personal stuff too, and they disappeared…" (UB3).

UB is currently in the midst of a challenging period, due to the loss of money for all marketing activities. By now (end of 2014), this situation has been mastered by paying lower premium prices to members (this lower price is still higher than they would get anywhere else). In the long run, however, UB1 thinks that the margins available to UB for paying premium prices will decrease. This is because they are transparent with all organic farmers about what they negotiate and what they earn.

The growth process of UB has been fairly continuous since the start, the cooperative has gained a few new members every year and now have almost as many members as they can: the geographical limits and the number of organic meat farmers set the frame for how many can be members. All organic meat farmers in the region are not members, but the majority. UB1 estimated that 30–40 organic meat farmers in the Uppland region are still not members, of which most already have a satisfactory market situation and thus do not feel the need to join the association.

UB negotiates for a group of 50 farmers north of Uppland that use the same slaughterhouses as the UB core members. There are only few organically certified slaughterhouses in the north and the ones UB has negotiated with there were not interested in cooperating. For most of these farmers, the transport to Uppland is not very long, even if they live outside the borders of Uppland. UB1 explained transports of live animals like this: it is also about the number of stops you have to make, and not only about the distance to the slaughterhouse. The best thing is to load all animals from one or two farms and then be able to drive to the slaughterhouse. It is not good to go around and collect a few animals here and there (for the animals).

What has been challenging for UB is not the growth in members but the way to reach the market with their own brand. It is not hard for UB to sell all their animals through organic market channels, but it is hard to sell the meat within their defined region (in which they sell under their own brand – if their meat travels outside the region via NW, it loses its UB identity). UB has gone through a shaky process of trying to find partners to work with in the region (slaughter, wholesale). It was an important decision in the beginning of the cooperative to decide that they wanted to find partners instead of taking care of the whole chain themselves. The latter was not really an alternative since the members and the board did not feel capable or resourceful enough to build up a whole value chain of their own. But UB has suffered many disappointments (partners have gone bankrupt, they have not been able to live up to the expectations, etc.) and the search for the perfect match continues. Even with the experiences UB has now, they would not go for building up their own value chain since it is very expensive and time consuming – farmers do not have money or time. Their attitude is also that they need to solve their problems with the options at hand (and it is not about the wrong or right decisions).

Instruments supporting cooperation with chain partners

The most important instruments supporting the cooperation between chain partners are:

Supplying a particularly high product/service quality is a very high priority for UB. This 'high priority' goes for UB as well as for RP, but slaughterhouses do not comply with this particularly high standard UB representatives think (UB1:1; UB3). This does not mean that the meat is inferior or a health concern, but the meat industry has not learned to differentiate between high quality and acceptable quality and they do little to increase demand for high quality meat. It also does not mean that the slaughterhouses would not follow regulations or organic standards, but UB does not feel a commitment and an interest from them.

Good customer service – UB does not have much contact with end-consumers (unless consumers contact them) so their main counterpart are the wholesalers with which they negotiate prices, and the slaughterhouses to which they deliver their animals. At the same time, UB thinks it is very important to meet the consumer (in retail shops in so-called demonstrations/displays, at farmers' markets) since they are well aware that the demand has to come from them. As UB no longer receives the value added market support funds, they have no money to pursue this. A mini-course on social media was given in connection with the yearly assembly 2014 (UB1:4).

Maintaining good and trust-based long-term business relationships is a very high priority for UB (UB1:1), as is the case for RP, while their 'long-term' view has the proviso that UB has to deliver according to plan (UB2).

Product differentiation – UB's attempts at differentiation (organic cured meat products) have failed several times (UB1:1 & UB1:2), at least so far, although this is an important aim for UB (UB 1:2).

Building on a better understanding for consumer trends – UB wants to produce organic cured meat products, since they have "an enormous potential" (UB1:2). This is one example of UB wanting to understand and take consumer demand into account.

New/alternative marketing channels – UB has decided that they would prefer to find market partners instead of taking care of the whole chain themselves. They would prefer to sell as many animals as possible with their own brand, in the new partnership with RP. The idea is to be able to benefit from RP's network of retail shops. However, since the meat boxes failed and since the cooperation with RP is not running smoothly, new alternatives are always looked for.

Maintaining local/regional production base – This aim is written into the statutes of UB. However, this goes for meat branded as UB, and not for the rest. In the current situation, the bulk of meat is sold via NW on the national market.

Reduction of transports – Local production is a priority, although some transports to slaughter further off are undertaken, if profitable. The main concern is animal welfare and that consumers are concerned about animal welfare and from where their meat originates.

Ensuring transparency – UB are open about their business and prices to chain partners. They also say all the member farms are "open farms".

Professionalization of management – In one sense management has been professionalized since one member of the board has taken a lot of responsibility for the budget. UB is also contemplating hiring someone for marketing, which they have done before (UB1:1 & UB1:2). Marketing has thus been the most professionalized part of UB's activities. On the other hand UB wants to remain a coop, not become a company: "I think this [a coop] is an incredibly nice form of association … we probably thought this was the best form, I think a limited company is difficult, then you have profit motives governing, here [in UB] it is to pay most possible to the farmer, that is our main idea" (UB3).

Collaboration along the chain and with market partners, developing business partnerships – UB needs partners such as NW, RP and slaughterhouses to reach out with their products to consumers, and they do not want to manage the whole chain themselves.

Networking in terms of informal contacts between member farmers and between UB and chain partners are important. However, while many of the farmers meet during the year at different events, UB itself only organises two events (the yearly assembly and the summer event). Networking with chain partners happens e.g. at food galas.

High animal welfare standards – One of the rationales for UB is to promote grazing animals and transporting the animals as short distances as possible to slaughterhouses.

Preparing the cooperative for growth in volume or growth through differentiation. UB does not want to grow much more, if not demanded by NW, which needs certain volumes to fulfil its contracts with national retailers. Thus members would have to expand business or UB would have to find new members in case the cooperation with RP works out well and they can sell more animals with their own brand), but they very much want to grow through differentiation to cured meat products (UB1), and by being able to sell a larger portion of their meat under their own brand.

Competitiveness and strategic orientation

Competitiveness is important for the continuity of UB. It has to show to the members that it is useful for them to be members (earning a higher price). There is no rationale for UB to exist unless they can negotiate better prices for the farmers.

Strategic partnerships are also crucial for UB. Without NW and RP and slaughterhouses they could not reach their aim of being only a farmers' cooperative, delivering organic meat, while not processing it themselves, which they do not want to do because of the work-load. UB can only function within a chain of reliable strategic partnerships. At the moment, NW seems to be the most reliable and preferred partner. Since the meat boxes failed (no entrepreneur at the moment) and since the cooperation with RP still is not up and running, UB has had to re-orient itself to find new ways. The focus has shifted a bit from working for their own brand (even if that is what they would like to do most) to work for giving their members alternatives (i.e. cooperation with a larger number of slaughterhouses) with differences in how much they can get paid. In the course of this development UB continues to work with SL1 and SL2, but aim to increase the options given to UB members in terms of slaughterhouses.

Pricing strategy between chain partners

In terms of pricing strategy between chain partners, UB is dependent on the prices offered by NW and RP, through the market listings of two major slaughterhouse cooperatives in Sweden, dominating the market. One of them, SL4, is owned by a dominating Danish meat business (UB1:1). However, through negotiations, on top of these market listings, UB has managed to get a good price for their products: "I think we succeed very well" (UB1:1), which is shown by the fact that organic meat producers from further north in Sweden ask UB to market their meat too: "…then it has turned out that the farmers [from further north] have come to us thanks to them getting to know that we pay among the best and that is why we have had so many farmers from up Gästrikland, Hälsingland, Dalarna, since they have been like four–five–six SEK below what we can pay" (UB1:1).

A price premium is paid to primary producers – prices are higher than market prices (see above). However, it is difficult to know what the market price is since slaughterhouses now contact farmers individually and negotiate prices with them. Farmers that can deliver many animals at once get higher prices since the transports of full vans are cheaper for the slaughterhouses.

Handling margins within UB

Margins are split up equally among coop members, according to the cooperative ideals (UB1:1). That is, all farmers delivering/choosing the same slaughterhouse are paid the same price premium. If they choose another, which offers other prices, they are paid that price. The meat sold to RP is not paid better than the meat for NW. There is no fairness between chain members in the sense that they would refrain from negotiating prices.

Dependence between partners

UB is dependent on NW in terms of volumes, and on a regional partner to develop its brand. Currently, the development of a regional brand is not working, but there might be other regional partnerships to explore (e.g. SL2, although they have so far also not been interested in organics). RP is dependent on finding and providing organic meat for public procurement processes, but they do not believe UB is the only option to be able to do this. Thus, UB and RP interpret the situation differently.

Since UB has the aim to sell locally they are dependent on the actors that can be found locally, which are very limited in number. Since UB has no intention of developing its own processing, this dependence will remain as long as UB keeps to the local values.

Overarching business logic

We cannot identify an overarching business logic encompassing the whole values-based chain. The organic perspective is only taken by UB, while NW and especially RP see organic as not much more than "complementary" to their mainstream business. This said, NW seems to be sincerely committed to organics since this is an important part of their business. According to UB1, NW has more than doubled its turnover since 2009, which is due to the increase in organic meat sales. They also employed a former employee of the organic farmer association to handle the organic section of their business. Finally, NW (almost the whole staff) was educated in organics by UB.

Internally within UB itself there is an overarching business logic that links business goals, strategies and instruments. This can be described as a combination of local/regional production, organic, and cooperative ideals, in which shared profits and the best possible price to the farmer are included. It may not be very important to the average UB member whether the meat is sold with their brand or on the national market. But since UB has invested 2.5 million SEK in the brand, they do not want to drop it now, but develop it. At the moment the demand for organic meat is so high that everything can be sold for good prices, but the market may change and in a crisis situation the own brand may be a better insurance. In addition, there is a group of consumers who appreciates local organic meat "with a face".

At the moment, the development of the local market depends on if the cooperation with RP will take off. If this would work well, volumes could increase fast. If RP would start making cured products the UB brand could be boosted even more. There are very few organic cured meat products on the Swedish market and very few high end products at all. UB has also developed an alternative strategy, which focuses on getting the best price for their members by expanding the number of slaughterhouses they negotiate with. This development goes hand in hand with NW's expansion. A slightly different route is cooperation with a slaughterhouse that does not do its own transports. Thus, UB would have to organise them, which they see as an advantage (controlling a larger part of the chain). This is an advantage since it is possible to influence the costs of transports a lot with how animals are handled.

In conclusion, UB is consistent in its strategies and management instruments to the extent that they can influence them themselves and to the extent that they are able to cope (economically and in terms of human resources).

5.3 Trade-offs between quality differentiation and volume and economic performance

Differentiation from mainstream organic value chains

What mainly differentiates the UB chain from mainstream organic chains today is the aim for a local/regional value chain (UB1:2; UB3), and grazing on semi-natural pastures/pastures with high biodiversity values (UB3). While grazing is part of all organic cattle keeping, the KRAV organic standards are a bit more demanding in aspects of animal welfare than the EU regulation. During the grazing season, animals have to be on the pasture at least 12.5 hours every day. Grazing cattle is a prerequisite for maintaining the most bio diverse habitats in Sweden (semi-natural pastures).

This can also be described as geographic proximity, and further differentiating qualities include taste, animal welfare (no long distance transports) and landscape protection (UB home page, 2014), GMO-free production (UB1:2), environmental label KRAV (not only EU organic), local regional economy (UB3).

Influence of growth on quality differentiation strategies

An important issue for UB farmers is to have their animals travel as short distances as possible to slaughter. They are fortunate to have more than one organically certified slaughterhouse within the region, which they have defined as their range. All their animals – both those sold under their UB brand and those sold to NW for further distribution nationwide are slaughtered in the region. However, there has been some deviation from this rule during the last year since UB lost a lot of money (the added value support money for marketing that they had counted on but did not receive).

In this case, some animals have been sold to slaughter beyond the region, resulting in longer transports. The reason for this is that these slaughterhouses have offered markedly higher prices for the animals than the regional slaughterhouses. Not all UB farmers have wanted their animals to travel the longer distances, however. For UB as a cooperative a few SEK more/kg live animal is a major sum that can be used to fill the budget gap in the cooperative. As NW grows, and UB grows with them, and as the cooperation with RP does not work satisfactory, UB has decided to expand the range of slaughterhouses members can choose from, one being outside their region (i.e. longer transports, but higher prices paid).

The only possible differentiation is if the cooperation with RP will take off and if RP would agree to process cured meat products as well. This is still far away from the current situation. If this happens, there is a possibility that UB will have too few animals for both NW and RP to be satisfied if both wholesalers develop in a good way. One way out would be to attract more organic farmers from the north of Sweden and sell their animals through NW and the Uppland animals through RP. Thus, it is not possible to say if differentiation is easier or harder to reach with the growth process.

The balance between quality differentiation and growth

UB has tried to differentiate through strategic partnerships, currently notably with RP, and before that with other small-scale companies (earlier attempts failed, however) (UB1:1 & UB1:2). While UB has steadily grown (number of member farms and therefore number of animals slaughtered within the cooperative), they have been less successful in selling the meat under their own brand (which is only used if the meat is processed and sold within the Uppland region). The vast majority of the meat is sold via the national wholesaler NW. Thus, the UB meat mainly ends up outside the region. UB would prefer that a larger part of their meat would be sold with their own brand, which carries a higher quality in their mind: breeding, slaughter and consumption of the meat within the same region. By trying to find suitable regional market partners that could take care of the regional distribution of UB-branded meat, UB tries to increase these qualities. At the time of the case study UB tried to take two parallel routes. One being the growth route with NW, adding on to the number of slaughterhouses used, being a reliable partner as NW scales up and takes on new slaughterhouses and production lines. The other being the push for the UB brand in the local market, which at the moment involves convincing their partner RP and the SL1 slaughterhouse of the possibilities of cooperation. Currently, 1,500 animals/year are sold to NW while 300/year to RP. For UB to have a stable future, where they cannot be exchanged for anyone else, more animals/year need to be sold under their brand (they think).

Influence of growth on economic performance

When up and running, UB's agreed production volume will correspond to around 10 % of RP's total "activities" (UB2). Because UB has grown, they are competitive in the eyes of the member farmers. The terms offered by UB are favourable to the members and thus all animals of the members are channelled through UB. This is a win-win situation for the members and UB as an organisation (UB becomes a more important player and is harder to ignore). Thus, the growth of NW is favourable for UB as long as they can grow together with them. If NW grows even more than UB can there is a risk that NW drops UB altogether and focuses on partners than can deliver the amounts they need. However, this is not very likely since consumers ask for meat produced in Sweden, with the KRAV label. There is a seeming win-win situation for UB and RP to develop joint products. RP is able to differentiate into the organic niche and UB can sell more animals locally. However, this cooperation is still in its infancy and does not run smoothly. The most robust situation for UB would probably be to sell half of its animals on the national market and half on the local market. Then, if either fails, a large part of production flows can still be up and running.

Influence of the growth process on economic performance and distribution along the chain

Internally within UB, a fair distribution of economic performance along the chain has been maintained during the growth process. The cooperative idea ensures that UB members share profits

(UB1:1; UB3). In the chain, a fair distribution of economic performance is maintained as long as the actors agree to negotiate prices. Our interpretation is that UB in this respect considers "fair" to be according to the market situation, where they fight for the highest possible price paid to their members.

The discontinuation of the added value support constituted a major blow to economic performance of UB, and a serious loss of resources previously used for marketing purposes every year (UB1:1). There have been instances of UB members being approached by slaughterhouses directly, saying that they will pay them a higher price if the farmers agree to negotiate directly with them, thus by-passing UB. The approached farmers are normally those with larger volumes. UB has told these farmers that they are free to make any deals they want (if they think they can get a better price) but also that this damages the position of UB and the overall position of farmers in the value chain. In most cases, UB member farmers are loyal to the cooperative and do not by-pass it. Rather, UB as a cooperative has chosen out-of-the-region slaughterhouses to recover losses in the organisation (once). And now they are in the process of opening up options for member to choose a wider range of slaughterhouses, thus being able to decide on economic performance themselves (selling to one slaughterhouse may give a higher price than selling to another – but may involve other "costs" in the eyes of the farmer such as lower level of animal welfare).

As long as UB is able to negotiate better prices for their members than these farmers would be able to do on their own, there is a justification for farmers to be members in UB. Thus, economic performance is relative.

The problem of UB to develop their cooperation in a satisfactory way with RP has impeded growth on the local market. However, it has not impeded growth of UB as a whole. Both UB and RP have the Uppland region as their preferred range of action, which sets boundaries on the potential/wish to grow.

So far, there has not been a need for UB to increase production for economic reasons, but UB might need to expand production to satisfy the demand of the national wholesaler (UB1:1). They need a certain volume from their suppliers, and their business has grown substantially the last few years, also influencing their relationship with UB. The preferred situation for NW would be for UB to grow as well so that they can take larger volumes from them.

Combining differentiation, growth and economic performance

Stakeholders in the UB chain both do and do not experience challenges today in combining quality differentiation, growth and economic performance. UB does not experience any problems to maintain the type of value-added primary production they have (KRAV) since this is what the actors in the chain ask for. However, UB faces a challenge in terms of product differentiation and growth. UB wishes to grow through quality differentiation (organic cured meat production and local selling) in cooperation with RP, while RP is not eager to do this (so far), but instead present a cautious attitude. Since UB has no equivalent alternative to RP for growth through differentiation, This does not affect UB's economic performance since NW can buy all the animals UB can sell, but the heavy focus on the national market is not what UB wishes to pursue.

In terms of trying to solve these challenges, UB tries to find ways to get their products onto the local market, although they do not currently manage to do this. Also, they do not have the capacity or economy to develop their own independent value chain. Regarding the cooperation with NW, UB wants to keep pace with NW to stay their preferred partner for organic meat. Thus, they are able to sell more animals by buying animals from farmers outside the UB region. The restaurant wholesaler is a potential not yet developed. The restaurant business would probably be able to buy much more if UB had the time and resources to develop this channel.

The same values for differentiation will be important for UB in the future as currently. Increased regional focus could strengthen their values for differentiation, as could separating meat into finer categories/qualities to make the most of the meat's value, or launching cured meat products.

5.4 Communication of values and qualities

Structure of communication between supply chain actors

In terms of structuring of the communication between supply chain actors, within UB, phone calls and e-mail is the most frequent method used to communicate. The board also sends out newsletters to the members (via e-mail). They normally deal with updates on prices, negotiations, activities, delivery issues, slaughter issues. The newsletters are written by the board's key people (chairperson, treasurer, delivery responsible). The board presents a number of documents and follow-ups before each yearly assembly and asks the members to take a stand in difficult issues (e.g. should they invest in certain cooperation, are the members ok with a lower price in difficult times?). Since all members are farmers they are familiar with each other's situation and have a pre-understanding for each other. While the board takes decisions and has a certain amount of power in relation to the members, they are also farmers who look for the best possible price for all members. Since it is hard to find members that want to give their time and effort to UB board work, most members can be assumed to be happy about the people who actually sit in the board and are not very likely to complain a lot about their activities.

Communication between UB and the slaughterhouses is mainly done by one of the UB board members: he checks out what animals on what farms are ready for slaughter and is the link between the farmers in question and the slaughterhouses. Thus, the responsible person in the board has to see to that the animals from a certain farm go to the slaughterhouse of that farmer's choice. This is a communication issue between the members and the responsible person in UB. The slaughterhouses give UB data on number of slaughtered animals, their weight, quality, price etc. This is sent by e-mail to the treasurer of UB who collects all data in large files and compares to the price indexes of the larger slaughter industries. These comparisons are used in the negotiations UB has a couple of times every year (at least twice) with their wholesalers NW and RP. Negotiations are meetings when UB takes care to send as many people to the meeting as the counterpart sends. The meetings are held at the offices of the wholesalers. While negotiations can be tough, away from the negotiation table the mood can be more amicable. This double-edged type of communication was described by UB1.

Between negotiations, communication about minor issues is done by phone or e-mail with the wholesalers. There can also be personal meetings by chance, at food fairs or galas for example. UB1 told us about such a recent meeting at a food gala where he had some glasses of wine with the CEO of NW and reached a favourable understanding between them that solved a conflict they had had and gave UB a higher price. UB members have occasional contact with regional supermarkets when they make so-called demonstrations/displays in the shop. At these occasions, one farmer and one person who can cook the meat into a dish go to the shop, display the meat, and hand out free portions of a stew or something like that. This activity has many purposes: to meet consumers directly, give consumers a face of their products, increase sales and increase demand for UB meat.

During the years when UB had access to market support money (funds available from the Board of Agriculture), they had a person working with marketing activities, of which contacting supermarkets and trying to make them sell their meat was one. They also had the funds to develop marketing material with one of the major PR bureaus in Uppsala. Contact information about the farmers is displayed at the UB homepage. However, this information is not updated regularly. UB1 admitted that the home page needed work. This is how end-consumers find out about the farmers and occasionally a farmer/UB representative is contacted by a consumer (e-mail/phone). Either the reason is to ask about the production, to feedback about the quality of the meat, or to try to order a meat box (in which case the consumer has, up until now, been re-directed to the meat box entrepreneur (which went out of business during autumn 2014) and/or to the UB homepage online ordering). UB has a Facebook account where they display information about their marketing activities (fairs, new products, cooperation etc.) and also some food activism (such as anti-GMO information).

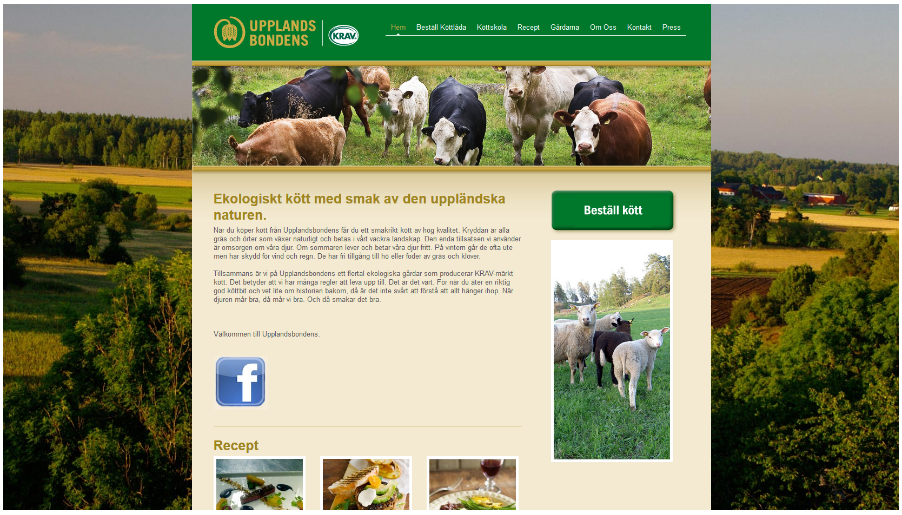

Figure 6. Screenshot of Upplandsbonden's homepage, www.Upplandsbondens.se (2014-09-12).

Communication with consumers

UB farmers are known to consumers in so far as if a consumer is interested, he/she can look at the UB homepage and get contact information and links to homepages of the farms (but these are not always updated). In the marketing material of UB, some of the farmer members are displayed and presented.

There are some means allowing consumers to articulate their wishes, desires and concerns upwards in the food chain, to UB. Since the contact information to UB representatives and to many of the members of UB is displayed on the homepage, consumers can call or e-mail after looking at that page. When consumers meet a farmer in the shop demonstration or at a market (UB used to be present at farmers' markets in the region, but no longer due to lack of resources) they have a possibility to ask and give feedback face-to-face. Facebook is also a possibility, but our key informant did not know to what extent Facebook was used by their consumers.

Topics of communication between partners

Communication between UB and partners include negotiations about price, deliveries, production, slaughter, quality differentiation into organic cured meat production, organic production ideals, marketing, sales, small talk (e.g. with NW) etc. (UB1:1). Also communication aimed to "build strategy and see how we should deal with flows, volumes, and such" occurs (UB2). A few years ago, when NW was new in the organic segment of the meat market, UB made the effort to educate the CEO and key employees about organic production. It was mainly UB1 that was responsible for this education in collaboration with an advisory service. UB received project funds from the county administration to pay for the advisory service involvement. This joint history and kind of relationship has positive consequences for UB's and NW's mode of communication today as well. There is a grounded trust between the organisations (UB1).

Channels and frequency of communication between partners

UB uses various channels to communicate with its partners. In addition to negotiation meetings that are held face-to-face, phone, e-mail, personal meetings ("going out to talk to partners" on location), fairs, and food galas are other channels used. Farmers' markets and fairs were used in the beginning when UB tried to make its brand known and when they were actively looking for new members. Internally, member farmers meet twice a year at the assembly and at the summer event. However, being farmers in the same region, many of them meet on other occasions as well, e.g. meetings of the Federation of Swedish Farmers (LRF), and organic farmers' association meetings (UB1:1).

Negotiations between stakeholders take place every six months (UB1:1), while other forms of communication takes place much more often – every fortnight or every three weeks with NW, and in principle every week with SL1 (about slaughter) (UB1:2).

E-mail is considered preferable in communication with partners NW, RP and slaughterhouses: "then you have in print what you [agree on]" (UB1:2). However, different channels are perceived as suitable for different purposes. Basically the more sensitive the information exchanged, the more preferred is a personal meeting. In the communication with business partners, e-mail is preferred since it can be saved and referred to later. Daily contacts, check-ups etc. are done by phone. There is trust between UB and its wholesalers, but not so much that they would refrain from written material. A handshake is a handshake, but UB feels the constant need to be on their guard.

	Downstream →					
Upstream →	UB farmers	UB coop board	Processors (slaughter-houses)	Wholesalers/ Distributors	Retailers	Consumers
UB farmers	At annual assembly and yearly summer activity.	Various coop issues.	Occasionally about delivery of animals for slaughter.	No contact.	Varies from none to contact via demo activities in shops.	Varies from none to contact via farm shops and demo activities.
UB coop board	Various coop issues.	Intra-board contacts about economy, marketing etc.	One board member, weekly about delivery of animals for slaughter	About price negotiations, marketing, deliveries etc.	About marketing, demo activities.	Varies from none to contact via farm shops and demo activities.
Processors (slaughter-houses)	Occasion-ally about delivery of animals for slaughter.	Information about number of animals, slaughter weight, prices.		Contact about delivery of animals etc. No data on modes of communi-cation.	Contacts between processors and retailers with staffed meat counters.	No contact.
Whole-salers/ Distributors	No contact.	About price negotiations, marketing, deliveries etc.	Contact about delivery of animals etc. No data on modes of communi-cation.		At least once/ week about deliveries. No data on modes of communi-cation.	No data.
Retailers	No data.	From none to contact via demo activities in shops, and occ. delivery inquiries.	Contacts between processors and retailers with staffed meat counters.	At least once/ week about deliveries. No data on modes of communi-cation.		Retail employees meet consumers in shops.
Consumers	Questions about production and offer.	Questions about production and offer.	Public procurement calls.	No data.	Consumers meet retail employees in shops.	

i.e.: Yearly Monthly Weekly

= physical/direct interaction

= per e-mail/letter

= per phone

Figure 7. Upplandsbondens communications cross table.

Interaction between primary producers and consumers

Specific interaction between primary producers and consumers in the value chain take place via UB's homepage, e-mail, when consumers call farmers, when farmers sell directly on farm (UB1:1, UB3). It happens sometimes that end-consumers call primary producers and ask "…how do you slaughter your animals? In what way? How are they raised? …and that is positive, you get a positive response"(UB3). This may happen 2–4 times every month. Consumers ask via UB's homepage if they can buy meat (UB1:2). There is no information about individual farms on the UB packaging when sold via NW. UB1 stated that the slaughterhouses cannot handle providing this information. However, when in meat boxes and when via RP this could work better and will perhaps be possible.

On 2015-03-10 UB had 365 likes on Facebook and in the chat function at least two consumers asked for contact due to demand for their meat. In the news flow, UB presents pictures and short texts about recent activities (like markets, occasions where they have offered their meat, etc.) and also links to newspaper articles dealing with organic/quality food in some way. Both the home page and the Facebook account would need more attention from UB (UB1).

Influence of growth on communication

Since UB lost funding to do market related activities this has had a severe impact on the possibilities to communicate with consumers and to market UB's products. For example, UB had to cancel many of their market related activities, they cannot work actively to boost their brand and they cannot employ a person dealing with market related activities. The aim is, however, to be able to have such a person as soon as possible again. The same goes for the retail shop demonstrations/displays, which UB thinks is a very good way to meet and convince consumers.

The internal communication is not satisfactory, according to UB1 and UB3. This is one of the issues they want to improve as soon as they can. This can be done by improving and updating the home page, and by organising more than two yearly meetings.

Opportunities for exchange beyond usual structures

There are occasions when actors can interact outside usual structures, e.g. at fairs, markets, food galas and demo activities in food shops (UB1:1; UB3). When UB had a budget for marketing activities they were regular participants at different markets and food fairs (in exhibition halls), which they cannot afford any longer. However, they try to take part in minor events such as farms' open house days, food fair in the botanic garden etc. (photos on Facebook). UB is invited to the White Guide food gala in Stockholm (once a year) when high-end restaurants and food entrepreneurs are awarded.

The last UB summer event day consisted of a farm visit where the farmer showed members his farm, his energy solutions (biomass heating, solar cells etc.) and where also the low stress stock handling method was demonstrated to the members. The program stretched over the whole day (Sunday). During the summer event, the members can bring their families and they barbecue hamburgers together.

It is considered very important that members can meet and talk informally on many occasions over the year. As explained above already, in many cases members meet outside the UB structures. UB1 gave an example recently when he met two important farmers (whom he would normally not meet) at an event organised by the organic farmers' association.

Food ambassadors: at the moment, there is no one really working to sell the UB branded products. When the brand is not visible anywhere (except in the shops able to cut and package themselves) the potential ambassadors disappear (they cannot speak for products that do not exist, UB1 reckons). The potential is large, however. There are restaurants that use UB meat and would be happy to display it more. There are also committed retail shop owners who would boost the UB brand if provided with products and information material. And there are consumers who look for the UB meat, but have trouble finding it in their shops.

The occasions where UB member farmers visit shops to display and demonstrate their meat, and the occasions UB members sell meat at markets are the only practical examples of food ambassadors we have at the moment (and these occasions are rare now due to lack of resources).

5.5 Quality mediation through the chain

Farmers' views on superior production qualities

Farmers see organic, local production, grazing on semi-natural pastures (UB1:1;UB3, homepage), taste, short distances to slaughter (UB1:1), cooperative not profit-seeking production (UB3) as superior qualities linked to their way of production. For the Swedish context being KRAV certified is not remarkable (since most organic farmers are) but in the European context this certification implies a number of stricter rules regarding animal husbandry. Organic production within the borders of Uppland is the basis for these qualities.

The qualities that are named in the interviews are KRAV-certified animal production with a focus on grazing animals on pastures of high biodiversity, high quality meat, and short transportation between farm, slaughterhouse, wholesaler and the consumer (UB1, UB3). By adhering to the KRAV standards, UB argues that they obtain a high level of animal welfare at the same time as high quality meat is produced in a way that supports biodiversity. Animal welfare is also high since the animals do not have to suffer long transports, they argue.

The quality of the meat also depends on the handling of it after the animal has been slaughtered. UB is not satisfied with the work of the slaughterhouses, who they allege give this aspect too little attention (in general, in Sweden there is very little product differentiation of fresh meat beyond the different cuts) and put no effort in creating a demand for matured meat cuts. Thus, while hygiene standards are normally high, the taste quality could be developed. UB does not think that it is able to influence this, however.

Production qualities at processors and retailers

The major part of the animals sold to slaughterhouses from UB farmers are channelled to NW and their distribution of organic meat to the whole of Sweden. A smaller part is channelled through RP, and this is the part that carries the UB brand. There is an agreement between UB, RP and the SL1 slaughterhouse that the best (highest quality) animals should be chosen for these products. It is staff at SL1 that carries out these decisions, so UB has no practical influence on what animals go to NW and what animals go to RP. When UB still had the financial possibility to make market related activities in retail shops, they tried to offer the meat from the same farmer that would appear in the shop. Slaughterhouses are not good at separating different qualities of meat. This is a problem for UB, since it results in a lower valorisation of UB's products (UB1). This means that there is no information on the packaging from what farm the meat is from. UB would like to have this information but has not been able to carry it through with their business partners. Before NW grew to the large business it is today, they handled the UB brand, along other local brands of meat. These were dropped as NW got their large contracts with the major national retailer and UB had to look for other solutions.

UB negotiates with the wholesalers directly, and the slaughterhouses are only indirectly part of that negotiation. The SL1 slaughterhouse and RP are part of the same consortium, sharing board members. So when UB negotiates with RP, SL1 is indirectly part of it as well. Important aspects of the negotiations are the quality of the animals, the different categories of animals (heifers, oxen, cows, calves), and the reference values from the large scale slaughterhouses in Sweden.

When UB still had access to the government added value support they developed a number of brochures that were distributed to supermarkets and handed out to the staff and consumers during marketing activities. These brochures describe UB, present a specific farmer and a recipe with a less common meat cut. "Demo activities" were also conducted in shops (UB1:1).

All large retail chains in Sweden are members of KRAV and have decided they want to focus on offering KRAV certified fresh meat (and not EU organic meat). This is a major reason for the expansion of NW and why UB is able to deliver all their animals without problems.

Since only supermarkets with possibilities to cut and package meat in the store can sell UB branded meat at the moment, these are larger stores in the Uppsala city centre with one or more employees and management people committed to organics in some way. Thus, selling UB branded meat fits to these shops' image. When the cooperation with RP is up and running the idea is that RP should cut and package UB meat and distribute it together with the conventional RP products to around 90 retail shops in the region. In this case, the retailer can choose from a larger range of products with a regional origin and touch. One current problem UB has is that RP is not yet organically certified, which means their plans have come to nothing so far. Another problem is that the sales people at RP are not really marketing and selling, but taking up orders from shop purchasers. Thus, RP does not inform shop purchasers of the possibility to buy organic meat.

RP and UB are trying to make sure that the retailers do not add a lot on the price they offer the UB products for to consumers (UB2). They share the view that it has to be affordable and that the products carries the right price as it arrives from RP to the shops.

Lack of added processing or retailer qualities

The processor does not add any processing qualities to UB's products. In the case of UB, they only sell fresh meat packed for consumers. Thus, there are no additional ingredients in the products than the meat itself. In the future, as UB hopes to be able to sell cured meat as well, this meat will include other ingredients too (spices etc.).

Another issue mentioned in the interview (UB1) is that of the packaging technique. UB1 argued that the best would be to package in vacuum packages, but that this does not work since consumers do not understand the benefits of this technique and instead prefer the common plastic box with lid. The preference for vacuum packaging was shared with one of the interviewed shop representatives (UB15) due to less waste (meat keeps better) and less bulky sizes on the shelves.

The retailer does not add qualities to the products that are not part of the price negotiation, such as narratives of the origin and localities and production methods. What is added in some cases is the availability of UB brochures in the store and the occasional visit by a UB farmer and a chef that distributes samples of cooked meat to the consumers. During these visits (now cancelled since UB does not receive the necessary support money from the Swedish Board of Agriculture any longer), it was possible to talk about production methods, food qualities etc. According to the UB representative (UB1), sales went up during such visits, when narratives of the origin/localities and production methods were added at the stores by UB themselves, through their “demo activities” and leaflets.

In the chain UB→slaughterhouse→national wholesaler, the only label put on the product is the organic brand of one of the major Swedish retail chains. These products are then distributed all over Sweden and thus do not carry any of the identity of UB. In the chain UB→slaughterhouse→RP, UB and RP have defined – after negotiations – what their joint labels should look like (using the logos of UB and RP). All UB meat also carries the organic KRAV label.

It can be noted that both RP (UB2) and UB (UB1) think that their part of the partnership is the most important (and thus should show most on the label). UB’s argument is that the consumer is more interested in the farm where the meat comes from, rather than the wholesaler that put the meat in a package. The argument from RP was that they would sell just as well if they used a label saying “organic meat from [SL6]” and thus no mention of UB.

Mediating qualities from farm to table
UB definitely thinks that their strength lies in the combination of organic and local (UB1 & UB3). When people in public procurement ask for their meat, they also want to know things about the farms and the animals, i.e. to get a feeling for the identity and narrative of the food.

In terms of key discussions and conflicts concerning the mediation of qualities, UB’s focus is on local and organic production, while their partner RP only focuses on local (and “honest”) production and artisan cured meat products, while not deeply encompassing organic ideals (UB1; UB2). This makes the mediation of qualities more difficult.

There are no incentives to encourage farmers to develop and increase the different dimension of quality linked to their products, except the fact that they are KRAV certified and take a pride in grazing their animals on natural pastures and producing high quality meat. They also see the point of being close to consumers (being transparent, being able to contact through the homepage, participating in events where consumers are). The prices UB negotiates with the wholesalers are the best argument for the farmers to be members of UB.

5.6 Resilience

Changes in partnerships
During the whole history of UB the cooperative has searched for suitable market partners. Thus, there have been changes in the selection of slaughterhouses (depending on what slaughterhouses have been available, that the large slaughterhouse (SCAN) shut down in 2008, and on the organic certification of slaughterhouses and that a very suitable partner went out of business (SL5).

There have also been changes in what role different wholesalers have for UB. The wholesaler that helped UB as a brand and market concept to take off (NW) used the UB brand in its distribution until autumn 2013 when they dropped all brands other than the retailers’ own brand. This was a major change for UB; “we were kicked out from NW” (UB3). There is no grudge, however, since UB saw this coming as NW grew. The cooperation that was built up after this event – with a regional wholesaler of conventional fresh and cured meat products (RP) – has not taken off yet and it is uncertain how this will develop. Due to this, UB now concentrates more on trying to find/negotiate the best prices for their members. This may involve increasing the number of slaughterhouses they sell their animals to from two (early 2014) to four or five. The farmer members will have to choose for themselves what slaughterhouse to use and they will be paid accordingly.

Major external changes, stresses and shocks

Major critical stages (changes, gradual stresses and sudden shocks) in UB's external operational environment can be summarized as follows. Important shocks: 1) When the SCAN slaughterhouse closed down in Uppsala and UB had to find new slaughterhouse partners in the region and make them certify along KRAV's standards. 2) When the SL5 slaughter, cutter, and cured meat producer went out of business. UB had considered this partner ideal since they could take care of all the stages from slaughter to end consumers. Instead, they had to find slaughterhouses and wholesalers separately. 3) When the Swedish Board of Agriculture decided that UB was no longer eligible for the "added value support" that until then (2013) had paid for all market related activities, including developing the brand.

Important stresses: 1) UB supported the meat cutter for the meat boxes with investment funds and also some administrative support but this business had been balancing on the verge of bankruptcy for some time. As it went out of business (autumn 2014), UB had no one to cater for its meat boxes. 2) The way the meat business works, with their share of unethical behaviour, trying to by-pass UB when approaching individual farmers directly 3) The problems UB experiences in finding suitable market partners that believe in them and their products. UB thinks that one of the slaughterhouses they work with (SL1) has a malfunctioning administration, with negative consequences for UB. RP took three years of persuasion to agree to a joint venture with UB. NW dropped the UB brand as they were overwhelmed by the market demand for meat from the retailers (growing too big for a small regional player such as UB). 4) The problems between UB and RP. UB had high hopes for this cooperation and it is a large stress factor that they cannot sell the amount of UB branded meat as they would like to – they have invested 2.5 million SEK in their brand and that will be wasted if it is not used and valorised.

Impacts from the economic crisis 2008/2009

The economic crisis in 2008/2009 was noted by UB. Demand for organic products slowed its upward trend, but the sales from UB were not influenced in any way since their sales still went upward and has continued to increase ever since the founding of UB (total sales from their member farms, i.e. not necessarily under the UB brand) (UB3). The lack of impact from the economic crisis on UB meat sales is linked to UB meat being aimed primarily at top-end consumers, who are not as price sensitive even during economic crises (UB1).

During the economic crisis, there was more talk about "local" taking over from "organic", but the trend is – partly due to the boom in public procurement – that "organic" is stronger now after the crisis (UB3).

Major internal changes, stresses and shocks

Important changes in UB's internal operational environment can be summarized as follows. Important stresses: 1) The fact that UB has problems attracting members to become engaged in the work of the board – the board members are almost the same people now as in the beginning, and most of them are in their 60–70's. 2) The growing demand from NW, public procurement and possibly RP and the fact that UB producers only have the number of animals they have – UB wants to boost its own brand, but will need NW for the bulk. NW, however, will only take animals from UB if they deliver the high amounts they need. This is a delicate task for the UB board, not only because they need both markets, but also since they have contracts to fulfil with both wholesalers (UB1).

Important shocks: 1) The financial situation deteriorated as the added value support did no longer provide funds for market activities (loss of 500,000 SEK/year). UB used to have short-term employees they could no longer keep. All market related work came to a halt.

Major drivers and processes producing changes

Major drivers and processes producing these changes, stresses and shocks were:

First, consolidation of large-scale food industries continues in Sweden and the closure of the SCAN slaughterhouse in Uppsala is an example of that. Thus, they closed in Uppsala in order to focus, and enlarge other units.

Second, the loss of the added value support from the Swedish Board of Agriculture. There was a change of administrator at the Board, and this person interpreted the eligibility criteria for the support differently than the previous person, with the result that UB lost the support.

Third, the bankruptcy of SL5 was another inducer of change. SL5 was an integrated slaughterhouse, meat cutter, and cured meat producer built by a businessman from Stockholm. The slaughterhouse cost 30 million SEK to build, while it normally would only cost 8 million SEK (UB1). Thus, it was difficult to make it profitable.

Fourth, the inability of the meat box meat cutter to take off: the person running this business used to be the employed meat cutter at SL5. While a skilled meat cutter, he seemed less inclined towards the entrepreneurial part of the business, which meant he had no control of costs and administration and reaching the scale necessary for making ends meet. This business went out of business during the course of the research (autumn 2014).

Finally, the difficulties for UB to find engaged members for the board and UB tasks: UB3 described it in terms of younger farmers – and people in general – feeling most commitment to their own farms and in developing them. Volunteer work for a cooperative like UB is less attractive. And even if there will be an influx of new people in the board, they are less likely to share the original values and engagement with the founders.

When it comes to the crisis caused by loss of money due to the retracted added value support UB has had to “bite the bullet” (UB3). UB1 described that they will do a mixture of things to overcome the deficit. They will pay their members slightly less than they normally would; they managed to get a sum retroactively from NW and they decided to slaughter some animals at a slaughterhouse outside the region since they offered a much higher price. However, this is seen as an extraordinary measure.

The problems with RP are handled by focusing more on getting the best price for the meat on the national market and thus expanding the number of slaughterhouses members can choose from. One of these slaughterhouses is situated outside the Uppland region and this is therefore a deviation from the original ideas. However, since this slaughterhouse pays a lot more per animal UB wants to offer its members this option. This will also be a good strategy to keep members with large quantities of animals since they might decide to sell their animals to high bidding slaughterhouses anyway. Now these flows can stay in the hands of UB.

Management of changes, stresses and shocks

In UB it is the board that takes on most responsibility to manage economic stress, shocks and also organisational challenges (finding market partners and the like). Members as asked about their opinion on important issues during the yearly assembly.
The means of feedback built into the value chain are direct communication between UB, NW, RP and slaughterhouses (phone, e-mail, personal meetings), as well as occasional feedback from consumers directly to farmers. Within UB the annual meetings provide feedback opportunities.

Since UB does not communicate much with their end-consumers, they do not influence UB much. The market development is watched very closely by UB however, and this is a major influence on activities. The feedback that UB gets from NW and RP is very different. While NW experiences large demand for organic meat, RP/SL1 do not claim to see this demand.

Views on the future of the value chain
According to the wishes of the UB stakeholders, in 5–10 years' time UB still exists (UB3), it has increased the volume of sold products under its own brand (UB3), slaughterhouses are able to separate different qualities of meat better than at present (UB3) and have improved their administration (UB1), production and sales of mutton and pork has increased (UB3), production and sales of cured meat products is up and running (UB1; UB3), and UB also sells vegetables (UB3).

When it comes to the main obstacles to growth, a serious short-term obstacle is the lack of suitable strategic partners, both well-functioning slaughterhouses and processors. UB has been unable to find a suitable partner willing to produce cured meat products so far, and slaughterhouses are not good at sorting different qualities of meat.

Further obstacles include that practically all potential members (organic meat producing farmers in Uppland) are now members of the coop, thus limiting the potential for further growth in the number of member farms (UB1). A longer-term limiting factor is weak regrowth of young farmers (UB1). Lack of government (national/EU) support in terms of e.g. added value support limits UB's marketing budget, which can be considered a further obstacle to growth.

Vulnerabilities and long-term sustainability
Main vulnerabilities brought up by the interviewees notably include the high age of UB's managing group (UB1), in connection with a lack of "regrowth" of younger farmers willing to engage in the management of UB. In general the limited willingness to take part in the management of UB is a problem for the coop, since it concentrates management to a small number of people (UB1). The small number of people managing UB is thus also a vulnerability, since just a few people possess all the knowledge on how to run the coop, negotiate, manage the budget, personal contacts with chain partners, etc. If one of the leading persons disappears it will be difficult to replace her/his knowledge and experience in the short term.

Another vulnerability can be found in UB's dependence on support from the government/EU. The whole marketing budget of UB consisted of added value support, and when this support disappeared the marketing activities of UB collapsed.

A future threat is imports of organic meat. If retail chains begin importing organic meat for a lower price, this can have a devastating effect on organic meat production in Sweden (UB1:2). UB also shares a general system vulnerability with all organic agriculture in its dependence on fossil fuels for running road transports and farm equipment.

6 Future orientation

Actors' views on the development of the organic sector in general

In relation to the development of the organic sector in general, UB actors see a huge potential for organic meat, including for organic cured meat products (UB1:2). UB1 believes that more people will eat organic meat, and that the market will grow: "first and foremost more people will eat organic meat, that's obvious I think, no problem … I think we will grow both by taking market shares from others, but also by growing on the growing market" (UB1:2). More actors begin realizing that there is money to be made in the organic sector (UB3). This interviewee also links the development of the organic sector in general to UB and argues that UB can be seen as a forerunner: "I think we have developed, pioneered, taken the lead for others to follow. Things are easing up, and getting started…" (UB3).

On an overarching level, if the public sector/government decides to set clear long-term goals to support organic production, e.g. by deciding that organic production should represent a certain percentage of total production, as well as through procurement of organic food to public schools, hospitals etc., the development of the organic sector would be strengthened significantly (UB1:2): "…if we had the politicians on our side so to speak, that you had a clear target that we will invest in organic production, this will apply, regardless if we want to have organic production. If only the government can decide on such a goal we get a certain security … what is important is that we know we have a clear target…" (UB1:2).

UB represents "mainstream organic" plus local/regional production, while it is not focused e.g. on biodynamic production or breeding landrace animals (although some of the meat they sell from northern Sweden comes from landrace animals, it is not marketed as such) (UB1; UB3). In a European context, UB is organic+ since all its farms are certified KRAV organic, which partly puts stricter standards on animal husbandry than the EU regulation.

Chain actors' orientation towards future growth

UB does not see so much potential for growing in terms of number of members, since most potential farmers in the region are already UB members. However, they see a potential (and want to achieve) growth in terms of production (UB3) and notably in terms of product differentiation (UB1:2). This differentiation includes increased mutton and pork production, as well as cured meat production. The number of members can now only grow by taking on farmers north of Uppland and bring them into the UB cooperation with NW. The farmers in the north do not see a reason to make their own "UB" since UB is prepared to negotiate for them and do the job. This seems to be a win-win situation. UB currently grows in terms of the number of slaughterhouses they use for their members.

There are different perspectives among actors concerning future growth orientation. RP has a cautious approach to growth, both in general and through differentiation. UB strongly advocates growth through differentiation.

Different farmer members in UB have differing opinions on the slaughterhouses UB use. Some farmers prefer one slaughterhouse to another, and vice versa. The reasons range from animal welfare issues, quality in transports/handling and documentation and distance from the farm. Thus, UB tries to ensure that all member farmers can choose the slaughterhouse of their choice.

Main current challenges

Main challenges for UB today are to find ways for their UB-labelled products to reach end-consumers, ensure good payment for their products and keep up with competition, both from other slaughterhouses and in retail (UB3). Another main challenge for UB is managing to secure a good price for their meat in negotiations, since pricing and demand are difficult to assess (UB1:2). Not managing to meet demand is a further challenge (UB1:2). According to RP the main challenge for UB is: "To keep the cooperative together. To withstand spontaneous invitations from other actors in the market. We have had a dispute lately where UB sold animals to [SL4], which I don't really like, since [SL4] is owned to 100% by [a Danish meat business] … Very dangerous process." (UB2). Further challenges include uncertainties and lack of long-term planning in terms of government policies, subsidies and support, since clarity and certainty in terms of government policies, subsidies and support are prerequisites for large farm investments and planning (UB1:2).

In light of these current challenges, future changes that are expected by UB in terms of internal organisation, market orientation, partners, communication to consumers etc. include the following:

Internal organization: UB is looking for new persons willing to engage and join in the leadership of the coop (UB1; UB3). Knowledge needs to be transferred to new people.

Market orientation: as soon as a suitable partner is found, preferably RP, UB wants to differentiate into cured meat production, and increased mutton and pork production (UB1; UB3). UB also wants to expand and revive its meat box scheme, with a big potential market in the region that UB however has hardly entered (UB3).

Furthermore, UB wants to improve communication with consumers and internally (UB1). The communication with RP also needs improvement if this cooperation is to take off. Judging from our interviews, perceptions are similar within UB when it comes to internal organization, market orientation, partners, and communication with consumers.

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