

From niche to volume with integrity and trust CASE STUDY FACT SHEET

EKO Žemaitija - Lithuania

V. Skulskis, V. Girgždienė

Lithuanian Institute of Agrarian Economics

February 2015



Historical development

The members of 'EKO Žemaitija' were primarily interested in the idea of ecology itself and were active participants of a public organisation 'Society of organic farming development in the Telšiai District' before establishing a cooperative. The present dairy cooperative 'EKO Žemaitija' began operations in 2006. The main initial goal was to collect organic milk from farmers - members of the cooperative and to supply it to milk processing companies.

Over time, there have been some changes in the number of cooperative members and in the cooperative farm structure. Currently the number of members has reached 47. They keep from 3 to 70 cows and produce daily from 50 kg to 2 tons of raw milk. For a long time the cooperative worked traditionally buying up organic milk from the members and supplying it to the processor 'Pieno žvaigždės'. At the same time they hoped to get a higher value for the production and gradually explored the idea of milk processing at the cooperative. This idea was implemented at the end of 2012. Initially the amounts produced and the number of different kinds of 'EKO Žemaitija' products was modest, but in 2014 nearly 10% of the milk produced was processed at the cooperative.

"Learning must be a lifelong endeavor, as new things constantly emerge that need to be understood. And, in general, there are untapped resources for our cooperative. As the shelves for organic products remain sparse, they must be filled.

We are ready to do that."

(EKO Žemaitija' administrative manager, defining the importance of learning and future vision)

They produced 14 kinds of dairy products: pasteurized milk, sour cream, butter, natural yogurt, kefir, curd, "Kastinys" (a Samogitian ancient dish made of sour cream, sour milk and butter with seasonings that tastes like butter or rich sour cream with seasonings) and different kinds of cottage cheeses. These dairy products are produced from the best quality organic raw milk and do not contain any preservatives, so they are always fresh and healthy. Cottage cheeses are handmade according to the ancient grandmothers' recipes. The cooperative's future dream is to achieve the status of Lithuanian culinary heritage for some kinds of dairy products. Milk and dairy products produced at the cooperative are fully organic, certified by the national certification body 'Ekoagros'.



Milk processing staff with the administrative manager of the cooperative 'EKO Žemaitija'

The authors acknowledge the financial support for this project provided by transnational funding bodies, being partners of the FP7 ERA-net project, CORE Organic II.



Legal form:

Cooperative

Date of foundation:

2006

Homepage:<http://www.ekozemaitija.lt/>**Logo:****Sales Revenue:**

The sales revenue increased from 94.000 € initially to nearly 2 million € (2014)

Product range:

Organic raw milk + dairy products
(14 different kinds in 2014)

Number of Employees:

17 (4 of which are in milk processing)

Distribution channels:

Primarily supplying raw milk to the processor 'Pieno žvaigždės' + direct sales + local small shops/local markets (since 2011) + retail chains Maxima, Rimi, Tau in the biggest cities of the country (since 2014)

Supply chain organization

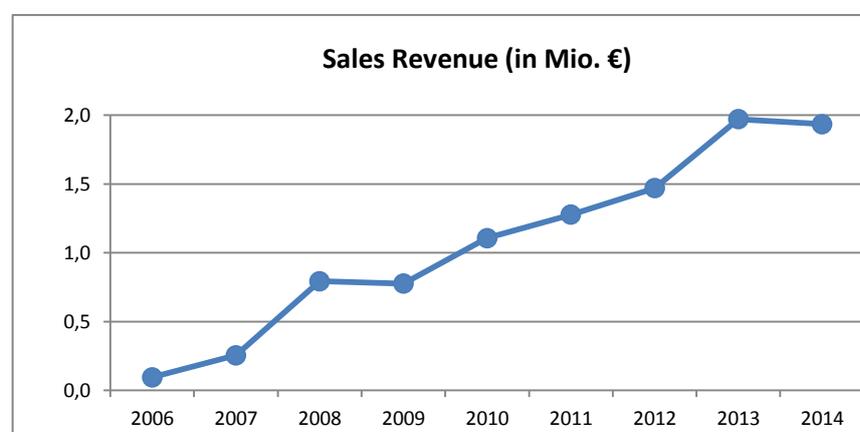
The supply chain involves nearly 50 farmers who produce organic raw milk, the milk processing branch at the cooperative (nearly 10% of milk is processed), direct sales to consumers, small local shops, the intermediary UAB 'Jomarko prekyba' that is engaged in dairy products supply to the retail chains Maxima, Rimi, Tau.

The largest part (nearly 90%) of the cooperative's organic raw milk is supplied to the processor AB 'Pieno žvaigždės' (about 80% of the sales revenue). The dairy products produced at the cooperative are marketed and distributed through regional small shops or local markets as well as through the retail chains Maxima, Rimi, Tau in the biggest cities of the country (Vilnius, Kaunas, Klaipėda, Šiauliai). In total the products of 'EKO Žemaitija' are sold at 36 selling places (January 2015).

The production of organic raw milk at the cooperative is expected to continue growing. In the nearest future more than half of the cooperative members plan to increase milk production up to 10%. The cooperative sets out ambitious plans to modernise infrastructure and technologies and process up to 5 tons of raw milk per day as well as to find markets for its dairy products.

'EKO Žemaitija' is a growing cooperative with rapidly expanding selling channels. In a period of such development the managerial solutions are especially important in order to ensure consistent growth and to keep a relationship with consumers. The harmonization of interests of stakeholders in the whole value chain is becoming a new challenge for all participants.

The actors of the organic dairy product chain believe that organically-oriented living and an environmentally-friendly lifestyle are based conceptually upon ethical ideas, and they feel that they are responsible for the preservation of the environment for future generations.



For further information, contact Dr. Virgilijus Skulskis (virgilijus.skulskis@laei.lt) Lithuanian Institute of Agrarian Economics (T: +370 5 2618147)

For Full Reports, visit the HealthyGrowth [2013-2016] project website www.healthygrowth.eu