

From niche to volume with integrity and trust

CASE STUDY FACT SHEET

Røros Dairy - Norway

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Historical development

Røros Dairy is located in Røros, which is a small town in the mountain region of the eastern part of Southern Norway. Røros was historically a mining town placed on UNESCO's World Heritage List. Røros Dairy is the only organic dairy in Norway, established in 2001. Founders were milk producers organized as a cooperative, Økomat Røros, TINE Norwegian

Dairies, the Røros municipality and Innovation Norway.

TINE, which was the former owner of the dairy, made a decision to close down to reduce costs, but different stakeholders, with local organic producers in the lead, wanted it to convert to an organic dairy for the region. Today the dairy

produces a range of organic milk products based on traditional handcraft production selling to the three retail chains and to many hotels, restaurants and catering companies, specialty shops and organic shops regionally and nationally. Initially it sold mainly to hotels and restaurants in the region. From establishment until today the dairy has grown from 3 employees to 20 and production has increased from 0.35 million.€ in 2001 to 8.1 million.€ in 2014. One important event that led to growth was the agreement with the retail chain Coop in 2010 on licensed production of organic skimmed milk. This agreement gave the dairy the cream needed to increase their own production of traditional products such as butter and sour cream, and was the starting point for major growth. In 2013 about 50 percent of the production was licensed production for Coop. The growth in volume mirrors the Norwegian market for organic products, which has expanded heavily in the last 2-3 years. As part of this growth process, the dairy and its board has become professionalized and profitability has increased substantially. Røros Dairy tries to differentiate its product from mainstream organic by emphasizing values and attributes such as local and pure ingredients, traditional products based on rich culinary traditions and handcraft production methods that make the product taste unique. Storytelling is also part of the differentiation. The new established values are *engaged, competent, trustworthy, efficient and real*. The dairy still wants to grow to secure organic dairy production in Norway.

*"To be the frontier organic dairy
in Norway in step with nature"*

Vision, Røros Dairy



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CORE organic II

Legal form:

Ltd Company

Date of foundation:

2001

Homepage:

www.rorosmeieriet.no

Logo:



Turnover:

From initially 0.35 million.€ in 2001 to 8.1 million .€, in 2014.

Product range:

Traditional products based on organic milk

Number of Employees:

20

Distribution channels:

Retail, hotel, restaurants and catering, specialty shops and organic shops

Facebook Likes:

6872 (Nov. 2014)

Google Hits:

25400 (April 2015)

Chain organization

Today about 35-40 organic milk producers in the region deliver about 3.5 million liters of organic milk to Røros Dairy via TINE, Norway's major dairy cooperative, and its system of milk collection and transport. The producers are also members of TINE. Since 2013, Røros Dairy has had to go outside the region to find enough organic milk for its production. In 2014, about 2 million liters of the organic milk delivered came from nearby regions. Until 2013, Røros Dairy used Tines distribution system to reach customers. The anti-competition authorities stopped this cooperation in 2013, and Røros Dairy had to find other solutions. The dairy uses different agents for distributing products today. For specialty shops nationally, they use small-specialized distributors. Regionally, they mainly use Røros Food, the local sale and distribution company, and in a few cases, they use TINE Distribution. For local customers the dairy hires its own transport, or the local customers collect products themselves. The three retail chains have their own distribution network. ASKO, which distributes for the biggest retail chain, NorgesGruppen, also distributes to the hotel, restaurant and catering market. The retail chain Rema 1000 sells these products only regionally.

The dairy has a close relationship with local customers and they are prioritized before its other customers. In particular, Røros Hotel and the dairy have a close relationship and cooperate in different areas such as product development to support each other. Companies in the region have a common motto "to support each other". Røros Dairy is conscious of the importance of supporting each other and thus supporting the development of the region.

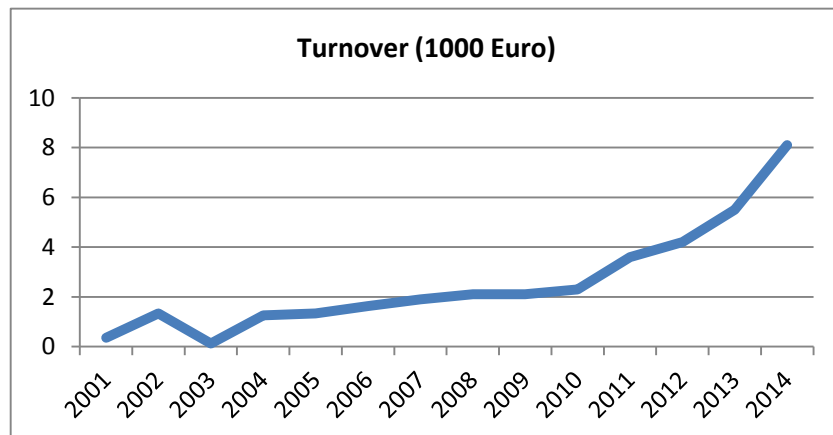


Figure 1: Table turnover (2001-2014)

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