



Slow and local or fast and global – examining business opportunities to advance good welfare practices in organic and outdoor farming

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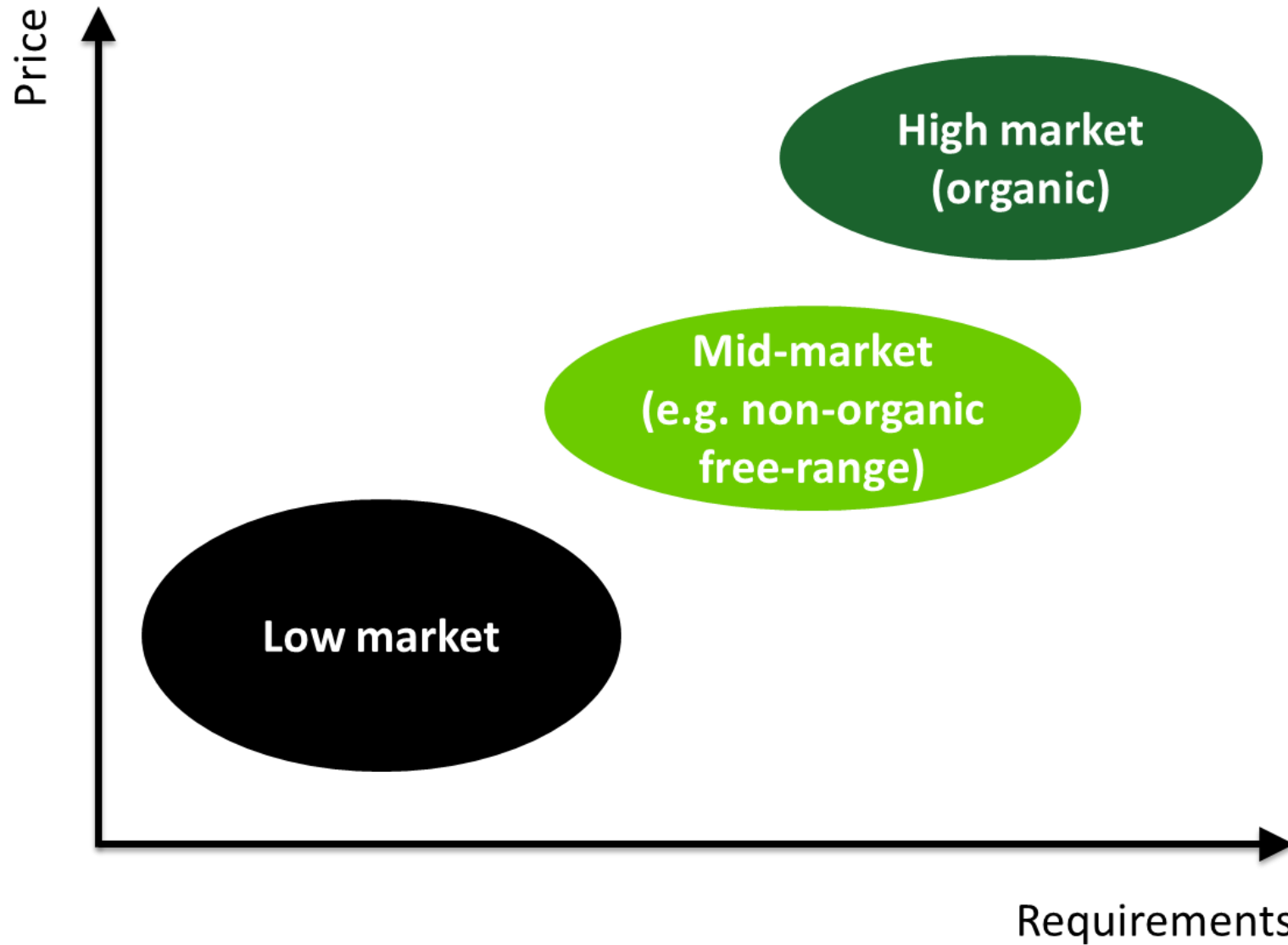
Session 9. Alternative production systems and free communications in animal behaviour and welfare

Introduction

- Organic and low-input outdoor pig and poultry farming systems enable a high degree of expression of natural behavior by the animals
- These farming systems still have challenges regarding their economic viability and practices that compromise animal welfare.
- Some operators offer products of upgraded animal welfare going beyond the minimum standards of EU organic farming.
- There is room for growth of organic and low-input outdoor meat production
- The aim of this study was to co-develop best practice business models that could be used to valorize welfare improvements in organic and low-input outdoor pig and poultry farming in Europe.



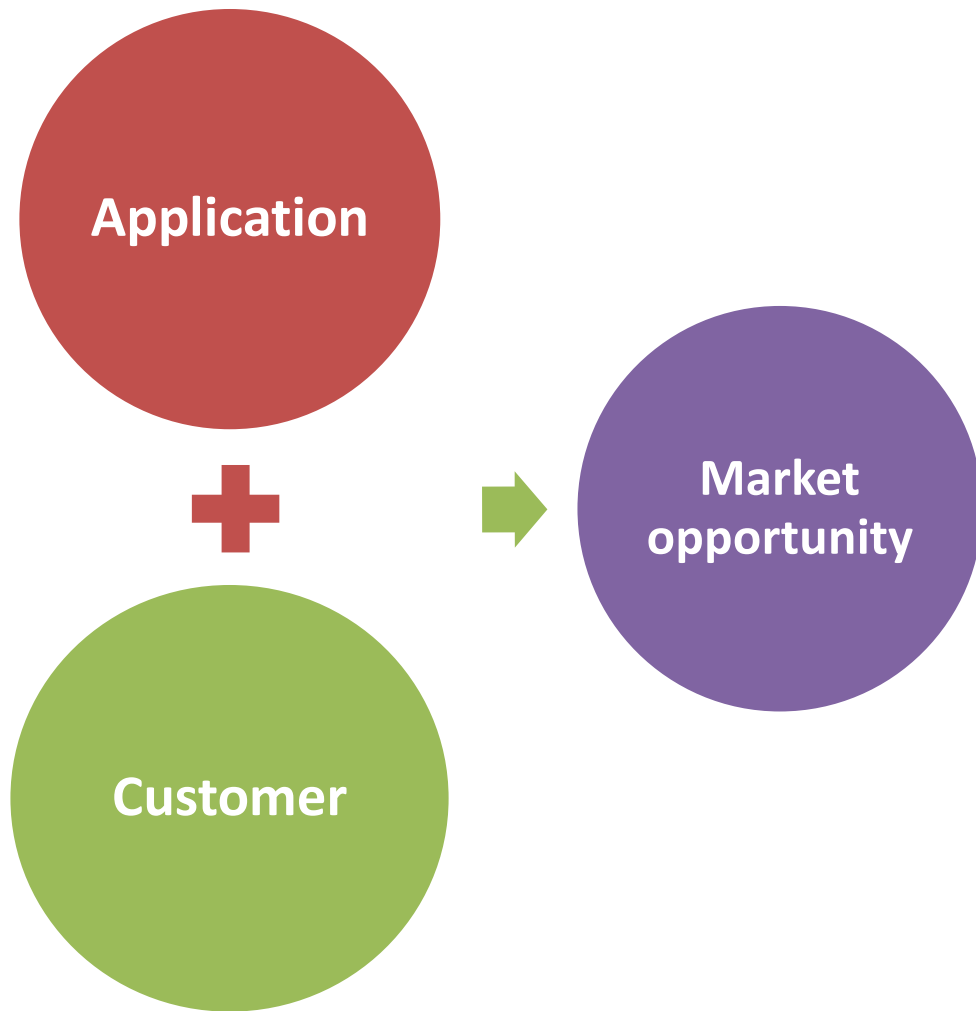
Market positioning



Data & Methods

- **Survey (N=3601 respondents) conducted in 9 European countries within the PPILOW project.**
- **Business model and policy workshops**
- **Business model canvas and the market opportunity navigator.**
 - **Costs, benefits and disadvantages of improvement options were examined.**
 - **A set of welfare-improving measures that respond to ethical and animal welfare concerns, enhance animal health, reduce antibiotic use and enable greater exploration of outdoor areas.**
 - **The value proposition is the central element of a business model**

PPILOW When does a market opportunity exist?



- ➔ How value is generated and how does the structure of value chain contribute?
- High challenge likely increases the costs and hence the price, but it also makes it more difficult to copy the business idea.

Source: Market opportunity navigator

Customer segments that you are targetting
What problem(s) they have? Who are early adopters?

Value proposition:
Clear and compelling message: Why your product is worth buying.

Solution: What are the top features?

Comparison: How things are done today?

Channels to reach the customers

How you will make money?
Costs & resources needed? How & how much revenue is collected?

Metrics to measure your performance

Competitive advantage: How you can retain it? Is it easy to copy?

How do you perceive the conventional indoor production of poultry and pigs (median responses)?

For most of the countries, consumers had either “neutral” or “negative” perceptions on conventional indoor production of poultry and pigs (Romania exception with “positive” views)

	Unpleasant / Pleasant	B	Safe / Safe	Unethical / Ethical
FI	3.00		3.00	2.00
DK	3.00		3.00	3.00
RO	4.00		4.00	4.00
GB	2.00		2.00	2.00
DE	2.00		2.00	2.00
BE	2.00		2.00	2.00
NL	3.00		3.00	3.00
FR	2.00	2.00	2.00	2.00
IT	2.00	2.00	2.00	2.00
All	2.00	2.00	3.00	3.00

How do you perceive **organic** production of poultry and pigs (median responses)?

	Unpleasant / Pleasant	Bad / Good	Insecure / Secure	Unsafe / Safe	Unethical / Ethical
FI	4.00	4.00	4.00	4.00	4.00
DK	4.00	4.00	4.00	4.00	4.00
RO	4.00	4.00	4.00	4.00	4.00
GB	4.00	4.00	4.00	4.00	4.00
DE	4.00	4.00	4.00	4.00	4.00
BE	4.00	4.00	4.00	4.00	4.00
NL	4.00	4.00	4.00	4.00	4.00
FR	4.00	4.00	4.00	4.00	4.00
IT	4.00	4.00	4.00	4.00	4.00
All	4.00	4.00	4.00	4.00	4.00

In all countries, consumers had “positive” perceptions on **organic production** compared to conventional indoor production.

Opinions concerning specific welfare improvements were more varied.

A business matrix

Value proposition → How the product is superior?	How the customers are reached?	
	Traditional supply chain	A short supply chain
A set of measures for enhanced organic / low-input outdoor pig production	Business case 1A	Business case 1B
A set of measures for enhanced organic / low-input outdoor poultry production	Business case 2A	Business case 2B



- **Common factors preventing animal welfare improvements**

- Lack of a price premium or high cost of implementing the measures
- Unpredictable or strict rules and regulations
- Sometimes difficult to put into practice (knowledge, skills, conditions on the farm)

Farming systems

Feature	Benefits	Disadvantages
Organic pigs (baseline)	<ul style="list-style-type: none">• Well-known• Certified by competent authorities• Environmental emissions per land area.• Welfare benefits (e.g. natural behaviours).• Emphasise farming system as a whole.	<ul style="list-style-type: none">• Elevated cost of production/output• Strict regulations• Antibiotics and feed additives mostly not allowed
Low-input outdoor (not organic)	<ul style="list-style-type: none">• Lower cost than in organic• Less regulation than in organic• Adaptability, typically tailored to specific case	<ul style="list-style-type: none">• Price may be lower than in organics.• Not harmonised, low degree of standardisation• Often not certified

Approaches to deliver products to the market

Structure	Benefits	Disadvantages
1) Traditional supply chain		
Traditional retail	<ul style="list-style-type: none"> • Easy, established channels: Farmer → Processor → Retailers & restaurants 	<ul style="list-style-type: none"> • Competition • Low profit • Inadequate differentiation?
2) Alternative supply chain in different forms		
Direct sales	<ul style="list-style-type: none"> • No middlemen • Value addition & branding 	<ul style="list-style-type: none"> • Limited market • Reaching the customers requires effort
Via restaurants or local stores	<ul style="list-style-type: none"> • High value adding potential • Larger purchase per customer than when selling to consumers 	<ul style="list-style-type: none"> • Limited quantity • Requires B2B marketing • Price may be important especially when there are competing farms nearby
Online	<ul style="list-style-type: none"> • Potential for innovation • Potential regular customers 	<ul style="list-style-type: none"> • Marketing and online visibility needed • Logistics may be a challenge • Price sensitive as customers can easily compare other online stores?

KEY PARTNERS

KEY ACTIVITIES

CUSTOMER RELATIONSHIP

Example value proposition

- Premium organic eggs/chicken meat.
- Ethically more sustainable organic animal products. Animals are healthier and there are less antibiotic residues.
- The birds can explore outdoors on the range and express their natural behaviors.
- Welfare of animals is monitored continuously and their welfare is cared from birth to the end of their live.
- Slow & local food.

Example target markets

- Ethically conscious consumers who are in doubt regarding the mainstream farming systems
- Customers with high WTP for premium products and those paying attention to product quality
- Vegetarians who eat eggs?
- Smaller households, senior citizens
- Consumers, who appreciate locality

KEY PARTNERS

KEY ACTIVITIES

CUSTOMER RELATIONSHIP

Example value proposition

- Premium organic pork.
- Improved welfare: practices reduce the pain of animals
- Animals are healthier and there are less antibiotic residues.
- Pigs can explore outdoors and express their natural behaviors, (e.g. next-building, rooting).
- Welfare of animals is monitored continuously and their welfare is cared from birth to the end of their live.
- Leaner meat is suited to whole meat products.
- Slow & local food.

Example target markets

- Ethically conscious consumers who are in doubt regarding the mainstream farming systems and appreciate high-quality meat.
- Customers with high WTP for premium products and those paying attention to product quality-
- Consumers of special meats & local products.

Concluding remarks

- Different strategies to enter the market were identified: traditional or short supply chain.
- New revenue generation models such as subscription-based models and online-based sales will sales.
- ➔ Tailoring the value chain so that it creates additional value and yet is challenging to copy.
- It is critical to work on features that have sufficient demand on the markets.
- Policies ensuring a level playing field across Europe and transparency of markets and preventing unfair trading practices, as new entrants may be small sized.
- Invest in raising the awareness and promoting products of potential customers, e.g. restaurants to promote enhanced organic products.
- Provision of animal welfare information to consumers to valorize welfare improvements and to obtain premiums that make the improvements more attractive to farmers.
- The common agricultural policy could support local and small-scale high animal welfare farms to enter the markets.

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