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Review of existing regional, environmental and societal brands: exploring issues in setting up a desert brand

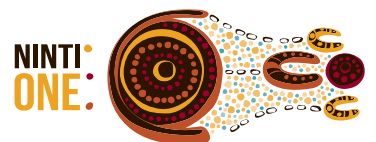
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Shortened forms

ASCE	Australian Specialty Cheese Exporters
B2B	Business to business
CIFF	Coles Indigenous Food Fund
DKCRC	Desert Knowledge Cooperative Research Centre
DMI	Dairy Marketing International
EMS	Environmental Management System
IAF	Indigenous Australian Foods
IP	Intellectual property
MSA	Meat Standards of Australia
QDPI	Queensland Department of Primary Industries
QEPA	Queensland Environmental Protection Agency
SKU	Stock-keeping unit

Glossary

Appellation – refers to the word by which a particular person, object, place or product is called and known. The term appellation has been used widely in the wine industry to refer to a geographical name (of a region, village, or vineyard) used to identify where the grapes for a wine were grown or under which a winegrower is authorised to identify and market wine. In general, appellations have official status, with either a government or trade bureau responsible for delimiting and regulating usage to assure both quality and authenticity of the wine.

Brand alliance – is the term used to describe joint branding situations or situations when two or more brands coalesce. Brand alliance is also referred to as joint branding, co-branding, brand appellation and joint marketing.

Brand awareness – how much a brand is recalled and recognised by consumers.

Brand equity – the value that a brand name adds to products. It is a set of brand assets and liabilities linked to a brand that influences the value provided by a product or service to a firm and to the firm's customers.

Brand extensions – the use of an existing brand name for a new product in a different product class.

Brand identity – what a brand transmits to the marketplace

Brand image – the perception of a brand

Brand management – the process of managing all factors that are externally apparent and relate to the brand. This includes the product and/or service, marketing communication and other factors that may influence the perception of a brand.

Ingredient co-branding – physical integration of product brands, for example Diet Coke and NutraSweet

Multi-sponsor branding or joint branding – two or more independent brands jointly advertise and sell their products as a single package, for example, Disney toys and McDonald's 'Happy Meal'

Product brand – brand associated with a single product or service

Private label brands – brands associated with a particular retailer.

Same company branding – teaming up two brands from the same company

Umbrella (pillar) brand – an overall brand name covering a range of different products that is used in addition to each product's brand and potentially from a number of companies.

Executive summary

This report provides guidance to the Desert Knowledge CRC (DKCRC) Board and Management of issues in setting up an Australian Desert Brand that could be used to promote products and services from desert regions of Australia. Results are based on a review of the literature and 14 case studies of regional appellation brands and brands developed to demonstrate societal wellbeing in terms of environmental sustainability, social equity and Aboriginal and desert community development.

The case studies were classified into product brands, family brands, umbrella brands and marketing alliances. A summary of the characteristics of the different types of case studies is shown in Table 1.

Table 1: Summary of case studies and their characteristics

Issues	Gippsland Natural	Enviro Meat	Pacific Coast Eco- Banana	OBE Beef	Indigenous Australian Foods / Outback Spirit	Australian Pavilion / Taste Australia	Dairy Marketing International	Fairtrade / Oxfam	Desert	Australian Organics Institute	Gold Coast Food Forum	Snack Fruit Australia
Horizontal industry coordination	☒	☒	☒	☒	☒				☒	☒	☒	☒
Vertical chain coordination					☒	☒	☒	☒				
Marketing coordination	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒		☒
Market access support	☒	☒	☒	☒	☒	☒	☒	☒				
International market access support				☒	☒	☒	☒	☒				
Information technology hardware & software support									☒			
Training support									☒			
Business development support					☒							
Small business stakeholder equity in a developing industry					☒							
Indigenous enterprise					☒			☒	☒			
Quality assurance systems	☒	☒	☒	☒				☒				
Organic production systems				☒						☒		
Environment management systems		☒	☒									

The study showed that branding is important in today's market environment. Branding is a way of providing a strong identity and will allow businesses to differentiate their service or product offerings from competitors and highlight the unique features of the business or the product. Branding can also encourage consumer loyalty, as in the case of Fairtrade, Robins Foods, Gippsland Natural Environment and other case studies. This is because often consumers identify with brands that reflect their personal values.

The country of origin (Australia) was seen to be very important in marketing products in overseas markets. The region of origin or appellation (e.g. desert Australia) was seen to be of lesser importance, although it could be useful in providing a point of difference. There were some concerns that region of origin may be potentially confusing for overseas consumers who may not be familiar with the characteristics of each region. It was concluded that regional appellation marketing may be more appropriate to domestic Australian consumers and those familiar with regions of Australia. Further, it was concluded that using the desert region as a basis for branding may be appropriate for niche markets where region of origin was important to consumers. Some products and services that may be suited to a desert brand could include Aboriginal artefacts, tourist products and services, bush tucker, locally grown perishable produce and sustainable production technologies in fragile environments.

If the DKCRC is interested in facilitating the establishment of a desert brand, for the next stage of the project it is recommended that details of the case studies researched be presented to businesses and stakeholders in the desert regions who may be interested in branding based on region of origin or working with other businesses in the region. The objectives and composition of the group would affect which type of business model may be suitable. Based on this scoping study, it may be an umbrella brand, a product brand or a more loose marketing alliance or industry association.

The desert brand would need to have well defined and distinct properties that would be relevant and valued by consumers. All of the products or services associated with the brand would need to complement each other and have a consistent image. Further research would be needed to determine what attributes of the desert would be of most significance to consumers in the markets targeted. The group involved with the desert brand would need a strong vision and clearly defined quality characteristics. Ongoing management and marketing would be needed to ensure the image of the brand is maintained. Preferably, quality assurance systems would be set up and audited for compliance by an independent third party.

Even though the people interviewed in the cases studied did not provide unanimous support for a desert brand for products and services from the desert region of Australia, this is probably because most of them are not desert-based. However, the case studies generally show that branding brings about some competitive advantages to the businesses. Moreover, forming alliances also has some advantages, particularly in cost efficiencies and cost savings in marketing the produce of the members of the alliance and in the certifications processes. The case studies also provided a number of lessons about developing small regional businesses. It was expected these lessons would be of interest to the DKCRC, whether or not the desert brand concept progresses. The case studies provide examples of alternative governance structures to assist micro and small businesses to access larger national and international markets. The cases present some examples of the challenges faced and the critical success factors required to survive and achieve goals. In addition, several of the cases may be of interest as a source of support for new and existing desert-based businesses. Given that most cases saw a role for government in assisting the development of their industry sectors, the cases studied may be useful starting points for further research in this area as well as providing help in development aspects of research and development undertaken by the DKCRC.

These cases may also be useful in the future for small business research and development work such as for innovation, working with regional groups, business structures and governance, providing information technology support, training, marketing, and horizontal and vertical chain coordination.

1. Introduction

1.1 Background

The Desert Knowledge Cooperative Research Centre (DKCRC) commissioned this report in response to interest in setting up an Australian Desert brand that could be used to promote products and services from desert regions of Australia. The basis of the brand would be to identify products and services as being from a defined geographical region or appellation, and additionally, that might support the environmental features of the region and or the social and cultural values associated with the product. A key objective of the study was to provide guidance to the DKCRC Board and management to identify critical features of regional branding programs that may be used in the development of a suitable Australian desert brand program. Specifically, the objectives of the study were to:

- perform a desktop study review of appellation branding
- conduct a literature review of the theory of branding
- examine how branding is applied to products from a defined geographical region (appellation) and products with environmental and socio-cultural attributes.

Hence, the report reviews the theory of branding and how it is applied to products from a defined geographical region (appellation) and products with environmental and socio-cultural attributes. Following a review of the literature, 14 cases were studied that used regional brands and brands developed to demonstrate societal wellbeing in terms of environmental sustainability, social equity, Aboriginal and desert community development. The cases were studied to provide details of how others have managed brands of this type and to summarise how brands have been developed.

1.2 Methods

The project is exploratory in nature. Initially, a literature review was undertaken to examine the issues relevant to branding and regional appellation. The review of literature was also critical in clarifying terminologies (Appendix 1) and to identify the aspects of brand development and management that needed to be researched (Chapter 1). Aspects of interest for the project included:

- history of brand development and motivational catalysts involved
- products and businesses involved
- criteria used for inclusion and exclusion of products and businesses in the brand
- distribution systems used
- consumers and customers targeted
- promotion and advertising strategies
- pricing and costing strategies
- brand ownership structures
- governance structures (including auditing, reporting and accreditation)
- training and support for participants
- brand management funding
- financial and marketing strategy development
- importance of region of origin.

As the topics to be covered were very broad, a case study approach was taken to examine in detail how a range of brands had been developed and managed. The researchers, in consultation with DKCRC management team, identified cases that had regional, environmental and/or socio-cultural attributes as a key point of difference (Appendix 1). The aim was to get a wide variety of different types of cases to explore the widest possible range of issues faced.

Fourteen cases were studied. An in-depth interview outline question sheet (Appendix 2) was developed based on the results of the literature review and was approved by the Curtin Human Ethics Review Committee. For each case study, background information was found based on desktop research. Principal business people involved in the cases were identified and appointments made to interview them. An interview was conducted face-to-face or over the telephone, and/or information from publicly available sources such as the web, media and other published literature was used in developing the case study. Responses from interviews were recorded by the researchers. Results were written up by the researcher doing the case study. The completed case studies were sent to the interviewees where applicable to ensure comments were reported in an appropriate context and that no confidential information had been inadvertently included. Use of individual interviewee names, where this occurs, was specifically authorised by the individual.

1.3 Structure of the report

Following this introductory chapter, the review of related literature on branding and branding alliances is presented in Chapter 2. Chapter 3 is devoted to a summary of the case studies. The full case studies are then presented in Chapters 4–13. The first two cases (Chapters 4 & 5) were based on branding a product as being certified organic or produced using environmental management systems (OBE Beef, Gippsland Enviromeat and Pacific Coast Eco Bananas). In Chapter 6, a case is presented that uses a family brand (Outback Spirit) for a range of products that include Australian native food ingredients sourced in partnership with Aboriginal communities. Chapters 7–9 are devoted to three cases using umbrella brands or labels to promote Australian products (Australian Pavilion, Taste Australia, Dairy Marketing International) and produce from developing countries (Fairtrade). Four cases (Chapters 10–13) involved marketing alliance groups or industry organisations that worked together to link up buyers and seller of organic products (Australian Organics Institute), promote and support the Aboriginal art industry (Desart), support businesses through networking (Gold Coast Food Forum) and coordinate industry marketing campaigns (SnackFruit Australia).

Chapter 14 is devoted to the summary, conclusions and implications for desert branding.

2. Branding: a literature review

By Maria Fay Rola-Rubzen

2.1 Introduction

In today's competitive world, it is increasingly a challenge for firms to establish a foothold in the marketplace. Firms need to be innovative, both in terms of product development and in the way they market their products. It is not surprising, therefore, that companies spend enormous sums on marketing. They need to select markets in which they will have a competitive edge. According to Welch (in Aaker 2001), if one does not have a competitive advantage, one should not compete. One of the foremost strategies employed by firms to achieve competitive advantage in the marketplace is by creating strong brands.

Branding is a way of creating awareness of a product or a company. Branding is more than a logo, a symbol or a name. While branding can be a powerful marketing tool, it goes beyond marketing. It not only creates an image of the product; it encapsulates values and visions. As Lindstrom (2005a) pointed out, a great brand is more than just a pretty logo or catchy slogan. Rather, it is reflected independently by every aspect of a product or service. The best brands are smashable and can still be recognisable to consumers. In other words, even without the logo, consumers can still identify the product as being a particular brand.

Nowadays, branding is pervasive in many industries, be it food, beverage, telecommunications, cosmetics, clothing, car or manufacturing industries. How many consumers have not heard of Coca-Cola, Pepsi, Ford, Marlboro, Calvin Klein, Vodafone, AT&T and Revlon? The answer is probably very few, if any. With trends and increasing global competition, it appears that branding is here to stay.

In recent years, interest in branding has turned in a new direction: joint branding. Part of the reason for this is the rising conviction in business circles that success in the marketplace relies not only on individual companies but on the strength of their supply chains. There is also a trend in supply chains to move to supply networks, which changes branding structures (e.g. Outback Spirit with Indigenous Australian Foods – IAF). The idea that 'no man is an island' is garnering interest and companies are increasingly banding together, in the phenomenon that marketing practitioners call 'co-branding' (Adler 1966, Adams 1995, Rao & Ruekert 1994, Mitchell 1997, Simonin & Ruth 1998, Rao et al. 1999, Ruth & Simonin 2003). Despite this interest, however, little is known about the mechanisms of co-branding. This review was therefore written to explore the issue of co-branding, or branding alliance, including the rationale and the process of branding alliance. To better understand the underlying issues, the review starts with the general area of branding: the theory of branding and the rationale for branding.

The review starts with defining what a brand is (Section 2.2), followed by the importance of branding (Section 2.3). Section 2.4 then looks at the process of building a brand and the criteria for a brand. Section 2.5 of the review is devoted to strategic and brand alliances, and section 2.6 to issues of forming brand alliances. The review then closes with a summary and conclusion in Section 2.7.

2.2 What is a brand?

There are several definitions of a brand. According to Aaker (2001), a brand is a distinguishing name or symbol that identifies the goods or services of one seller or a group of sellers and differentiates those goods or services from those of competitors. As such it plays a dual but related role: one of **identification** and one of **differentiation**.

McColl-Kennedy and Kiel (2000) define a brand as a symbol, design, name or combination of these that uniquely **identifies** a seller's product and distinguishes it from the competition. De Chernatony and McDonald (1998) describe a brand as the result of a coherent marketing approach that uses all elements of the marketing mix. Some experts prefer not to limit their definition of brands because, as Randall (2001) points out, there are many definitions of brands. For example, some experts categorise brand definitions according to six headings including visual, perceptual, positioning, added value, image and personality.

While there are various definitions of a brand, sometimes confusion arises between a brand and a product. A much-quoted description of a brand by Stephen King (in Aaker 1991, p. 1 and Temporal & Lee 2001, p. 39) seems to encapsulate what a brand is:

A product is something that is made in a factory; a brand is something that is bought by a consumer. A product can be copied by a competitor; a brand is unique. A product can be quickly outdated; a successful brand ... can be timeless.

A brand name is a vital information tool. It can include a number of elements such as name, logo, colours, fonts, sounds, shapes (3-D, physical and printed) and smell. Brands convey a lot of information to consumers and allow them to assign identities to the multitude of manufacturers and products available in the market (Low & Fullerton 1994, Rao & Ruekert 1999). One function of a brand name is to give consumers information about product quality. As a brand name allows consumers to identify the manufacturer, it also allows them to punish the manufacturers should the product fail expectations. Hence, in a way, a brand serves as a form of quality assurance device (Rao & Ruekert 1999).

2.3 What's in a brand – buzz or must?

2.3.1 The branding phenomenon

Brands proliferate everywhere. For instance, the food and beverage industry is peppered with countless brands such as Coca-Cola, Pepsi, KFC, Dunkin' Donuts, Coles, Kellogg's, Sara Lee, Campbell's, Pizza Hut and McDonald's. Each of these brands have their own image. Kellogg's, a world-leading food brand, projects an image of quality, taste and consumer acceptance. According to Kochan (1996), it is the preferred cereal of millions of people, both children and adults. McDonald's on the other hand, is touted as the quintessential American brand whose strength lies on two distinct phenomena: cultural and commercial. It projects an image of family values and warmth. The company sums up the McDonald's effect as follows: it is not just a product – it is an experience (Kochan 1996).

In the travel industry, brands exist in almost every country in the world. Among the most famous brands are Qantas, Virgin Atlantic, American Airlines, Singapore Airlines (SIA), Cathay Pacific and British Airways. The automotive and oil industry has Mercedes-Benz, BMW, Harley-Davidson, Toyota, Ford, Porsche, Shell, Honda, BP and Volvo. The fashion industry's well known brands include Levi Strauss, Nike, Adidas, Reebok, Chanel, Swatch, Rolex, Louis Vuitton, Ray-Ban and Benetton, while the tobacco industry giants are Marlboro, Camel, Lucky Strike, Zippo, Winston, Rothmans, Samson, Rizla, Benson & Hedges and Davidoff.

Kochan (1996) presented the world's top brands in his book, *The World's Greatest Brands*, with the following ranked as the top ten positioned brands in the world: McDonald's, Coca-Cola, Disney, Kodak, Sony, Gillette, Mercedes-Benz, Levi Strauss, Microsoft and Marlboro.

Most companies carry their own brand. Many have extended their original product brand to new product brands, often referred to in the literature as brand extensions (Aaker 1996). Even retailers have joined the battle of the brands and have developed their own private brands, to the chagrin of many companies carrying national brands (see for example Prewitt 1995, Parker & Kim 1997). In fact, it is now widely accepted by academic practitioners, business executives, market researchers and practitioners that to survive in the competitive business world, branding is a must.

2.3.2 Why is branding important?

Almost every major company in every industry brands. So why do companies brand? What do brands do? Randall (2001) offers five functions of branding:

- to provide identity
- to provide a shorthand summary of the information the consumer holds about the brand
- to provide security (i.e. buying a familiar brand should be reassuring to the consumer)
- to differentiate it from competitors and highlight its uniqueness
- to provide added value.

Strong brands deliver value both to the consumers and to the firm. A powerful brand can be a source of wealth for a company for many years (de Chernatony & McDonald 1998, Kochan 1996). For instance, a study conducted by Brand Finance showed that companies owning strong brands have outperformed the stock market in the past decade (Dodic & Heberden 2005). This is consistent with past findings on the value of branding. In 1985, Reckitt & Colman valued the intangible benefits of goodwill, heritage and loyalty of acquiring a new brand name at £127 million, and in 1988, Rank Hovis McDougall valued their brand names at about £678 million (de Chernatony & McDonald 1998). Similarly, Kraft was purchased for \$13 billion, which was 600% more than its book value (Aaker 1991). There is also evidence that the market share of a brand influences profit margins. Doyle (1989) showed that brands with a market share of 40% generate three times the returns on investment of those brands with only 10% market share. Moreover, brand names can be considered valuable monetary assets that can be traded, as illustrated by the royalties worth \$10.3 million received by Sunkist by licensing its name for use on other products such as soda, candy and vitamins (Rao & Ruekert 1994).

Another compelling reason for branding is to encourage consumer loyalty. According to Sparks (2005), brand loyalty is an undeniable fact and is even stronger when the market is saturated. This is because consumers often identify with brands that reflect their personal values. Where products are differentiated and have salient features, branding can help consumers discriminate among the many products available in the market. One of the clear ways of differentiating one's product is by creating strong brands. Brands are fundamentally important, both to the success and the survival of many firms (Randall 2001).

According to Aaker (2001a) a strategy based on strong brands is likely to be sustainable because it creates competitive barriers. Furthermore, brands add consumer value by helping interpret information, providing confidence in consumers' purchase decisions and adding meaning and feelings to the product (Aaker 2001a). Temporal and Lee (2001) pointed out that the popularity of brands is due to the fact that they provide consumers with clear-cut choices, less confusion, greater security and an emotional dimension.

Branding is not only relevant to individual household consumers or private situations but also to the business-to-business (B2B) sector. The reason is businesses tend to purchase reliable brands because of actual and potential transaction costs involved. A wrong buying decision by a company's purchaser will have a very different effect compared with a mistake made in a private situation. For instance, a domestic purchase of a new brand of diskettes that tend to jam in the household computer is not a catastrophe. But if the same situation occurs in a company, the purchaser may be in trouble and may be seen as incompetent. In cases where a product is used as an ingredient by another company, the purchase of trusted brands may be critical because of its potential impact on the business. Hence, when selecting products, a company purchaser would tend to buy trusted brands, not only to exhibit competence, but also to reduce the risk of exposure in relation to quality issues.

2.3.3 Branding as a competitive strategy

According to Aaker (1996), a company's brand is the primary source of its competitive advantage and a valuable strategic asset. It defines the unique point of differentiation for a product and service. Many firms use brand equity and brand awareness as key strategic assets (de Chernatony & McDonald 1998; Aaker 1996, 2001a, 2001b). It is not surprising, therefore, that companies increasingly include branding in planning their strategy. For instance, a report found that both manufacturers and distributors are focusing more on their brand strategies because of growing concerns that consumers are viewing products and services of distributors as commodities (Anonymous 2002).

In developing countries, branding may be used as a response to global market requirements for grading and standardisation. Due to lack of national grading and standardisation procedures, agribusiness firms and farms are normally excluded from accessing global markets, which are increasingly emphasising grades and standards. In response, firms create their own grading and standardisation systems and labelling and branding system as part of their meta-system of quality control (Caswell et al. 1998, Reardon et al. 2001).

The power of a brand cannot be underestimated. Trusted brands tend to make people feel safe. Most consumers can identify their favourite brands, ones that they can rely on when it comes to quality, value and ethical issues (environmental, social and political).

2.4 Building brands

2.4.1 When is a name a brand? The brand criteria

Building brands is serious business. Because it is one of the most important strategic asset of the business, the brand must have a distinct, clear image that is relevant to customers and truly differentiates it from the rest (Aaker 1996). In his book *Building Strong Brands*, Aaker (1996), regarded as one of the world's leading academic authorities on branding strategy, stated that the key step in building a brand is to create a broad brand vision or identity that recognises a brand as something greater than a set of attributes that can be imitated or surpassed. He went on further to emphasise that a company should consider its brand not just as a product or service, but as an organisation, a person, a symbol. A classic example is the McDonald's brand. As Kochan (1996) describes, McDonald's simple logo and homogenous interiors reflect the concentration on families and children, the classless décor and appeal comprise a branding formula that knows no national border and invades no personal space. McDonald's success is phenomenal, and it is ranked as the number one brand in the world (Kochan 1996).

What, then, are the criteria for a brand? According to Nilson (1998), a name is a brand if it fulfils the following criteria. Firstly, it carries distinct values. It carries a clear profile in the minds of customers. Secondly, it differentiates, meaning it stands out among the competitors. Thirdly, it is appealing. Customers often use their emotions when buying, and it is therefore crucial for a brand to appeal to the consumers at an emotional level. Finally, a brand must have a clear identity. The brand has to be easily recognised so that it can build customer loyalty.

2.4.2 Building a brand

A brand is a strategic business tool, and developing a brand is a strategic business activity (Nilson 1998). It is fundamental to the business, and therefore must be the concern of top management. The process of building a brand must also be considered with care, as creating the right image is likely to have a major influence on the firm – it can make or break it.

2.4.2.1 The brand building model

According to Temporal and Lee (2001), brands are built by creating a strong personality or a set of brand values and creating a favourable perception of the brand in the minds of targeted customers.

They describe the brand-building process as an interaction between brand identity and image, brand personality and strategic positioning. Achieving harmony between brand identity and brand image is paramount to ensure that customers will perceive the brand in a positive light. Creating a unique brand identity makes sure that customers are aware of what the brand stands for.

Nilson (1998) represented the brand-building process in a model of brand-building flow. Nilson's model showed the interaction between communication, experience, customer satisfaction and the brand. Brands are created in the minds of customers by experiencing the product or service identified with the brand, and are influenced by communication. Positive experiences will result in customer satisfaction. As perception is influenced by experience, it is important that each usage situation is a positive experience for the customer, so that they reach over-satisfaction.

Strong brands can be built by creating brand equity. Brand equity refers to a set of assets and liabilities associated with a brand's name and symbol that add or subtract from the value provided by a product or service to a firm and the firm's customers (Aaker 2001b). Aaker grouped these assets and liabilities into brand awareness, brand associations, perceived quality and brand loyalty. Each of these aspects are important. Brand awareness means that the brand has a sense of familiarity and influences buying decisions. It can signal presence, commitment and substance. Brand associations (i.e. anything directly or indirectly linked in a consumer's memory), can also be an enduring asset. In the same manner, a customer's perceived quality of the product and brand loyalty are important strategic assets. Brand loyalty is the degree to which the brand is preferred and selected over its competitors (Quee 1999). As Aaker (2001b) points out, a base of loyal customers provides a major sustainable competitive advantage to a firm.

Brands that flourish are those that have a 'lighthouse' identity (Morgan 1999). That is, they have a very clear sense of who they are, such that they are clearly noticeable and stand out from the competition by their intensity and confidence in themselves.

2.4.2.2 Levels and types of brands

There are different levels and types of brands, although the categorisation may sometimes overlap. Randall (2001) describes various levels of brands: product brands or stand-alone brands; line brands; range brands; umbrella and pillar brands; company, family or source brands; and endorsing company, corporate or banner brands. Randall also lists various types of brands, such as designer labels, *grife* or *haute couture* brands, licensed brands and retailer brands.

Using Randall's definition (2001), product brand in its simplest form is identical with a single product or service (e.g. M&M, Mars Bar). Line brands refers to a group of products given a name (e.g. Revlon, Estée Lauder). Range brands is a slightly wider grouping, and can encompass several products (e.g. Weight Watchers from Heinz, which is carried by several different product categories). Umbrella and pillar brands give protection to several sub-brands (e.g. FairTrade, which is used in addition to the individual product brands). Company or source brands are also sometimes referred to as national brands (e.g. IBM, Microsoft, Toyota), while endorsing company, corporate or banner brands act as an endorsement or guarantee and appear less prominently than the main brand (e.g. Kit Kat, where Nestlé is the endorsing company) (Randall 2001).

2.5 Branding alliances

In recent years, there has been a burgeoning of brands across industries. It has become more and more difficult for companies to differentiate their products because of the increased number of competitors and product offerings. Companies were faced with a new challenge of how to preserve or improve their brand equity. To meet these challenges, companies employed strategies such as creating brand extensions and forming strategic alliances. Thus, in recent years, the business world has seen a surge

in branding alliances or joint branding initiatives; for instance, IBM and Intel (i.e. Intel processors are used in IBM computers) and Disney and McDonald's (McDonald's gives out Disney toys in their children's meal, Happy Meal). Other known alliances are Konica and US Air, Goodyear and Audi, Nike and Michael Jordan (Michael Jordan is also a brand name), 3M and Scotchguard, and Bacardi Rum and Coca-Cola. As mentioned above, the focus on joint branding was brought about by companies' search for more innovative ways to increase their competitiveness in the marketplace. There has also been growing conviction within business circles that the success of a company relies not only on the company itself, but also on the strength of its supply chains. Companies realise that instead of viewing other firms as competitors, it may sometimes be judicious to consider them as allies instead. Consequently, branding alliances have become one of the key strategies of large firms. Some companies, for instance, Channel Management Company, Frank Lynn and Associates and Click Commerce have included joint branding strategies in their distribution strategy forum (Anonymous 2002).

The following section discusses what a branding alliance is and the reasons behind branding alliances or branding appellation.

2.5.1 What is branding alliance?

A 'branding alliance' is the term used to denote the partnership formed by two or more brands or branded products. Rao et al. (1999) define brand alliances to include all circumstances in which two or more brand names are presented jointly to the consumer, whether this be multiple brands that are physically integrated in a product or multiple brands that are simply featured in joint promotions. It involves the long-term or short-term association or combination of two or more individual brands, products or other distinctive proprietary assets to form a separate and unique product (Abratt & Motlana 2002). Brands may come together to form a synergistic partnership in which the sum is greater than the individual parts (Rao & Ruekert 1994). The goal of joint alliances is to obtain instant synergy (Aaker 2001a). Branding alliances are also loosely referred to in the literature as joint branding, co-branding, dual branding, multi-branding, joint marketing, symbiotic marketing, cooperative branding, strategic alliance and brand appellation (Adler 1966, Adams 1995, Rao & Ruekert 1994, Mitchell 1997, Simonin & Ruth 1998, Rao et al. 1999, Aaker 2001a, Levin 2002, Ruth & Simonin 2003). Although some authors (e.g. Prince & Davies 2002, Gundlach & Murphy 1993) state that, strictly speaking, there is a difference between co-branding and strategic alliances, the two terms will be used interchangeably in this review.

2.5.2 Rationale for branding alliances

The idea of a joint alliance was introduced about four decades ago by Adler (1966) in an article in the *Harvard Business Review* when he mentioned the notion of two firms working together for mutual benefit, which he referred to as 'symbiotic marketing'. Since Adler's seminal article, brand alliance has featured in the marketing and business literature. The main rationale for brand alliance is the value that a brand combination can bring to all partners. Combining two or more brands can raise the overall quality perception of a product, and in so doing can also bring greater value to the customer and build the equity of the partner brands (Adams 1995, Rao & Ruekert 1994, Mitchell 1997). Among the common reasons alluded to for branding appellation are to form a critical mass (i.e. some firms have limited drawing power by themselves), to develop shared identity (e.g. geographical appellation), to achieve greater efficiency and effectiveness in marketing activities, to increase efficiency in the use of resources, and to synergise drawing power (Adams 1995, Rao & Ruekert 1994, Mitchell 1997, Ruth & Simonin 2003). For instance, Rao and Ruekert (1994) cite the joint promotion of Goodyear and Audi as an attempt by the alliance to secure corporate endorsements that will improve their market positions. Combining resources in joint promotions or ad campaigns can be a win-win situation: apart from sharing the cost of the marketing campaign, the individual attraction of each partner is expected to result in a bigger market share. The joint promotion of Coca-Cola and Bacardi Rum is an example of brand partnership for the purpose of joint advertising.

Similarly, an alliance may be formed to gain mutual access to propriety markets (e.g. Northwest airlines and KLM) or to encourage attribute or affect transferral (i.e. transferring a proprietary technology or image of Brand A to Brand B, e.g. Lexus and Coach) (Rao et al. 1999). Some alliances arise due to the manufacturers' need for intermediate products to produce the final product (e.g. NutraSweet in Diet Coke, Intel processors in IBM computers). Such cases of physical product integration are sometimes called ingredient branding (Vaidyanathan & Aggarwal 2000). Joint branding for this purpose usually occurs when one company, often for strategic reasons, decides to integrate other brands with its own brand rather than develop another in-house brand. Likewise, some companies believe that promoting their brand with another (often a well known or more established brand) is a good marketing strategy. By joint promotion, they have a stronger drawing power, which is expected to translate to higher profits.

Other forms of market alliance arise from a company's desire to meet consumers' changing needs, for example, the quest for total customer solutions. An illustration is in the travel industry, where companies form alliances to provide customers with a complete travel solution that incorporates air travel, hotels, car hire and even restaurant meals (see for example, Mitchell 1997).

Aaker (2001a) summarises the results that an alliance can achieve as follows. Firstly, it can result in increased customer value and thus increased sales. Secondly, it can lead to lower operating costs. Lastly, it requires reduced investment, which can be achieved by making use of some commonality among the partners in a range of areas, including customers and customer applications, sales force or channel of distributions, brand name and its image, facilities, staff and operating systems, marketing, market research and even R&D efforts.

Co-branding can be an important strategy for the transition of brands. As Abratt and Motlana (2002) point out, co-branding raises the chances of success of multinational companies with global brands entering local markets. For the local firms with strong brands, co-branding secures their future through access to foreign investment and technology while maintaining consumer franchise loyalty.

Marketing alliance can also be a long-term survival strategy. For instance, Mitchell (1997) observed that marketing alliances have been elevated from the short-term and tactical to the long-term and strategic. Mitchell suggests that the ability to call upon a broad range of partners to help solve consumer problems will be one of the key ingredients of a unique organisation proposition. Mitchell cites the example of digital telecommunication with alliances among Microsoft, Oracle, Computer Associates, MCI and other communication giants – with the following declaration in a recent advertisement: 'In business, the lone wolf is a vanishing species'.

2.5.3 Types of branding alliances

There are several types of alliance. These include ingredient co-branding, same company branding, multi-sponsor branding or joint branding for advertisement, alliances to strategically utilise product attributes, and network alliances, among others (Vaidyanathan & Aggarwal 2000, Abratt & Motlana 2002, Prince & Davies 2002). Ingredient branding involves physical integration of products (e.g. Diet Coke and NutraSweet, Volvo and Michelin tyres). Same company branding involves teaming two product brands from the same company (e.g. Kraft lunchables and Oscar Meyer Meats, both Kraft products). Joint branding for advertisement is when two or more independent brands coalesce to jointly advertise and sell their product as a single package. A classic example is the aforementioned alliance of the two major brands, Disney and McDonald's, where Disney toys are given out with McDonald's children's meal, the Happy Meal. The television and print advertisements of Happy Meal carry both the brands of the allied companies.

Another type of alliance is the network of brands that grow up around certain value propositions. An example of this is the network of computer hardware and component makers, software developers, channel partners and training providers that revolve around Microsoft (Mitchell 1997).

Another type of branding alliance is what Levin (2002) calls dual branding, in which two or more branded retailers are housed in a single roof (for example, Dunkin' Donuts/Haagen-Dazs and McDonalds/Walmart in the US) allowing the companies to share expenses and space. This type of alliance can boost sales by increasing the traffic at a particular location. For instance Yum! Brands' partnership with Pizza Hut has successfully attracted system-wide higher customer traffic and sales (Enz 2005).

Another type of alliance brings together a number of businesses to form an umbrella brand based on common features such as organic production, place of origin or practice of ethics. Some alliances are formed on the basis of geographic appellation. There have been a number of cases of geographic appellation and regional branding around the world. Among the more well known regional brands are Provence in France, Maritimes in Canada and the French AOC for cheeses and wines.

In Australia, there has also been a trend in regional branding; the more prominent ones include Margaret River wines, Kangaroo Island Shop, Heartlands Country, Desert, WA Birthmark, Albury-Wodonga Beautifully Placed and the Great Southern Brand (see Appendix 1). The Kangaroo Island Shop brings together various products produced by local businesses in Kangaroo Island such as Kangaroo Island Food (e.g. free range, corn-fed island poultry; naturally fresh seafood products); Island Pure Sheep Dairy; KiS Australian Skin and Bodycare and Ochre Gold Emu Oil. Kangaroo Island projects a 'clean, green' image and uses this in its marketing and advertising. On the other hand, Northern Rivers Tropical NSW projects an image of 'freedom and vitality of a natural paradise' in promoting their brand. The Northern Rivers Tropical NSW brand was developed by the Northern Rivers Regional Tourism Organisation for branding tourism.

In Western Australia, Heartlands Country Regional Branding Group promotes, publicises, distributes and sells local produce and services of businesses in the Wheatbelt region under one umbrella brand (Avon Catchment Council 2002). Currently there are close to fifty products/companies/brands covering gourmet food, wine, accommodation, fashion and fresh produce allied with Heartlands Country. The unifying theme is that all the brands are produced in the Wheatbelt region of Western Australia.

Geographic or regional branding offers increased market efficiency, particularly if there are regional economies of scale in marketing the product. For example, advertising costs will be shared among the umbrella firms rather than by individual firms alone. Geographical branding can also exploit a salient feature in a region or image that a region may have developed for itself, quite apart from simply the location itself. For instance, Margaret River has almost become synonymous with good wine and gourmet food, and it is this image that businesses in the region aim to project when marketing their products, whether it be wine, cheese, fresh fruit or chocolate.

An alliance can be formed between two or more reputable brands or two or more national brands; another form can be an alliance between an established brand and a new brand. Other forms include alliances between national brands and private brands, between two new brands or various combinations thereof (Rao & Ruekert 1994, Vaidyanathan & Aggarwal 2000).

2.6 Issues in forming brand alliances

The previous section showed the importance of brand alliances and the role they play in today's competitive business world. The concept of an alliance is quite simple in theory. However, in practice, forming alliances is a complex issue. Bringing together different brands or companies can be a major challenge and involves many considerations. The following sub-sections explore some of the key issues that need to be considered when forming alliances and appellation.

2.6.1 Objectives of the alliance

The objective of an alliance is integral to its formation. Companies considering forming an alliance – whether it be a dual brand partnership or a network of brand appellation – need to think what the rationale is: Why do they want to form the alliance? What do they want to achieve from the alliance? This point is critical because the objective of the alliance will determine many issues, including the selection of partners, brand ownership structure, sharing of costs and benefits, marketing strategies and other operational aspects.

According to Prince and Davies (2002), the decision to co-brand is based on two conditions: the opportunities for creating a competitive advantage and the operational benefits that will result from the alliance. Prince and Davies suggest that a firm must pick the right co-branding partner. If there is no congruence in the individual partner's objectives, then it is likely that the coalition will not proceed (or last), unless a shared objective is reached.

2.6.2 Partner and product selection

One of the challenges in forming brand alliances is how to select partners. While there are some common sense prescriptions, the literature is largely mute in the area of partner selection. Simonin & Ruth (1998) suggest that it is important to ensure that the allies fit in some way, but they are largely unclear what conditions favour the formation of a brand alliance and what other specific characteristics may make one brand an appropriate ally compared with another (Rao et al. 1999). According to Mitchell (1997), the choice of partners is critical to the success of the business and hence is a vital question in brand appellation. However, finding the right partners is not always straightforward because, as Adams (1995) correctly points out, the characteristics of a good ally are not well understood. Bringing two brands together and determining the success of the combination is complex.

Prince and Davies (2002) suggest four criteria for choosing the right partners. According to them, partners should be chosen on the basis of compatibility between brands, market volatility, investment requirements and the prospective partner's commitment to the agreement.

The most obvious step is to set out the criteria for selection of partners; and this is often related to the objectives of the appellation. For instance, if one is considering setting up a regional brand to promote local producers and to attract business to the region, then the geographical location of the producer will be of prime consideration. Other criteria should also ensure that partners selected should not degrade the brand image, but instead, should back up industries that support the brand. Companies that have associated features of the region (e.g. lifestyle, culture, environment), for instance, will enhance the brand image rather than degrade it. In the selection of partners, consistent image building is important. That means selecting partners that enhance the image of the brand rather than detracting from it.

The geographical location of the company, however, is not the sole criteria, as there are often problems of geographical heterogeneity. Variations, not only in product type but also in quality, exist in any business. The challenge is how to ensure that partners will deliver goods and services that meet desired quality standards. This is where the issues of accreditation and quality assurance come in. This will be discussed further in Section 2.6.5.

Rao et al. (1999) offer a perspective on partner selection, drawing on the signalling notion that brand names may communicate unobservable quality. According to these authors, conjoining two or more brands may have the desirable consequence of enhancing consumers' quality perceptions of the jointly branded product when quality is not readily observable. Their research showed that a brand ally's vulnerability or reputation would make it an attractive partner. When a brand cannot communicate quality credibly by itself, it may do so by allying with a credible brand. That is, it may 'buy' another brand's vulnerability or credibility. A corollary to this is that vulnerable brands may trade on their names in a market for brand allies. Rao et al. (1999) cite Sunkist as an example, which licensed its name

for use on other products such as soda, candy and vitamins. They also suggest that although the degree of fit between two brands may be an important issue, the alliance between brands that do not necessarily fit well together may also be successful if the brand ally is vulnerable to punishment.

While a partner may enhance a brand ally, the reverse may quite as easily arise (see for example, Levin 2002, Levin & Levin 2000, Levin et al. 1996, Roedder et al. 1998). Levin et al. (1996) found that pairing an unknown chocolate chip brand with a well known brownie brand diminished consumers' evaluations of the brownie brand. Similarly, in separate studies, Levin and Levin (2000) and Levin (2002) showed that there is a net assimilation effect when consumers evaluate dual brands, and that consumers' impressions of one brand may influence their impressions of a brand that it is paired with. These results highlight the importance of carefully selecting branding alliance partners. Careful selection of partners is important, because a brand that is associated with another brand of poor quality is in danger of suffering significant monetary losses should consumers attribute any blame on their brand (Rao et al. 1999).

2.6.3 Operational aspects of brand appellation: How to build a brand alliance without complicating the process too much

Building a brand can be a daunting task. Some issues that need to be considered are how to link and facilitate different groups' and industries' image construction/image building (i.e. formation of a regional image), branding of it (i.e. brand development), managing the brand, marketing, and governance for sustainability (Cegarra & Michel 2001). Cutting the pain from brand appellation means avoiding complicating the branding process too much. But what triggers and steps are required for action?

Joint branding can be triggered by several factors. Sometimes a particular need or a crisis stimulates action. Sometimes the idea to band together is brought about by a common need or recognition from potential partners that co-branding may offer a pathway for improving returns to the individual business. In most cases, a champion (or champions) is needed to start the process. Facilitating the process is also critical.

2.6.3.1 Facilitating industrial partners

How would one facilitate industrial partners interested in branding? Transitions for producers to engage in a process sometimes require some government assistance, at least at the start of the process. For instance, government facilitation played a major role in the creation and launch of WA Birthmark. Similarly, the Northern Rivers Tropical NSW brand was developed by the Northern Rivers Regional Tourism Organisation, with support from Tourism NSW. This support has enabled the reach of the Northern Rivers Tropical NSW brand to be extended. In the same manner, some government funding was received in the brand development of Gippsland Natural Pty Ltd.

However, while government intervention can facilitate and hasten the process of appellation such as in regional appellation, it is often not desirable (nor sustainable) for governments to intervene in the long term. In the long run, the responsibility of running and governing the alliance should be the jurisdiction of the businesses involved, perhaps via a joint membership committee comprising representatives of the various businesses under the alliance.

Another way of aiding the process of brand partnership is to hire a brokering company. In the UK, for instance, a company called Brand Dating was established to help companies broker brand alliances (Anonymous 1999). The aim of the company is to bring together complementary brands to increase sales, establish new distributions and gain new customers. The company was instrumental in bringing together Nestlé, which was looking for a sample market of young men for its Maverick chocolate bar,

and Jewson, the builder's merchant. The result was a marketing campaign where the bars were handed out with every Jewson purchase. Another way to aid the process is through market research; however, while market research may reduce potential errors, it does not always offer precise answers.

2.6.3.2 Brand ownership structure

Another issue of importance is the brand ownership structure. In some situations, this may not be a problem, particularly in product building. For instance, Coca-Cola, from the outset, was clear in ensuring that their brand was the system brand, representing the many brands surrounding its production such as raw materials, suppliers, manufacturers, bottlers, distributors and the like (Mitchell 1997). In some situations, however, this may not be the case. For instance, in regional branding the question of who owns the brand and who will govern it can be a fuzzy affair. There may be a need for an entity to establish and administer the brand. But who is in and who is out of the club? What are the rules for association? Another question is how many different brands are needed? Should the alliance reflect a single brand or different brands for different products? Related to this area is the issue of the umbrella brand or the brand that represents the system. Should there be an umbrella brand or 'mother' brand that can be used by all members of the alliance, together with their own private brand labels? In cases where companies have their own brand and prefer to be the lead brand, there might be what Mitchell (1997) calls the battle for supremacy. How will this be resolved, and how will the benefits be shared among the partners?

2.6.3.3 Governance structures: auditing and reporting

In the case of regional appellation, there is a strong rationale to establish an entity to administer the brand. Apart from the question of who owns the brand, governance structures and processes are needed to consider issues such as what products and business are to be involved, what is the management and administrative structure, what are the inclusion or exclusion criteria for products and businesses, accreditation of procedures, appropriate internal and external auditing and reporting, who will fund brand management, who will develop financial and marketing strategies and business plans and who will provide capacity building and other support mechanisms for members (i.e. training and support for partners) to ensure quality and long-term sustainability of the alliance. Because alliance partners are vulnerable to economic sanctions by consumers, should their brand be associated with another that does not deliver the claimed quality (Rao et al. 1999), then governance structures are critical to a branding alliance. Aaker (2001b) suggested a balanced management team to avoid having one partner dominating the alliance.

2.6.3.4 Building a meta-brand in a cost-effective manner

Similar to company branding, brand personality is important in building a brand for a joint appellation. The brand must fit the image the alliance wants to project to be successful in the marketplace. If the customers are not comfortable and sense a lack of fit, acceptance will not come easily. As Aaker (2001b) points out, the brand may not be seen as having the needed credibility or the appropriate associations for the context. One strategy for building an identity under regional appellation is to capitalise on a dominant characteristic of a region that differentiates it from the others. For example, the Old West Country was initially formed as a four-country effort to capitalise on the many attractions and common images of south-western New Mexico (LeMay & Dry 1999 in Cai 2002).

One must consider the unifying, coordinating and reinforcing mechanism of the regional appellation. If the objective is to bring business to the region, then developing a state-wide or region-wide theme may be an appropriate action; for instance, the regional development campaign developed the Beautifully Placed Albury-Wodonga brand. One needs to think about the unique and distinct brand identities and establish clear and competitive positions in the marketplace. In this case, attractive attributes of the

region need to be considered and the unique selling proposition be highlighted. This may involve showcasing the distinctive image of the appellation, distinct competitive advantage or even superior value for money.

There are many ways of generating ideas when creating a meta-brand, such as calling on alliance members for ideas, eliciting the help of professionals or public relations specialists (Lockie 2003), employee competitions (Lockie 2003), and even tapping local talent (e.g. by holding contests in schools, colleges, universities and the community) to come up with a brand that reflects the nature and drive of the alliance. Large companies, for instance Microsoft, use a variety of approaches, including the latter. For example, Microsoft launched a competition to design an Avant postcard promoting a new Microsoft Office logo (Anonymous 2005). For a relatively minimal cost (a \$4000 computer and software prize to the winner) plus related promotional costs, Microsoft was able to come up with an innovative and fresh idea that was used to launch its new logo.

For many firms considering regional appellation, a related issue is naming the brand. As Keller and Aaker (1997) point out, the role of the brand name is a critical component of brand strategy, so the choice of the umbrella brand will be an important consideration. Some questions that need to be considered are should a more established brand be used as the umbrella brand, or should a new umbrella brand name be created? What will be the best brand name strategy?

There are a number of issues to consider. For instance, a major shareholder may wish to be the parent brand or use its name as the umbrella brand. Alternatively, there may be reasons to use a strong brand (even if the company is not the major shareholder) because strong brands are easily recognisable to consumers and can prompt associations related to values, quality, trustworthiness, likeability and other emotional aspects. In cases such as this, careful planning is needed and market research is a worthwhile endeavour. Market research and environment analysis may also help address the issue of how to build a brand in a cost-effective manner in a particular market situation.

2.6.4 Creating brand awareness (quickly)

Time is money ... or so the old adage goes. In business, this is particularly true. For partner alliances to benefit from the joint alliance, creating brand awareness as quickly as possible in an effective and cost-efficient manner is important. The section below describes some important considerations.

2.6.4.1 Appreciation and knowledge of a brand by consumers

The salience of a brand will determine whether it is purchased by customers. Brand awareness is therefore of utmost importance and can be a key strategic asset (Aaker 2001b, Nilson 1998). The mindset of most brands is that it is important to be number one. But the important question is, number one in what? Is it important to be number one in the world or number one in the minds of targeted consumers?

Being recognised and remembered by their targeted customers in a small market is often more important than being number one in a bigger (but unrelated) market. For one, building a brand is costly and it will be more efficient to target marketing campaigns and advertisements to a desired clientele group. There are a number of ways this can be done. One is through creating a strong brand identity.

Although a symbol by itself is not enough to carry a brand to the top position, a strong symbol built around the strengths of the company(ies) and the brand, can provide cohesion and structure to brand identity, making it more easily recognisable and easier to recall (Aaker 1996). For instance, the smiling face of KFC's Colonel Sanders and the four linked circles of Audi are easily recognisable to their target customers. This requires a company to know its customers. With Audi, for instance, the target customer is clearly defined: an individualist who demands singular solutions and knows that technical excellence is worth seeking out and can make a difference (Kochan 1996). With both KFC and Audi, the emblem serves to strengthen awareness of the brand.

However, there is also a belief that a great brand must be able to stand the ‘smash test’ (Lindstrom 2005a). The smash test refers to the ability of a brand to be recognised even when the logo is taken out. According to Lindstrom (2005a), smashing a brand requires attention to every detail beyond the logo, including signal, tone, colour, touch or shape of the product, merchandising and even packaging. A great example is the classic Coca-Cola bottle: it is so distinct and recognisable that even without a logo it has been recognised as a Coca-Cola bottle almost anywhere in the world for several generations.

Quite apart from increasing brand awareness, consumers’ perceptions of a brand will determine customer loyalty. Consumer experience, on the other hand, affects brand perception. To this end, the firm must strive to provide a superior brand, one that consumers will associate with positive feelings.

2.6.4.2 Strategic marketing

Some strategies to create brand awareness are through commercial sponsorship, advertisements, public relations and sales promotions. Innovative marketing strategies are critical. According to Morgan (1999), a challenger brand that is outgunned and out-resourced by the market leader can use advertising and the clever pursuit of publicity to gain competitive advantage. As such, these resources ought to be treated as high leverage assets and must be systematically embraced within the company. However, while the value of advertising cannot be denied, reaching the proper advertising strategy requires careful thought. According to Lindstrom (2005b), advertising is not what it used to be. For instance, using figures from the Newspaper Advertising Bureau, Lindstrom cited that in 1965 about 34% of consumers could name the brand of a commercial aired during a show. Thirty years later, the percentage of viewers who could recall an ad has gone down to only 8%. This is because people are constantly bombarded by commercials in radio, television and print media and these channels are in danger of becoming less effective with consumers. According to a study by Nielsen Research (cited in Lindstrom 2005b), by 2007 about 20% of consumers will be eliminating ads from their television screen. Even the web, which has become the modern tool of marketers, is now experiencing a backlash from consumers, who have installed spam filters in an attempt to stop unwanted advertisements. This calls for a new approach in capturing consumers’ interests. Examples that are emerging in the marketplace are incorporating brands in the actual television program, featuring national brands as part of the paraphernalia in movies and television shows and even the dialogues in the script. For instance, an actor in a television series may be holding a can of Pepsi or may mention a brand, in effect implicitly advertising the brand. Ford Motors, for instance, formed an alliance with the Oprah Winfrey television show and gave out scores of cars on the show. Ford executives claimed this alliance was justified by the economic returns and that it was a more efficient and effective brand promotion strategy than conventional advertising.

Lindstrom (2005) suggests the idea of sensory branding, which makes use of the senses. As Lindstrom points out, the senses are a vital part of our experience and can bring back memories of childhood, feelings of warmth and comfort. The more senses a brand appeals to, the higher the likelihood the message will be perceived, which may well translate to higher prices consumers are willing to pay. He suggests that smell, touch, taste and sound may trigger a favourable response, and this may well be the solution for the future of branding.

Keller and Aaker (1997) explored the effects of corporate marketing activity on consumer evaluations of corporate brand extension, and found that corporate marketing activity can provide a direct marketing benefit by improving perceptions and evaluations of a corporate brand extension. Hence, engaging in corporate marketing activity, creating a corporate image and employing a branding strategy can facilitate the acceptance of new products. In particular, their study showed that corporate marketing activity related to product innovation provided the most valuable enhancements to corporate brand extension, with improved perceptions of corporate expertise. Aaker (2001b) suggests that marketing activities outside normal media channels, such as using event promotion, publicity, sampling and other attention-getting approaches, are some strategic ways of building brand awareness.

Needless to say, it is likely that different strategies will work for different situations; hence the importance of market research. In this case, traditional methods such as focus groups, marketing experiments and other marketing research techniques may be tapped to find out what will work best for the targeted consumers.

2.6.5 Making the grade: Quality assurance

Should quality assurance be a part of the branding process? Quality assurance is important, particularly in regional appellation because of the difference in processing procedures and in quality standards followed by different producers. As marketers will attest, trust plays a major role in brand loyalty. A small mistake in one product could mean millions of dollars in lost sales. Given that a number of players would be involved in regional branding, loss of trust in one company could prove costly not only for the company involved, but for the group as a whole. Hence it is important to have quality assurance procedures that maintain the consistency of the brand. The main question, however, is how will quality assurance be done? Will it be self-regulated within firms, or should it be centralised? How will it be governed and monitored?

2.6.5.1 Accreditation

More often than not, the quality of products and services offered by one partner under a joint branding endeavour would affect consumers' perception of all other brands (or the alliance) (Rao & Ruekert 1994, Rao et al. 1999). It is important, therefore, for appropriate grades and standards to be in place when selecting brand products and partner firms. Herein lies the role of accreditation. Questions that need to be answered include how important is accreditation? What are the criteria to be used? To shed light on this, the experience of some umbrella alliances – such as Fairtrade, OBE Beef and Indigenous Australian Foods – and how they have dealt with the issue of accreditation can be examined.

2.6.6 Making the brand competitive

A key strategy in making a brand competitive is to draw on its unique and distinct brand identity and exploit its differential characteristics. This involves the interplay of four key areas: brand awareness, brand image personality, brand experience and brand loyalty. That is to say, the goal is to increase brand awareness to the targeted clientele, developing a positive brand image personality, which gives customers a superior brand experience, thereby creating brand loyalty. As has been mentioned earlier, brand loyalty can be an enduring strategic asset as it influences purchase behaviour.

Often, this would involve looking at market appeal and consumer desires. To illustrate, in Boeing's battle for market share with rival company Airbus, Boeing's sales pitch to airline executives included an outreach to passengers (Beirne 2005). Boeing highlighted the passenger benefits of its aircraft that were consistent with the carrier brand. The advertisement of China Airlines' 'New Horizons' campaign, for instance, displayed both the China Airline and Boeing logos, and called attention to both the carrier and passenger service (touting a new 747 aeroplane that featured semi-private pod seating with an entertainment centre in the first-class section). It is expected that Boeing's effort to create a bond with consumers by co-branding with partner airlines will be rewarded by increased sales (Beirne 2005).

Many market practitioners believe that to be competitive, the aim should not only be to meet customer expectations, but rather to over-satisfy customers. According to Nilson (1998), over-satisfying customers will tend to provide a positive impression of the brand, making customers feel comfortable with it, which, in turn, will translate to more purchases. Often, this means higher profitability to the company, as it is much more profitable to sell several times to existing customers than constantly having to find new ones.

2.6.7 Protecting brands: The role of patents and IPs

Given the importance of brands, the cost of building a brand and the value it brings to a company, it is critical to protect brands. Registering Intellectual Property (IP) is important to protect not only the brand, but also the business. Registering the IP will give the company the legal rights of [ownership](#); otherwise, in cases of IP infringement, the business will have to rely on common law to prove ownership. Types of IP include patents, trademarks for logos, pictures, aspects of packaging or a combination of these, designs for the shape or appearance of goods, and copyright for original material.

IP Australia (2007) defines a patent as a right granted for any device, substance, method or process, which is new, inventive and useful. A trademark may be a letter, number, word, phrase, sound, smell, shape, logo, picture, aspect of packaging or any combination of these.

According to IP Australia (2007), ‘a patent is legally enforceable and gives the owner the exclusive right to commercially exploit the invention for the life of the patent’. Patents give effective protection for an invention that will lead to a product, composition or process with significant long-term commercial gain. Similarly, a registered trademark bestows a person or a company the exclusive legal right to use, license or sell the goods and services for which it is registered.

In the same vein, registering the design or a logo of a brand is important, as a registered design can be a valuable commercial asset. As has been shown in the discussion in this review, brand value can reach millions of dollars. Owning the IP right for a brand gives a business the exclusive and legally enforceable right to use, license or sell the design in future.

Although copyright does not need to be registered, claiming copyright to the brand protects the original expression of ideas and automatically safeguards the brand. Copyright protection is provided under the Copyright Act 1968 and gives exclusive rights to license others in regard to copying the work, performing it in public, broadcasting it, publishing it and making an adaptation of the work (IP Australia 2007). Although a copyright notice with the owner’s name and date is not necessary in some countries such as Australia, it can help prove ownership of the copyright, may be needed to establish copyright in some countries and also acts as a deterrent to potential infringers (IP Australia 2007).

In terms of regional branding, IP Australia noted that while it is difficult to register a geographic name or surname, it may be possible to register it if it has been used extensively in the marketplace for a considerable period of time.

2.6.8 Other issues

Finally, some general issues need to be considered. These include the feasibility and interest of the potential partners, trade rules and ethical issues.

2.6.8.1 Feasibility and interest of potential partners

To make a partnership work, all partners must be committed to the alliance. There must be willingness to share some resources, and this may not always be easy, resulting in a falling out by some members of the alliance. Even data sharing may sometimes be difficult for partners (Rogers 1998). Likewise, it is not only the interest of the partners but also the feasibility of the alliance that need to be considered. Often, this will be reflected by the perceived need of the potential partners. In the US, for instance, many brand alliances are formed out of the need of individual firms to forge a partnership to remain competitive or to provide a competing service in response to rivals. For instance, Clark (1998) reported that Yahoo! and MCI Communications Corp were collaborating to introduce a new online service aimed to redefine the online market pioneered by America Online (AOL). To fill the largest remaining gap in Yahoo!’s offering, MCI will provide internet access under a joint branding and marketing agreement with Yahoo!, which offers a web navigation guide, electronic mail, chat and other communications functions. This alliance will allow Yahoo! to compete with rival firms such as AOL and SNAP.

The feasibility of the partnership is crucial to the sustainability and the success of the alliance. A case in point is a planned alliance between a major high street retailer and one of UK's biggest hotel groups. Despite advanced planning and almost 99% signing off, a partner pulled out as the retailer was concerned that the response to the offer could be so high that the hotel group would not be able to fulfil redemption. The fear that a party might not be able to deliver and let customers down can be a major deterrent to an alliance (Miller 2000).

2.6.8.2 International WTO rules about geographic differentiation

International World Trade Organization (WTO) rules about geographic differentiation can be important, particularly if the alliance is targeting or planning to target international trade. A case in point is when producers in France protested against the use of the word 'champagne', claiming that this is the brand of the province of Champagne. The ensuing international battle for the rights to use the word 'champagne' was decided in France's favour, and companies around the world had to withdraw the word 'champagne' and replace it with 'sparkling wine' or the like. Nonetheless, despite the importance of this matter, there appears to be no literature dealing with this issue.

2.6.8.3 Ethics and social responsibility

Brands impact enormously on the company that owns them as well as on the wider community (Kochan 1996). Branding is a powerful emotional tool and while most companies capitalise on this to capture consumer loyalty, there is also corporate responsibility that goes with this. The question is: how do companies deal with ethics and social responsibility?

Increasingly, companies deal with this issue by incorporating and articulating ethical practices and procedures. The case of cigarette manufacturers may serve to highlight this issue. For years, companies carrying famous cigarette brands denied the harmful effects of tobacco to humans. After a long and often painful battle, national cigarette brands now carry the warning that cigarettes are harmful to people's health. Similarly, major infant formula brands indicate that breast milk is the best milk for babies. In a way, this strategy removes some of the burden of litigation to companies, but may also signify that the brand is reflecting social responsibility.

Other brands take a more pro-active role, with some building their clean, green image into their brands. Coca-Cola and Pepsi both carry the recycling emblem in their cans. Similarly, some tuna brands indicate the dolphin-free status (i.e. no dolphins were harmed in catching their tuna), signifying environmental consciousness.

2.7 Literature review summary and conclusions

There seems to be a strong rationale for brand alliance; however, there are a number of issues that need to be considered when forming alliances, particularly regional appellation. Apart from the issues mentioned above, the process is fraught with challenges, including those related to geographical heterogeneity. Even within a region, heterogeneity of products, firms and services exist. How does one select the right partners and the appropriate products to come up with the winning brand? What about the issue of free riders? Some businesses may be tempted to freeloader, particularly if the nature of the alliance is geographical in nature. How will the alliance deal with this? While copyright laws may protect the alliance from use by businesses external to the region (for a geographical appellation), this may still prove to be a challenge. For instance, if the brand of the appellation carries the name of the region (e.g. Beautifully Placed Albury-Wodonga), it may be difficult to stop other non-members within the region of Albury-Wodonga using the name, thus effectively free-riding on the regional brand. While it is easy to jump on to the bandwagon, a careful analysis of the issues involved is important for anyone contemplating geographical appellation or regional branding. The next ten chapters will present the case studies.

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3. Summary of case studies

By Christine Storer, Genevieve Carruthers and Maria Fay Rola-Rubzen

This chapter summarises the case studies conducted for this scoping study. Although there may be overlaps in the characteristics or attributes of the cases, the case studies can be generally classified into product brands, family brands, umbrella brands and marketing alliances. A summary of the characteristics of the different types of case studies is shown in Table 3.1.

Table 1: Summary of case studies and their characteristics

Issues	Gippsland Natural	Enviro Meat	Pacific Coast Eco Banana	OBE Beef	Indigenous Australian Foods/Outback Spirit	Australian Pavilion/Taste Australia	Dairy Marketing International	Fairtrade/Oxfam	Desart	Australian Organics Institute	Gold Coast Food Forum	Snack Fruit Australia
Horizontal industry coordination	☒	☒	☒	☒	☒				☒	☒	☒	☒
Vertical chain coordination					☒	☒	☒	☒				
Marketing coordination	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒		☒
Market access support	☒	☒	☒	☒	☒	☒	☒	☒				
International market access support				☒	☒	☒	☒	☒				
Information technology hardware and software support									☒			
Training support									☒			
Business development support					☒							
Small business stakeholder equity in a developing industry					☒							
Aboriginal enterprise					☒			☒	☒			
Quality assurance systems	☒	☒	☒	☒				☒				
Organic production systems				☒						☒		
Environment management systems		☒	☒									

3.1 Product brands

Three regional product brands were studied that supply Australian and overseas markets. Each brand is supported by groups of primary producers. Regional beef brands Gippsland Natural and Enviromeat were developed by a group of 36 Gippsland beef producers. The Gippsland Natural brand is based on meeting Meat Standards Australia specifications and the Enviromeat brand is based on meeting Gippsland Natural and Environment Management Systems specifications. The Pacific Coast Eco Bananas brand is managed by banana growers Frank and Diana Sciacca, who coordinate supply from six other banana growers. The Pacific Coast Eco Bananas brand is based on meeting Environment Management Systems and a banana production protocol. The organic beef brand OBE Beef is based on 30 pastoralist beef producers that supply organic beef from outback pastoral regions through OBE Beef Pty Ltd to meat processor Stockyard.

3.1.1 Gippsland Natural and Enviromeat

Gippsland Natural and Enviromeat cover two types of beef products arising from the Gipps Beef group. Meat Standards Australia (MSA) protocols are used to underpin the brand. There are 36 members currently producing meat under this brand. Criteria for inclusion in the marketing group are that cattle are grass-fed and MSA licensed. In addition to MSA requirements, Enviromeat must have an externally audited Environment Management System (EMS) in place, follow environmental best management practices and address biodiversity and water monitoring. The group is targeting a section of the community that is concerned for 'natural, green/sustainable' produce, and makes use of both farmers markets and recognised 'fine food/wine' supermarkets to sell their products. They have established a regionally branded, producer-driven marketing group and aim to capture a discriminating segment of the market. Enviromeat attracts an extra 40 cents/kg, while the Gippsland Natural product aims for the top of the existing market only (no premium).

This case study highlights the importance of direct marketing, promotional activities, linkages with abattoirs and butchers and the EMS process as a management tool to support marketing activities. In addition, the importance of developing rules of association, specifically with regard to the management of the EMS audit/certification cluster for Enviromeat, was shown. Training and support come from within the group. Some government support was gained, as was MLA funding.

This is a good example of a single product, market-chain linked approach developed by farmers, with robust and credible auditing systems in place to ensure that people involved 'play by the rules'.

3.1.2 Pacific Coast Eco Bananas

Pacific Coast Eco Bananas is an example of a farmer-driven, -owned and -managed brand, based on Environmental Management Systems (EMS). The distinctive food grade wax tip used on the bananas has been trademarked, and is used as an immediate way to signify that the fruit is different. In order to meet demand for the product, the Sciaccas (owners of the trademark) have developed production alliances with another six banana growers, and all must meet production protocols and EMS requirements to gain use of the wax tip.

Partners in the approach include the Great Barrier Marine Research Foundation – which promotes Eco Banana's role in protecting the Great Barrier Reef through ecologically sensitive farming practices – Queensland Department of Primary industries, and other agencies. These agencies have been able to supply information and some degree of endorsement of the production protocols used. External auditing is in place, and great emphasis and care is taken by the Sciaccas to maintain the integrity of the production systems. It was commented that 'there is no support from the wider industry' and that they 'need to be very careful not to allow any slips in performance'. Creation of a 'group culture' has been important.

This case was of interest as a good example of where quite tight rules of association have developed and a bottom-up approach from primary producers resulted in the brand.

3.1.3 OBE Beef

OBE Beef Pty Ltd is a group of 30 pastoralists who supply organic beef from the Channel country (outback Qld, NT, SA & NSW) to the meat processor Stockyard. Meat products are sold to Japan and to major supermarkets chains in Melbourne (Coles) and Sydney (Coles & Woolworths). OBE beef is differentiated in terms of sustainability, safety (organic, quality assurance and traceability) and service. It was a grass roots producer initiative with strong processor support. Meat processor Stockyard negotiates contracts with customers.

While the case is of interest in sourcing cattle from outback pastoral regions, there is only one brand name used for one product category (i.e. it is not a family brand or umbrella brand). No other regional products or services are coordinated.

3.2 Family brands

One family brand was studied: Outback Spirit. Outback Spirit is the flagship brand of a chain involving Australian native food suppliers through Indigenous Australian Foods Ltd, food manufacturer and exporter Robins Foods Pty Ltd and several customers domestically and overseas including Coles Supermarkets in Australia. Indigenous Australian Foods is an endorsement given to products using Australian native foods supplied from Aboriginal communities.

3.2.1 Indigenous Australian Foods (IAF) and Outback Spirit

Robins Foods Pty Ltd was set up in 1986 (initially incorporated as Robins Australian Foods Pty Ltd) to manufacture and market Australian Native Food Products. A not-for-profit company, Indigenous Australian Foods Ltd (IAF), owned and controlled by Aboriginal members, gives Aboriginal communities formal equity in the largest current commercial supply chain in the bush foods industry. Each participant can choose the extent and nature of their involvement to match the community objectives. Robins Foods is supplied exclusively by IAF, and all native foods, supplied by Aboriginal or non-Aboriginal suppliers, are procured through IAF. Robins Foods pays an endorsement fee (over and above 'farm gate' or 'bush harvest' price) to IAF for all native foods purchased. Robins Foods have four brands: Outback Spirit, Robins Bush Foods, Hot Oz and Robins Dessert Sauces. Outback Spirit is the flagship brand of the IAF/Robins Foods Pty Ltd supply chain, and the other Robins Foods brands are being rationalised in favour of Outback Spirit. Products are sold internationally as well as in Australia through the Coles supermarket chains, food service outlets and other supermarket retailers. Government support, to establish the IAF/Robins supply chain, was received from the Victorian Government 'Grow Your Business' program and the Australian Federal Government Food & Fibre Chains 'Supermarkets to Asia' program.

This case was of interest as an example of a way of working in partnership with remote communities and of integrating traditional Aboriginal and mainstream commercial enterprises. Ingredients are sourced from across Australia, including desert communities. While the Outback Spirit brand is owned by Robins Foods Pty Ltd, an endorsement logo (showing that products are the result of a 'partnership with Aboriginal enterprise') attracts endorsement fees. These endorsement fees are paid back to IAF. In addition, all products sold through Coles supermarkets generate revenue for the Coles Indigenous Food Fund that provides support, on a project-by-project basis, to Aboriginal communities wishing to increase their capabilities in the bush food industry.

3.3 Umbrella brands in overseas markets

Umbrella brands provide an overall brand name, which covers a range of different products, that is used in addition to each product's brand. One international umbrella brand was studied, Fairtrade, which helps producers from different developing countries to access international markets. There were

four brands studied that used an Umbrella brand to cover a range of Australian products supplied into overseas markets. All Australian umbrella brands used ‘Australia’ or the region ‘Margaret River’ as part of the brand name. While Australian Pavilion, Taste Australia and Margaret River used the brand name for marketing to customers and the final end consumer, the brand Australian Specialty Cheeses was used to market products to customers in the chain (overseas importers, wholesalers and retailers) but not to the final end consumer.

3.3.1 Australian Pavilion

‘Australian Pavilion’ is an umbrella brand used by an Australian supply chain for manufactured food products involving NTUC Fairprice retail chain in Singapore as the customer. A separate area of the supermarket is labelled ‘Australian Pavilion’ where only Australian products are available. It is an Australian store within a store. The brand was initiated by retailer NTUC Fairprice with assistance of the Federal Australian government under the Food & Fibre Chains ‘Supermarkets to Asia’ program. Australian exporter and consolidator Bemco Australia Pty Ltd was selected to source and supply Australian food, beverage and personal care items for export in December 2000. The first Australian Pavilion area in one Fairprice supermarket was launched in September 2001. Successful products were ranged in other Fairprice stores, but not all competed as well in normal shelf formats. As a result additional Australian Pavilion areas were set up in other stores from September 2003. Some stores have smaller bays rather than whole Australian Pavilion areas of the store. In 2005 there were eight NTUC Fairprice stores with Australian Pavilion areas and three with bays. Approximately 300 suppliers participate in providing 1200–2000 stock keeping unit (SKU) product lines (products come in and out of range over time). Some products are supplied beyond the 11 Australian Pavilion/Bays into the 77 Fairprice retail outlets that have 55% of the market share in Singapore.

3.3.2 Taste Australia

Australian consolidator and exporter Bemco Australia Pty Ltd set up their own supply chain concept using the umbrella brand ‘Taste Australia’ in Thailand with retailer Villa Market in April 2004, and subsequently in China and Bangladesh. The concept is similar to Australian Pavilion in that the stands make up an Australian store within a store. The main difference is that Bemco owns and operates the brand. To ensure there is a high level of commitment, smaller retail chains have been selected as the partner for Taste Australia. With smaller stores, end of aisle ‘gondola’ stands are used rather than a separate stand or area of the store. Fewer products are ranged to maintain greater control and to cater for the smaller stands used. Approximately 400–500 SKU product lines are supplied by 30–50 suppliers into Villa Market’s Taste Australia stands as well as into normal shelves and to other retailers. The Taste Australia concept was expanded into Beijing, China and Dhaka, Bangladesh in 2005. Products are aimed at expatriates and middle and upper class younger professionals who can afford the higher-priced imported products.

3.3.3 Margaret River

The Government of Western Australia has run ‘Margaret River’ regional promotional activities in Singapore (Coldstore), Thailand (Topps) and South Korea (GS March). This has not been as successful as Australian Pavilion and Taste Australia as there was not a sufficient range of competitive products to sustain the Margaret River brand in the Singapore stores. Many products were found to be too expensive for that market. It was suggested that an Australian brand would be easier to set up than a regional brand for export markets.

3.3.4 Dairy Marketing International (DMI: Australian Specialty Cheese Exporters (ASCE)

Dairy Marketing International Pty Ltd (DMI) was formed in June 1999 to facilitate development of export markets for Australian specialty cheeses. DMI acts as a market intermediary for eight specialty cheese manufacturers and other gourmet food producers as part of the Australian Specialty Cheese Exporters (ASCE) chain. The manufacturers already supplied Melbourne markets, and DMI helped them overcome the overseas logistics problems by providing a critical mass for air and sea freight. While DMI market the groups' cheeses to overseas importers under the umbrella brand 'Australian Specialty Cheeses', the umbrella brand is not used to market the cheeses to consumers in retail stores. The manufacturer brands only are used in retail stores. Strong views were expressed about the appropriateness of umbrella brands and regional brands. Substantial government support was received from both the Food & Fibre Chains program and National Food Industry Strategy Chains program.

3.3.5 International Umbrella Brand: Fairtrade

The concept of Fairtrade came about as a result of efforts to help producers in developing countries market their products globally under fair trading arrangements. The concept started with the concern by some development practitioners about how to help marginalised farmers from developing countries make a living and climb out of poverty. In the mid-1970s, Oxfam started a project called 'Helping-by-Selling', which is perhaps the forerunner of what is now called Fairtrade. Fairtrade provides people with a better chance to access global markets where they traditionally have a low chance of entry due to low efficiencies of scale and insufficient volumes to satisfy market demands. Farmer cooperatives or groups (rather than individual small farmers) can register to use the Fairtrade Mark or label as long as they meet the certification and other Fairtrade standards set by the organisation. Fairtrade producers receive a guaranteed price that covers their production costs and a premium that goes back to the local community for development projects.

The first Fairtrade label was introduced in 1986 for coffee from Mexico, launched under the Max Havelaar label in the Netherlands. Since then, the number of Fairtrade initiatives has increased worldwide. There are now 19 Fairtrade organisations operating in 20 countries. Over one million farmers and their communities from 44 countries across the globe have benefited. Currently, there are hundreds of commodities sold under the Fairtrade label. These include beer, biscuits, cakes, brownies, cereals, snack bars, chocolate, chutney, preserves, cocoa, coffee, cosmetics, dried fruit, fresh flowers, fruit, honey, hot chocolate, jams, spreads, juice, nuts, spirits, sports balls, sugar, sweets, tea, herbal tea and wine.

The name Fairtrade is now commonly bandied about, and evokes a feeling of giving producers from developing countries a 'fair go'. Fairtrade encourages social consciousness and an awareness that people around the world can be connected with each other, as well as the responsibility that falls on all humans to do the right thing with one another.

The Fairtrade case study is a good example of bringing together products from different countries, to sell and endorse them under one umbrella brand or label, using the goal of social equity as a selling point. As global markets are difficult to penetrate and often require adherence to strict quality standards, certification is critical. Carrying the Fairtrade label signifies that producers and commercial partners are adhering to Fairtrade practices and standards. Fairtrade has developed quality certification procedures and is a good example of how certification and monitoring procedures can be put in place. It is also a fine example of how a good cause and social consciousness can be harnessed to alleviate poverty and enhance economic independence of target groups and an excellent example of how a brand name or label (and what it signifies) can be used to penetrate the market and increase market demand.

3.4 Marketing alliance groups and industry associations

Four cases of marketing alliance groups or industry associations were studied. While they did not have a formal umbrella brand or product brand, they were groups of related businesses that helped each other in marketing their products and developing their businesses. Desart provides support for central Australian Aboriginal artists. The Australian Organics Institute is an association of small businesses with organic produce that help each other into domestic and international markets. The Gold Coast Food Forum is a group of small business operators looking to share ideas and gain information. SnackFruit Australia Inc. is a group of fresh fruit industry associations that help member groups with marketing strategies and development.

3.4.1 Desart

Desart Inc. provides ‘support services to Central Australian Art Centres to foster and support their aims for community development, cultural maintenance and economic growth, acting as an advocate for the rights and welfare of Central Australian Aboriginal artists, while respecting indigenous social and cultural protocols’.

The Desart organisation acts more like an industry association or government department. While no brand has been developed and they do not directly get involved in marketing art work, they do facilitate the development of many desert community art centres. Desart resources art centres with information technology hardware and software as well as organising training. They provide advocacy, mediation and resourcing, such as assisting with contracts, as well as provision of tools such as job description templates and job interview questions. In addition, members are visited regularly face to face, which is the preferred method of doing business by Aboriginal people.

This case was of interest as Desart helps groups in remote regions of desert Australia with issues that they may have difficulty responding to on their own. They offer services that many remote businesses have difficulty accessing. Desart is also of interest in how the organisation is governed to give balanced input from all regions and the way they deal with regional groups.

Australian Organics Institute

The Australian Organics Institute began as a collaborative arrangement between the Office of State Development on the Gold Coast and local small business clients. Major motivations of the group getting together were the need to create market links with both domestic and international markets and to gain more prominence in the marketplace. The group does not market the fact they are based near the Gold Coast. The group sees itself more as an introduction agency, rather than any form of branding group. Products are varied, but are generally organic food or products from processors (only one farmer is involved directly). There are also non-food products (skin care products) involved. Members pay roughly \$1000 to belong and also fund overseas marketing trips to trade fairs and similar where samples of the various produce are taken.

This group was quite different in that it was more of a professional marketing arrangement, with a fee-for-service approach, and no strong regional focus at all. Members do need to be certified as organic producers (or at least, in the process of conversion to being organic, as this takes many years). The group is set up on a basis of a corporate strategy, and this was seen to be quite rare.

3.4.3 Gold Coast Food Forum

The Gold Coast Food Forum is a loose group of small business operators looking to share ideas and gain information. Some ‘foodies’ are also involved (marketers and lawyers). Products involved are mostly fresh foods and beverages and processed products. There is no branding or marketing done by the group.

The group has examined new technologies and evaluated potential in efficiencies that may be gained. In addition, the group provides a service providers network, where people can gain advice and information, but this occurs on a private fee-for-service basis.

Overall, the group did not appear to be greatly involved in promotion of products or ‘branding’; rather, the group saw itself as a networking forum. While there was recognition that regionality might be useful in marketing, it appeared that no clear agreement or support could be generated from the group to develop the ideas further. There appeared to be much generation of ideas, but a lack of commitment and funding to do anything with these as a group. It has been left to individual businesses to follow up ideas generated.

The case was a good example of a group activity driven by the need to network. It must be noted that the reason for the group appears to have dissipated over time. This seems to indicate that long-term benefits of businesses operating in a group need to be based on a vision that will be sustained in the longer term and to be supported by a champion to keep the group on task.

3.4.4 SnackFruit Australia Inc.

SnackFruit Australia Inc. incorporates a range of industry associations in the fresh fruit area, along with some dried fresh fruits (but not sultanas). Branding does not occur, but there is promotion done generally to promote interest in the fresh fruit sector as a ‘snack’ food; for example, marketing slogans such as ‘2 + 5’ (i.e. consumption of two pieces of fruit and five vegetables per day). The marketing is done by the individual member associations. SnackFruit Australia helps members coordinate programs with each other so that overlap and confusions are avoided, and it helps members with their own marketing strategies and development.

SnackFruit Australia was set up in response to concerns regarding low fruit consumption among Australian teenagers. There are no real rules of association, other than being a member of one of the allied associations. The absence of rules of association is not a critical issue, as there is no brand or logo to be awarded or protected. Various associations move in and out of the alliance over time, and it is possible that the group may merge with another in the future. Continuity of supply and logistics in moving produce around were two issues that had been identified that may need further attention in the future. Regionality of the produce somewhat comes into this case study.

This case is an example of gaining support from geographically and product-diverse groups for some cohesive promotion that benefits the whole industry.

4. Gippsland Natural and Enviromeat brands

By Genevieve Carruthers

4.1 The brand concept

The ‘Gippsland Natural’ and ‘Enviromeat’ brands are initiatives of the Gippsland Natural Alliance, a farmer-initiated and -operated group from Victoria. The group aims to provide high quality beef, produced on pasture (i.e. not in a feedlot), and to have a greater degree of contact with their customers to allow for consumer education and brand-support development.

There are 35 members of the Gippsland Natural Alliance. However, not all of these members are involved in the Enviromeat branding program, as an environmental management system (EMS) must be implemented to qualify for this brand. The alliance focuses on peer support and training, and aims also to educate the consumer through direct contact at farmers markets and through point-of-sale materials.

4.2 Getting started and developing the brand

The stimulus for Gippsland Natural came about from a perceived consumer demand for ‘naturally’ produced, grass-fed and high quality meat. Further drivers for the farmers were the need to maintain the integrity of their production systems and concern about prices. The Gippsland Alliance farmers felt that they were meeting these demands, but were not recognised, and thus not rewarded, for doing so. The relative closeness of the Gippsland area to Melbourne, and thus the ability to tap into the ‘food tourism’ market was an important factor.

A public meeting was called to gauge interest in the concept of developing a regionally branded, quality-assured beef supply. From this, a steering committee formed that met fortnightly for approximately 15 months. This committee scoped the project and conducted market research, and recommended to the group that a unit trust be developed. A local butcher with wider industry experience was employed (with funds supplied through the Gippsland Area Consultative Committee) to help develop and implement a marketing plan. After this, a process was established so that the Gippsland Natural business could generate funds to sustain the approach. A steering group established the initial framework, which the board now oversees. An external consultant also helped with the Enviromeat marketing plan.

The development of the Gippsland Natural branded meat coincided with the Meat Standards Australia (MSA) grading systems in 1999, which allowed for the quality assurance side of things to be addressed for the group. Around the same time, the Meat and Livestock Australia group ran a number of pilot projects investigating the use of EMS on livestock farms. Gippsland Natural applied for and was selected as one of four pilots. Following the successful development of an EMS among the Gippsland Natural group, the group then received further funding from the Australian Government to further develop the Enviromeat brand to 2006.

It took approximately five years to develop the Gippsland Natural brand and get it running well. Gippsland Natural was the first step in this process, but later the strong environmental focus of the group prompted them to explore how environmental issues could also be incorporated into the brand and associated marketing.

4.3 Products and businesses involved

At present, only beef is involved in the brand; however, there is potential to include lamb in the future, as quality assurance programs are being developed for lamb. In 2006, 35 farm businesses were involved in the Gippsland Natural brand, and 25 businesses were accredited to supply the Enviromeat brand.

It is anticipated that these numbers will grow over time, as the success of the brand is demonstrated. Approximately half of Gippsland Natural and Enviromeat are beef-only producers, while the remainder are beef and lamb producers.

For Gippsland Natural approximately 15 beasts per week are delivered to contract killers. The meat is distributed to five butchers, and two IGA stores. To some extent, the abattoir availability has limited the markets that can be served. Abattoirs must also be MSA licensed, and so a limited number are available in the vicinity. In addition, the transporters and carriers also need to be drawn into the overall marketing and education program, to ensure all partners are working to achieve the same outcomes. It is believed that there is a potential to expand markets, but the transport logistics need to be worked out.

The Gippsland Natural MSA-only assured meat is not sold at a premium price, but the group aims to have this meat come in at the top of available market prices. The emphasis for this meat is on the quality. The group covers the costs of MSA audits. With the Enviromeat brand (i.e. the MSA meat that has also been produced using an EMS), an extra 40 cents per kilo is returned to producers, in order to counter additional expenses associated with the maintenance of the EMS, which are borne by the individual farmers. These products are aimed at 'foodies' and environmentally conscious consumers – those more likely to accept and pay a premium price. Dividends were returned to group members by the second year of operations. Three Melbourne outlets are being supplied around five carcasses per week.

4.4 Marketing

Initially, the Gippsland Alliance felt that they had little direct contact with their customers, and that MSA provided little connection to customers. Therefore, a more direct link to the meat buyers was wanted, partially in order to support an anticipated price premium. It was felt that this would be easier to achieve with strong customer recognition and support, and that such support could only occur when customers had a better understanding of the care taken in producing the meat. Another key concept in the brand is meeting mutual needs (i.e. that farmers' and retailers' positions both need to be considered for an equitable relationship).

The Gippsland Natural brand evokes quality, regional identity and a close connection to farmers. The regional association of the product is believed by the group to be important, and so only farmers within the Gippsland and Mornington Peninsula area of Victoria can supply.

The butchers who are involved in selling the beef advertise which farm the beef is from in any particular week – again promoting a close connection to the customer and the concept of locally grown produce. There is a perception held in Melbourne that the Gippsland area is 'green and natural', and that premium products are grown there. This perception is reinforced by the use of a fine food and wine supplier in Melbourne (the IGA store at Clifton Hill) as an outlet, and also through the use of elite 'high end' fine food markets for promotion launches of the meat.

The brands differ from other MSA-certified meats (for example, the Angus and Hereford Prime marketing) in that it is not a specific breed industry focus group, but a regionally-focused cluster of farmers working in an alliance. Regional branding is seen as advantageous in capturing the desired market. In the case of Enviromeat, a peer reviewed and an externally audited EMS must also be in place, providing assurance that the 'clean and green' image is actually backed up by on-farm actions. In addition, farmers must follow a range of biodiversity, water-monitoring procedures and regionally specific best management practices relating to the management of natural resources, use of chemicals, biodiversity and similar issues.

When one of the partner butchers starts to sell Gippsland Natural products, farmers attend the stores to meet customers and explain their aims and philosophies. The meat is distinguished by stickers on the packaging that detail the hormone-free, MSA quality assured, grass-fed status of the product. The

beef is made readily identifiable to allow preferential purchasing. Care has been taken not to associate the Gippsland Natural and the Enviromeat products too closely in consumer's minds, so as to prevent questions of 'If this is Enviro, then what's unEnviro about the other sort of beef'?

Gippsland Natural carefully chooses the retailers they work with. They choose people who share their vision for production and marketing. The group aims to keep returns to farmers at the top market price or better, but do not react to minor process fluctuations in order to keep price changes to retailers at a minimum. Again, this is in keeping with the philosophy of building a partnership with those who help the group meet their marketing objectives.

A range of promotional and advertising strategies is used. Often product launches are timed to coincide with holiday periods, when it is likely that more people will be visiting the Gippsland region. Stickers, brochures, T-shirts and caps are used at launches to promote the brand. Articles in local newspapers and farming publications (e.g. *Australian Farm Journal*) as well as information provided to government and funding agencies are also used. The group has also rostered group members to attend local farmers markets, where the products are sold directly to consumers. This strategy provides further opportunities to promote and explain the production systems and build customer support.

4.5 Brand ownership structure (governance)

Gippsland Natural Pty. Ltd owns both the Gippsland Natural and the Enviromeat brands. A unit trust was established to administer the brand, and members 'buy in' for less than \$500 for Gippsland Natural. Enviromeat membership will be determined at the end of the trial. A limit of 50 members has been set, which means that should numbers of suppliers get close to 50, a re-evaluation of the group will occur. When people join the unit trust they get a certificate. These farmers supply to Gippsland Natural, with beasts contract-killed at a local abattoir. Retailers or restaurants selling the product enter into licensing arrangements with the Gippsland Natural Unit Trust. Profits from the group are paid back to members, based on the kilograms of beef sold. Members must support the alliance to get any returns back. Members of the alliance are able to display gate signs.

A part-time Executive Officer is employed (this person is also an accountant, who audits the finances). There is also a part-time marketing coordinator. A Stock Coordinator deals with the butchers and marketing, ensuring there are sufficient beasts to meet butcher demands. A board of 5–7 plays the strategic role in running the business. The board is skills based and is elected at the Annual General Meeting. The former Chair of the Board was one of the originators of the concept, and is also a livestock producer. Insurance was a particular management issue that had to be addressed by the group, and a commercial operator now covers all billing and covers the risk associated with transport, non-payment from retailers and similar arrangements. All members carry their own public liability insurance.

When a new member wishes to join, the Stock Coordinator visits the farm, and all stock is checked. New members are encouraged to supply once before they commit to joining. They must be MSA-licensed to join the group, and to qualify for the Enviromeat status they must do three days' training, undertake a gap analysis to identify action needed to meet the brand requirements, and submit to peer audit and external audit. They must meet all criteria, and make any changes recommended in audits to supply at this level.

Relationships are built with retail customers in similar ways. Supply is generally started in a small way and built up over time. Once the relationship is working well, then a supply/purchasing agreement is signed, a launch of product occurs and supply is then ongoing.

A strict audit procedure involving external auditors is applied, for both MSA status and the EMS status. These procedures provide assurance that rigorous checks are made both on quality and environmental management systems on farm. In the case of the EMS farmers, 25% of farm EMSs are audited every year, to ensure the group's EMS procedures are being applied.

Auditors are accredited by Meat and Livestock Australia for the MSA standards, and by JAS ANZ (the Joint Accreditation Scheme for Australia and New Zealand) for the EMS auditors. The group has also tried to develop local capacity to conduct audits, in anticipation that eventually the group may move towards more 'in-house' audits.

4.6 Reflections

The Gippsland Natural alliance has moved from delivering quality-assured product to include the environment as another quality parameter. The group invested a considerable amount of effort and time in market research early on to learn from others and thus to make fewer mistakes. Key elements examined were motivations, different structures and how other groups were set up. The group believe that having a broader range of motives is more likely to help develop partnerships (for example, rather than just promoting making money out of farmers' efforts, it is better to build relationships that enhance all in the market chain).

The group feels that relationship building with retailers, increasing capacity to supply, and good management are critical features in the future development of their brand. Another important factor is the provision of peer support and training. Involving people who are passionate (both producers and others) was described as a key feature: 'People, passion and the power of the group – harness these and do not rely on any one individual' was how the chair expressed it. For this reason, strategic planning and a board that can operate strategically, good communication (to members, suppliers and retailers), and developing a transition strategy to allow for group member and skills turnover are vital. It was necessary to link into the region and the industry and other people with similar goals, and work with these groups. Finally, the group chair stated that there was a 'need to follow EMS principles within the group, to set plans and follow them through. Procedures are critical.'

Advantages described as arising from the group branding approach were described by the group chair in interviews as 'networking, learning about marketing, getting good feedback on the product and, for the EMS component, getting recognition for what they are doing on the farm. Farmers get reaffirmed in what they are doing.'

Future challenges include managing growth within the group, and particularly allocation and management of resources to allow this to happen. 'As you get more people in, managing their expectations is an issue.' It was acknowledged that it had taken a lot of work to get to the point the group was currently at, and that in order not to jeopardise this, there was a need to have good procedures, clarity of purpose, and a clear vision of what is really important to the group.

4.7 Role of government (national, state and local)

Support for the group to allow for sharing of information was described as a crucial role for government. In addition, it was felt that if groups such as Gippsland Natural are helping to meet government objectives (for natural resources management), then support should be provided to those producers who can demonstrate that they are meeting such outcomes. Funding for the initial projects to begin the brand development came from both government and industry sources.

4.8 Future prospects

The Gippsland Natural alliance expects to continue to grow slowly and steadily, as they believe they provide a good product and good value to consumers. However, more external funding will be required to allow the Enviromeat component to continue to expand and experiment with different strategies and techniques to promote and sell the product.

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Acknowledgments

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5. Pacific Coast Eco Bananas

By Genevieve Carruthers

5.1 The product brand concept

Frank and Diane Sciacca (the owners and developers of the Eco Banana production protocol) wanted to be able to distinguish their product in the marketplace, so they have trademarked the use of a food-grade wax tip for use on their bananas. The concept is to farm the fruit with ecologically sensitive practices which will improve the environmental health of the farms and the entire ecosystem, including the Great Barrier Reef. They wanted to ask a premium price for their product as a reward for better managing the environment. Negative public perception of their industry and concern with declining returns from farming were the key prompts. Other major catalysts were being able to identify the product to the consumer, to enable them to support the changes that had been made (through preferential purchasing), and to enable a price differential to support the changes made on the farm. A final factor was providing a mechanism by which consumers could easily recognise an Eco Banana from bulk fruit supplies, and so become steady repeat purchasers.

5.2 Getting started

At the beginning, the Sciaccas did not know what the market would pay, or what it would cost to develop a sustainable banana production system. They had also moved from sugar cane farming into banana farming, and needed to develop skills for that crop. Market research was conducted to find out what price people would pay, and whether the farming system could be fitted into the price structure.

Trademarking was a lengthy process and required the Sciaccas to ‘prove’ that people could follow a traceback mechanism to find out where the bananas had come from. The Sciaccas developed an Environmental Management System (EMS), based on the internationally recognised ISO 14001 Standard to underpin their eco-protocol and ensure both that they were meeting their environmental management objectives, and to be able to demonstrate that effectively. A further advantage of using an EMS is that external audits can be conducted to provide independent verification of the management system.

The Queensland Environmental Protection Authority (QEPA), Great Barrier Reef Management and Queensland Department of Primary Industry (QDPI) were all approached for guidance in the direction of environmental management and to specify the minimum performance requirements, in order to set a benchmark to develop the protocol against. However, QDPI were not greatly involved in the beginning – they had ‘no real direction’ when the Sciaccas started, and ‘their focus was only on production’. Once the brand had been developed, the QEPA, Great Barrier Reef Marine Park Research Foundation and QDPI got involved in providing recognition for the Pacific Coast Eco Banana ‘brand’.

5.3 Developing the brand

Frank and Diane Sciacca developed their own production protocol (eco-protocol) and have also developed and had certified an EMS (using the ISO 14001 Standard). The Sciaccas estimate that it took them about two years to develop the overall concept and production protocol. The EMS development also took some months, and audits generally take 1–2 days (depending on the size of the operation). Considerable market research was conducted to establish the quality parameters of importance to consumers. One of these was size of fruit – despite supermarkets having a preference for large bananas, market research showed that many consumers (particularly those with small or school-aged children) actually wanted smaller, ‘lunch-box’ compatible fruit.

Other growers have since entered into growing arrangements with the Sciaccas, to help meet market demand. These suppliers must have a certified EMS, must achieve the ecological outcomes outlined in the production protocol and must meet the quality standards set down. Farmers wishing to supply them, and take advantage of the per box price premium, must implement an EMS and have external audits.

Technically, having other growers does not add value to Sciaccas' product, other than to grow the market and be able to meet demand for product. However, the group culture is a great strength, and the Sciaccas therefore do not feel right to charge people or make money out of the other growers. At present, Frank and Diane meet most costs themselves, but auditing costs are met by the individuals. Premium prices for fruit are gained by growers.

5.4 Products and businesses involved

Frank and Diane Sciacca's own farm produce (bananas) were initially the only fruit included; however, they have expanded to take fruit from another six banana growers, with two about to commence (in transition). They have also included a pawpaw grower. However, this last grower does not use the red wax tip, as they cannot fully meet the production protocols. Replacement of one particular chemical is not possible for this grower, as there is no registered alternative, but all other parts of the production protocol have been addressed. Further supplier growers are under consideration. At present, suppliers are limited to the local area (Cardwell to Babinda); however, conceivably other franchises could be offered providing:

1. there is increased demand to grow the business
2. they meet requirements of the production protocol
3. they have an EMS in place that is capable of external audit
4. they demonstrate that they are addressing relevant local issues by addressing local natural resource management agency and community concerns regarding the environment.

5.5 Marketing

Diane and Frank Sciacca develop marketing and advertising strategies. Marketing companies do the work in stores, conducting consumer surveys and similar. Merchandising (going into the store, checking that merchandising and marketing materials, leaflets, etc. are present) and consumer feedback are all done by these companies. A set group of fruit marketing companies and agents were used from the start. These companies are located in major capital cities, with retail outlets located locally. Frank and Diane Sciacca individually attend trade shows and other events such as the Royal Easter Show in Sydney to promote their product.

It is believed that the red-tipped bananas were the first eco-product to be marketed in Australia. The major point of market difference, apart from the wax tip, is the use of an externally audited EMS, with eco-production protocols that underpin all growing methods to produce a product with better taste and shelf life to meet the customers' needs.

Initially, consumers ask 'why the red tip?', which provides novelty value in the first purchase. Satisfaction with the flavour and taste of the bananas is generated, allowing for the environmental message to come later, and 'round out' the experience.

Some consumers mistake Eco Bananas as organic fruit; however, the marketing material emphasises care of the Great Barrier Reef, biodiversity, water quality, soil management and low pesticide use. The fruit is promoted as smaller and sweeter than larger, more 'forced' production fruit. Market research also led to the use of the different colours. Middle Eastern women over the age of 50 in Melbourne found the red tip offensive, therefore the Sciaccas developed a range of blue- and green-tipped bananas

specifically to target this market. In meeting this target market demand for different colour tips, some confusion was created in other markets because purchasers thought the different colours all meant different attributes.

The Eco Banana product has created its own sub-category. Coles and Woolworths now regard these as an individual line (thereby recognising three varieties: Cavendish, ladyfinger and Eco Bananas).

The marketing attributes of the fruit are detailed through television commercials, point-of-sale material and promotional brochures. The ecologically sensitive farming methods are the key attribute; however, better taste and shelf life, better quality fruit, and care of the environment are all seen as quality features adding to marketability. The red wax tip is very distinctive and provides an instant visual attention grabber. Frank and Dianne Sciacca do not believe that there is much advantage in being located in Innisfail as a selling point; rather, they feel that providing Australian, family-farmed fruit is more important.

Point-of-sale materials highlight environmental care (including an acrostic poem arrangement on the word RED TIP – see image at end). ISO 14001 certification is also used to back up claims of environmental stewardship, but cannot be used as a label for product. In-store promotion, trade shows, DPI trade shows in Brisbane and other locations, TV commercials (shown in Brisbane, Sydney and Melbourne) and a video are all promotion methods used. In addition, Frank and Dianne Sciacca have won several primary production awards, have spoken at a range of conferences and meetings and have featured in case studies (Carruthers 2003, 2005) and a range of agricultural journals and bulletins/magazines.

When the product originally went into the marketplace, there were in-store promotion and questionnaires, initially targeted to upper-market, boutique shops. The marketing focus then moved onto two-children families. Initially, older people (such as pensioners) were not a target, but now this is an increasing sector (with comments received such as ‘they taste like bananas used to taste’ and ‘they keep better’). These features are what older consumers are seeking.

Pricing has been determined by looking at what the market would pay, working out what the cost of production was, and whether the two could meet. The bananas sell at below the price level of organic products, but must provide sustainable levels of income. ‘The squeeze from major retailers is always a hard battle,’ say Frank and Diane Sciacca. A premium of \$6 per box was achieved in the past and a premium price is still being gained.

5.6 Brand ownership structure (governance)

FADA Pty. Ltd (a family company), owned by Frank and Diane Sciacca, owns the trademark for the red tip. Instead of a franchise percentage being paid, there is a levy or royalty per carton for use of the wax tip by suppliers. While the royalty is meant to cover ongoing Intellectual Property development, business administration and marketing costs, it does not cover this in actuality. FADA established and administers the brand. However, there is now the need to keep other suppliers in line regarding audits and performance, and this occupies much of Frank and Diane Sciacca’s time.

If suppliers are offered a franchise, they must demonstrate that they can fit in with the group culture and also be owner-operators. Their land must also be assessed as being suitable for banana production – if not, then right from the start, the production process is flawed. Suppliers must comply with production protocols and have an EMS, plus submit to both the Sciaccas’ and external audits. A list of rules is provided and a growers’ agreement is signed. If they do not abide by the rules, FADA has the right not to market their fruit.

A marketing report is prepared monthly by the Sciaccas, and presented at the monthly growers' management meeting. Each grower gets their own payment for fruit, and there is no 'fee' involved. The Sciaccas market the fruit each week, but growers are paid directly by agents. Finances are all separate. Accounting and auditing are as per Sciaccas' normal business operations. Diane does most of the paper work associated with partner growers, but third-party auditors (on EMS and insect monitoring) provide reports to the group and individual growers as per arrangements.

The group supply fruit to order only. This is critical in order to obtain a sustainable price. As the wax-tip trademarks are owned by Frank and Diane Sciacca, they have the discretionary power to only offer a new franchise when the market demands extra supply, as long as the supplier meets the production protocol, certified EMS and other requirements. This eliminates the problem of free riders (although there have been occasions when people have attempted to do this).

Diane and Frank Sciacca are the drivers of the group, but they are currently up-skilling new staff to assist with auditing and group paper work to meet the system requirements. Part of their role would be to make sure that the data collected are being used by group members and are not an added administrative burden. If there is a new action plan, Diane Sciacca develops this. The desire is to have the action plans written independently by the group, so that there is not too much demand on Diane's time.

Training and EMS development support is provided by Frank and Diane Sciacca. An internal audit of the production protocol is done every six months for each farm involved, and there is also an annual management review and EMS audit (external). All EMS auditors must be accredited under JAS ANZ/ Standards Australia requirements. Fortnightly insect audits are done, and reports are sent to Diane and to the growers. These are done by Australian Insect Farm.

Monthly management meetings are held and all growers have to come to these. The entomology consultants come to these meetings and provide feedback on their monitoring data as well as provide suggestions on farming practices that will have the least impact on insect life cycles and habitat. In return, the growers can pass on information about the pests, etc. All reports are confidential, although a species list is put on the website. The EMS policy for the group is made public on the Eco Banana website. Some reports on the differences in soils have been put up on the website.

5.7 Reflections

Frank and Diane Sciacca looked closely at what was going wrong in industry marketing, identified problems, and looked at what the customers really wanted and what they were getting. The role of agents was also examined, with an analysis of where certain things were not working, and how this could be improved.

One of the difficulties in having an EMS with varying degrees of outcomes is that it can create market confusion. There is a lack of knowledge among consumers about how an EMS works, and the variance in outcomes that can be achieved. Frank and Diane also identified a lack of industry sector support, and lack of technical data on which to base some operations (they have been addressing this through research with various partners). There is now a range of banana farms implementing an EMS, but most are not using the production protocols or addressing region-specific issues, and this is creating some tension.

One lesson was the importance of being able to identify who the 'market' is. This allows producers to communicate directly to the consumers and to avoid market channels, such as agents and retailers, telling you there is no market for the product.

Another important lesson has been to only supply enough product to meet demand (to avoid pressure on price). To do this means that very close attention must be paid to production levels within the group. Using one agent in each area has mostly stopped problems with competition. Transport is another area that has had to be addressed. Without going to providores, it is impossible to get fruit to isolated regional areas due to lack of distribution, but the margins added by these puts the price out of reach of some consumers. Use is made of agents to distribute fruit – Frank and Diane Sciacca keep in close contact with them and have also discussed this issue with major retailers, for example, Woolworths and Coles.

In terms of the environment, producers must be able to scientifically demonstrate the outcomes they are achieving. Auditing is a part of this, but it has the potential to fail if the buyers do not care. Big buyers have the ability to undermine and manipulate to make things suit their business. If the certification system does not have credibility, then that undermines everybody. Only paying lip service to gain access to markets really benefits no one. Therefore, Frank and Dianne Sciacca have insisted that all their suppliers meet a strict regime of external certification and auditing procedures.

The advantage they have found in their approach is the product identification. If they are doing a good job, then people can easily come back to the brand. This allows for product growth, but to some extent is a ‘two-edged sword because people can also “punish” you if you do the wrong thing’. Developing partnerships with other producers has meant that the Sciaccas are able to meet the increased demand for the product. This is coming particularly from overseas, and the Sciaccas probably would not be able to meet this demand from their own farm.

There have also been disadvantages. Frank and Diane Sciacca advise that ‘Once you start marketing individually, as a branded product, you are in competition with a wider market, and that costs money. Moving into a new system means that you bear the costs of marketing – you need to make sure that your strategies work and that you spend your money wisely.’ This has created more work for Diane and Frank, and they therefore have less time to spend on their own business. The extra time Frank and Diane require to oversee the other partners, the need to be ‘trail blazers’, and the need to source extra information are all challenges.

5.8 Role of government (national, state and local)

Frank and Diane feel that outside stakeholders have a role to play, but they cannot see how it works successfully. The local natural resources management group is using them as a role model, but it does not help with production at all. Such groups and government agencies can give credibility (meeting the minimum requirements of the various bodies can be a plus).

There has not been any financial assistance available in the form of innovation grants or tax concessions, because the farming systems are not deemed innovative, and the Sciaccas stated that government does not back up what it says it wants, and does not fund agencies to help achieve outcomes desired. Recently Queensland Environmental Protection Agency, Sustainable Industries Division, has provided a grant to enhance the insect research work. There is a role for government: the Sciaccas are starting to see an attempt to assist producers, but they feel this is not significant. Governments initially provided some technical data (from production based systems to be used as a benchmark), but apart from this were not helpful or supportive. There has been more interest from governments as the Sciaccas demonstrated results and successes.

5.9 Future prospects

The Sciaccas believe that the production protocol, EMS and partnerships created are strong and of benefit, but the quality and integrity of the product must be upheld at any cost. Relationships have a big impact on this: ‘If you can’t communicate with all the players, your product won’t go anywhere’. They believe their approach will be strong as long as they can maintain integrity of the product – external audits, certification and relationships are seen as being critical in this.

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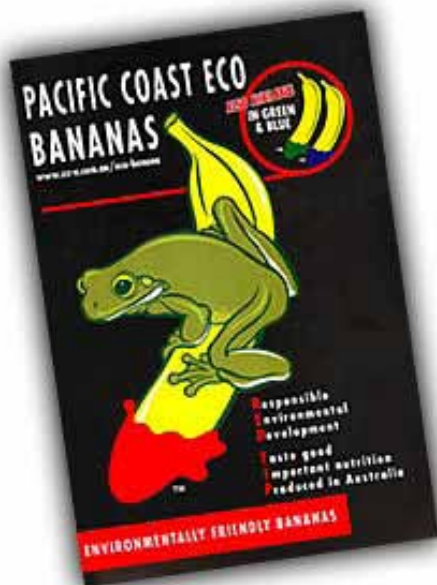
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Acknowledgments

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6. Indigenous Australian Foods (IAF) and Outback Spirit family brands

By Christine Storer

6.1 The family brand concept

Robins Foods Pty Ltd is a manufacturer of gourmet food products featuring Australian native food ingredients. Robins Foods combines the unique flavours of Australian wild foods with the ingredients and techniques of Europe and Asia to create quintessential Australian food products. Australian native food ingredients are sourced from the extremes of arid desert, lush tropical rainforests, alpine high country and the temperate hinterland. Robins Foods have four brands: Outback Spirit (sauces, herbs, muesli, specialty tea), Robins Bush Foods (jams, preserves, chutneys, relishes, salsas and sauces), Hot Oz (hot sauces) and Robins Dessert Sauces. Outback Spirit is the ‘flagship’ brand of the Indigenous Australian Foods Ltd/Robins Foods Pty Ltd supply chain, and the other Robins Foods’ brands are being rationalised in favour of Outback Spirit. Products are sold internationally and in Australia.

A not-for-profit company, Indigenous Australian Foods Ltd (IAF) is owned and controlled by Aboriginal members to give Aboriginal communities formal equity in the largest current commercial supply chain in the bush foods industry, with each participant choosing the extent and nature of their involvement to match the community objective. All native foods supplied by Aboriginal or non-Aboriginal suppliers are procured by Robins Foods exclusively through IAF. Robins Foods pays an endorsement fee (10% over and above ‘farm gate’ or bush harvest price) to IAF for all native foods purchased. The Robins Foods and IAF Ltd supply chain (which also involves Coles, Hela Schwarz, Ward McKenzie Foods and other approved businesses) is unique as the only known genuine enterprise partnership of mainstream business and Aboriginal communities in Australia.

6.2 Developing the brands

Robins Foods Pty Ltd was set up in 1986 (initially incorporated as Robins Australian Foods Pty Ltd) and is a manufacturer and marketer of Australian native food products. The company was one of the pioneers in the incorporation of native foods into Australian cuisine. Robins Foods recognised they had a potential competitive advantage with their products due to the company’s long involvement with product development which incorporated native foods into conventional products.

The second largest Australian food supermarket chain, Coles, wanted to do something meaningful for Aboriginal enterprise. Coles identified bush foods as a product range that could be promoted through its national network of supermarkets, and launched a three-year commitment (2002–2005) to a ‘Taste Australia’ section in about 100 selected stores and to the Coles Indigenous Food Fund. Robins Foods was one of three manufacturing companies to be featured at ‘Taste Australia’, separate from the mainstream sauces and spices section of the stores. During the three years of ‘Taste Australia’ Robins Foods developed the brand ‘Outback Spirit’ and presented this to Coles as the flagship for the emerging supply chain with IAF. Although ‘Taste Australia’ was concluded after its three-year term, Coles has made a (continuing) further commitment to supporting Aboriginal communities through a further three-year extension (2006–2009) of the Coles Indigenous Food Fund and to stocking the Outback Spirit range of native foods. Now the Outback Spirit products have been moved into mainstream sections of the supermarket. Throughout the process both Coles and Robins Foods have shown a genuine commitment to encouraging Aboriginal involvement in this sector while the industry is still in its infancy.

The Coles initiative provided the impetus for Robins Foods to re-engineer its supply chain, in order to formalise the involvement of Aboriginal communities and to provide a stronger mechanism for growth and performance in the emerging native foods industry. Robins Foods needs security of supply of bush produce. In addition, a link was needed in the chain to give genuine Aboriginal ownership in the partnership with Robins Foods and Coles. Membership of IAF was organised by supply chain facilitators Street Ryan & Associates Pty Ltd. The process included meetings and discussions with existing Aboriginal community suppliers and a series of workshops and seminars presenting the opportunity to get involved in Bush Foods, run in the Northern Territory, Queensland and Victoria. Workshops were run with the assistance of intermediaries such as local Aboriginal and Torres Strait Islander Commission (ATSIC), Department of Primary Industries (DPI) or Lands Council people to generate interest and to invite suitable people. Street Ryan, Robins Foods and Coles representatives presented the opportunity to get in on the ground floor to those currently involved in bush food production and collection or interested in doing something in the future. There was considerable interest, with attendance of up to 80 people at a workshop. Those who expressed an interest were reviewed to a short list. Those short-listed were considered to be the most likely to be able to participate based on their current activities, community plans, and their reaction to the workshop; that is, the group was interested and ready to do something and could appreciate the long-term benefits of equity in a bush foods supply chain. Some groups had bush food production or collection targeted in their community plans but had not known how to do it.

Following consultation with Aboriginal communities, it was resolved that an Aboriginal-controlled entity be established as the exclusive supplier of native food product ingredients to the supply chain. A not-for-profit company 'Indigenous Australian Foods Limited' (IAF) was set up to represent the interested Aboriginal communities. IAF is the procurement company for Aboriginal products used by Robins Foods. IAF was designed to offer its Aboriginal membership equity in the growing native foods industry and a commercial entry point into this industry within a culturally appropriate context. This meant that Aboriginal communities could enter the industry at a level which best reflected their interests, whether it be traditional hand harvesting from the bush which preserves Aboriginal cultural involvement with native foods, or planned cultivation with a polycultural or permacultural focus.

At least a day was spent working through the IAF concepts with each of 15–20 'short listed' community boards and outlining how they may be involved. After time for deliberation, if the community wanted to proceed an IAF liaison person was selected for IAF Board representation and to attend other meetings. There has been great reliance on local or regional organisations to assist with communications, for example ATSIC, Area Consultative Committee, State Government Organisations (QDPI, Western Australian Department of Indigenous Affairs (DIA-WA), Northern Territory Department of Business, Innovation and Resource Development (DBIRD-NT)). Support was received from the Victorian Government 'Grow Your Business' program and the Australian Government Food & Fibre Chains 'Supermarkets to Asia' program.

It took two and a half years from the concept idea to formally setting up IAF. The process included workshops, getting community support and having board meetings. Some expect it to be another 5–10 years to reach its full potential. It was seen to be urgent to set up a structure so that Aboriginal involvement could grow as the industry developed.

6.3 Products and businesses involved in the brands

The Robins Foods strategy has been to deal with new native food ingredients that drive chain growth. Native food species selection is limited to a number of core products that can be managed and that have the greatest potential for markets in Australia and overseas. Robins Foods targets food categories that have room for growth. Of interest are large categories that are stagnant and are not the focus of innovation by large companies. What started with sweet and savoury sauces has grown to dry herbs

and dry marinades, and planned new products are muesli and specialty teas. There are plans to roll out value-added native foods to other mainstream products and manufacturers, such as biscuits under the Outback Spirit brand.

Robins Foods has been developing international markets over a number of years. Recently, a joint venture agreement has been established with Hela, an international manufacturer and distributor of food ingredients, with an Australian subsidiary (Hela Schwarz) and major export distribution hubs in Singapore and Germany.

Robins Foods is supplied exclusively by IAF for all native foods. Seven initial communities were recruited to cover different climatic zones for different bush foods (e.g. arid desert, lush tropical). Members represent geographical regions, for example, Bawinanga Aboriginal Corporation represents the northern area of the Northern Territory. There are eight founding and current members of IAF Ltd:

- Ngaanyatjarra Pitjantjatara Yankunytjatjara Women's Council (central Australia NT, SA & WA)
- Australian Bushfoods Company (Laramba Community, central Australia NT)
- Bawinanga Aboriginal Corporation (west Arnhem, NT)
- Ma:Mu Aboriginal Corporation (far north Qld)
- Djabuguy Tribal Aboriginal Corporation (far north Qld)
- Worn Gundidj Cooperative Ltd (Warrnambool, Vic)
- Black Magic Investments Pty Ltd, made up of members of Murdi Paaki Regional Housing Corporation Ltd and Mildura Aboriginal Corporation (Mildura & Broken Hill)
- Robins Foods Pty Ltd (by constitution the only non-Aboriginal entity).

There are diverse ways that members can participate in the program. Some harvest native bush foods; others cultivate the bush food plants. For example, Laramba Community harvest wild product and get paid cash. Worn Gundidj is a sophisticated urban-based community that operates a commercial nursery producing rootstock and plants (with specific expertise in environmental rehabilitation), runs 'Tower Hill' tourism (retail outlet, tours, etc) and a range of other employment-focused ventures. Ngaanyatjarra Pitjantjatara Yankunytjatjara Women's Group has bush harvested bush tomatoes and wattleseed for many years and recently acquired equipment (with the financial support of the Coles Indigenous Food Fund) for post-harvest processing to get greater value per kilogram.

While native foods may come from Aboriginal or non-Aboriginal organisations, all products must be sourced through IAF members. Anyone can supply the regional member organisation; for example, people in west Arnhem Land NT who want to supply Bush Kakadu Plums would do so through the Bawinanga Aboriginal Corporation, which is the local IAF member. IAF can procure from a mainstream business member. Currently, product is sourced from several non-Aboriginal suppliers who are involved in both cultivated production and managed wild harvest. While some of these suppliers may be phased out in favour of Aboriginal suppliers (IAF member and non-member) in the future, it is expected that this phase out will take several years to implement and that the growth in demand by the IAF chain is likely to be so strong that there may be a continuing need for some of these suppliers to sell to IAF. Some of the existing suppliers are prepared to provide technical support and mentoring to the IAF members. Mainstream farmers can get involved in mentoring a group, if, for example, they are nearing retirement and want Aboriginal people to take over the business, or want others to get involved to increase supply.

No commissions are paid to the members (e.g. Bawinanga Aboriginal Corporation) when they source native foods from other businesses, and the involvement of the IAF member is effectively just a referral. However, communities are encouraged to add value to produce (e.g. removal of pips, cleaning, consolidation) in order to increase their financial return. The group is working to devolve more of the

basic value adding back down the chain to the communities with the support of IAF and Robins Foods. It is the philosophy of the group to provide benefits to Aboriginal partners. Consolidation of bush foods from dispersed areas is one value-adding task that could make the long distance transport cost effective.

A major initiative of IAF is the development of an endorsement program for users of its products. Robins Foods pay an endorsement fee (10% over and above the 'farm gate price') to IAF for all native foods purchased. This endorsement fee is already built into Robins' pricing structure (as the IAF marketing arm) so no further financial cost is required by other endorsed companies. The fee paid by Robins is IAF's income and is used to operate IAF as an entity. Ultimately, as the supply chain grows, there will be sufficient funds for the Board of IAF to distribute surpluses back to IAF members for community and/or business development.

Apart from Robins Foods and the chain's flagship brand 'Outback Spirit', other organisations endorsed by IAF include Coles Supermarkets, Hela Schwarz Australia and Hela International, Voyages Hotels and Great Southern Rail, Outback Bushfood, All about Bread, Frust Juices, Herron Cosmetics and Walkabout Inns in the UK. IAF intends that the endorsement be a meaningful one in the Australian food/tourism/hospitality markets, providing consumers with authentic Australian native foods, based on Aboriginal equity in the burgeoning native foods industry and in partnership with supporting mainstream companies.

Coles Supermarkets and Robins Foods contribute into the Coles Indigenous Food Fund (CIFF). For every product sold in Coles Supermarkets, Robins contributes 5 cents and Coles contributes 25 cents. Robins Foods are the largest supplier contributor to the CIFF. Communities submit project proposals to enhance their capacity in the bush food industry and funding is provided to those with the greatest merit. CIFF has paid for nursery stock, human resources to develop the industry and for equipment, for example, cool rooms in Alice Springs, roasting equipment and mini silos (hoppers are dropped off in the bush and when filled are transported on the back of utes).

The members of the chain do not necessarily make decisions on a purely commercial basis. For example, in a recent review, Coles advised that some Outback Spirit lines would need to be deleted, but that all those which remained would be distributed nationally to all Coles stores. At that time 14 Outback Spirit lines were supplied, but only seven were supplied nationally to all stores. Of the four sauces ranged, one had to be removed. While the Kakadu plum and chilli sauce was selling the least, it was retained because CIFF had provided monies to set up a Kakadu plum plantation and Bawinanga Aboriginal Corporation are an IAF member who wish to supply Kakadu plum to Robins Foods. As a result, a lemon myrtle was removed, even though it had been achieving greater sales levels than the Kakadu plum product.

6.4 Marketing

The message being conveyed by Outback Spirit brand is that native foods are accessible, high quality and easy to use. The aim is to demonstrate that Aboriginal foods have a place in food culture. It has been more difficult to interest 'non-professional' food buyers (supermarket shoppers) to buy native bush foods compared with chefs in the food service industry, who are interested to try new products. A story is included on each label about IAF and about where the products come from and how to use them. Pictures are used to demystify the products. Symbolic logos are used that represent a meeting place. While all natural products are used, this fact has not yet been used to market the products.

The brand is intrinsically Australian. It is the only brand clearly identified as having a true involvement with Aboriginal enterprise. The benefits to being an IAF endorsed company are:

- that the endorsement will identify the products (e.g. that may be used on a menu, public relations, advertising, etc) as the result of a partnership with Aboriginal enterprise, and the endorsed company as one that uses native foods exclusively from the IAF chain

- that the company financially supports Aboriginal enterprise through the purchase of native foods and that this purchase provides a contribution to IAF for community development
- that it pro-actively identifies, by the use of the logo, that the native foods ingredients are culturally connected to Aboriginal people, which is very important to them
- that the benefits to endorsed companies are both tangible and intangible and provide clear marketing opportunities (both product and corporate differentiation) and demonstrable good corporate citizenship. Logos and other supporting materials will be available.

Outback Spirit is targeted at the food service market and high volume supermarkets such as Coles. A new brand 'Outback Spirit Premium' has been established to target upmarket specialty food and tourism markets with specialty products in premium packaging for improved margins. Foods are provided for the gifts market and especially for food for gift hampers. Sales have been predominantly to Australian retail outlets (67%) with fewer sales in food service and export markets (UK, USA, Singapore, Thailand and Germany). The product is sold in Australia through independent supermarket chains as well as the major supermarket retailers Woolworths and Coles.

Robins Foods does not have a large budget for promotion and advertising so there is a great reliance on public relations as many journalists have been interested in what is being done and have written articles. In-store promotions – for example, Coles Meal Ideas, temporary price discounts, fly buys, in-store tastings – are organised with Coles and Australian national food distributor Menora Foods. Outback Spirit is often showcased at consumer food shows, trade shows and local festivals. Robins Foods and Worn Gudidj Aboriginal Cooperative have begun to support each other at many of these events. Juleigh and Ian Robins have written three books on native foods published by Allen & Unwin: *Wild Lime*, *Wild Classics* and *Wild Food*. Consumers of Outback Spirit products tend to remain loyal once they have purchased them, so the key is to get consumers to trial the products.

6.5 Brand ownership structure (governance)

While the Outback Spirit brand is owned by Robins Foods, the Indigenous Australian Foods endorsement is owned by IAF Ltd. Financial strategies for Robins Foods are developed by Robins Foods with the Robins Foods Board, and IAF is involved in discussions about issues, potential purchasing budgets and promotional opportunities. Coles and the National distributor Ward McKenzie Foods are involved in developing marketing strategy.

IAF's not-for-profit structure enables equity in the company to be structured as memberships rather than as shareholdings. There is provision for up to 20 equal memberships and 70% of them must be businesses that are Aboriginal-owned. At present the only non-Aboriginal owned member is Robins Foods.

The objectives for which IAF Ltd was established are to:

- participate as the not-for-profit procurement entity in a formal supply chain in the Australian indigenous foods industry involving Robins Foods Pty Ltd as the processor/manufacturer and dedicated customer to Indigenous Australian Foods Ltd
- promote economic development and economic independence of Aboriginal community members and other Aboriginal supplier communities
- promote Aboriginal culture and traditional Aboriginal involvement in harvesting and utilising indigenous foods
- facilitate the receipt of funding for members, Aboriginal communities and other Aboriginal people, from Commonwealth, State/Territory and private funding sources, in order to improve their capacity and capability in producing, wild harvesting and/or adding value to Australian indigenous food products
- receive payments for indigenous food products provided to the supply chain including a licensing fee for the use of logos, artwork, symbols and references to the products being procured from an Aboriginal organisation

- promote training, and skills development among members and other Aboriginal communities in managed wild harvest, propagation, plant production, plant management, pre-harvest and post-harvest techniques, and value adding for indigenous plant species
- establish or be a member of any corporation or association for the purpose of furthering the participation of the Company in the production, harvesting, processing marketing and promotion of Australian indigenous foods and food products which incorporate Australian indigenous plants.

(Indigenous Australian Foods Limited Memorandum of Association Section 2).

While IAF wants to help communities deliver product and provide training, the company has not yet had sufficient resources through the endorsement fees to implement this strategy. Therefore the extent to which communities have improved their capacity and participation in IAF has been limited.

As well as normal corporate meeting administration provisions, the IAF Articles of Association provide that members be temporarily suspended for omitting to carry out their obligations or for misconduct. In addition, the Board may, with the approval of the members of IAF in general meetings expel any member of IAF for failing to fulfil obligations or for serious misconduct. Five members present in person are a quorum of a general meeting of members. Members must give at least one week's notice in writing of business for a general meeting. Members may only vote at a general meeting if they have paid their annual membership fee (if applicable) and have been registered as ordinary members of IAF for a period of at least three months. Proxy instruments must be deposited at the registered office of IAF or at such other place within the State as is specified for that purpose in the notice convening the meeting, not less than forty-eight hours before the time for holding the meeting. The financial accounts must be audited and presented annually to members.

All members are entitled to nominate one Director to the Board. There are to be no less than three or more than twenty directors. The Executive Committee, comprising a Chairman, Vice-Chairman, Secretary and Treasurer, is elected by the Directors. The initial group of Directors comprised one representative of each of the Foundation Members. A quorum of four is necessary for the transaction of the business of the Board. The Board meets at least four times a year. Any Director who is absent from three consecutive meetings of the Board, without a valid excuse acceptable to the Chairman, shall be deemed to have resigned his or her position as a Director of the Board and his or her position becomes vacant. A member of the Board shall not vote in respect of any contract or proposed contract with IAF in which he/she is interested. All cheques, drafts, bills of exchange, promissory notes and other negotiable instruments shall be signed by at least two persons authorised by the Board for this purpose.

6.6 Importance of region of origin

Interviewees were asked about the importance of country or region of origin in purchase decisions of customers and end consumers. One respondent was adamant that it was not important and said that 'in four years of retailing to tourists I have never been asked how it was grown. Most tourists (70%) are international. The bottom line is tasting the product and inducing sales. While the packaging maps out a story of where products come from as an acknowledgement to the supplier, most people would not know where products come from. Indigenous people's involvement is a main selling point.'

Another respondent was somewhat supportive suggesting 'regions of origin are more of an issue once the market matures. Regional names are attractive and evoke a response. Kakadu plums are picked up on straight away and generate interest. Currently we do not need to segment consumers further. While regional people are keen on desert or rainforest brands, I do not think consumers need a regional brand.' They commented that 'it is more difficult to promote regions. Regional brands from Europe are more established and well understood.' An example was given of slow food based on traditional food with long preparation times from around Tuscany or Sicily. When this was taken up in Australia 'slow

food has been interpreted as looking at what grows in certain regions, for example, goat cheese from Gippsland, rather than looking at what had been traditionally collected in the regions by Aboriginal people.'

One respondent suggested that 'overseas markets do not need to understand source of supply. Overseas customers may be more interested in the region of source, for example desert or tropical. The romance of the regions may be of more interest than Aboriginal involvement.'

6.7 Reflections

On reflecting on the group's activities, all respondents agreed that substantial benefits had resulted. Part of it was seen to be due to the authenticity of products as well as the support of Coles Supermarkets who 'fast tracked progress'. The CIFF was seen to have 'had a lot of impact on the communities on the ground'. The IAF/Robins supply chain is featured in Coles' corporate responsibility report (2005) and Coles recently committed to a further three years of support.

The structure was seen as a 'unique chain' where there was 'genuine equity and a voice at all levels of the chain'. Robins Foods commented, '[we] work and think differently in terms of the chain, not just the organisation. We are comfortable with sharing and coordinating the chain and working with the bigger team. We are prepared to work with Indigenous groups and make sure it works for all of us. There are intangible benefits – for example the relationships are very rewarding.'

One respondent commented that there are 'potentially huge advantages of the branding alliance on a world scale for cuisine. There is the potential to generate a demand-driven industry, not just a production-driven industry. It would be great to roll out the concept to a range of other categories such as biscuits.'

Another commented that it was good that 'groups are working together and even if it is not delivering they are communicating'. IAF is 'generating interest. They are pushing Indigenous involvement in bush foods and the morality of doing it. Only a couple of other smaller efforts are doing the same thing'. It was seen to be 'important that IAF is involved in the debate due to connections with the stakeholders. Some stakeholders have English as a second language' and IAF can represent them. IAF was seen as an example of a 'way of working in partnership with remote communities'. IAF 'unites people and brings in partners. The IAF members themselves enter into relationships with other groups. This all adds capacity to build partnerships.'

More work was seen ahead to overcome challenges. While the business structure was seen to be 'good', further income is needed for IAF for it to be sustainable and deliver to expectations. IAF wants to create jobs in the future and help others get into more value adding. Resources are seen to be needed to 'get out and build capacity of the communities'. One respondent commented that 'resourcing is the biggest issue as it is a small, fledgling industry. Resources are more of an issue than in other chains dealing with larger businesses. It is difficult to keep all players committed as you need face-to-face communication about progress being made'. Another commented that it can be 'difficult to keep in touch with members all over the country. Expenses and logistics are involved in organising meetings. It is not appropriate to only rely on phone hook-ups, as you need face-to-face contact and relationship building. We cannot afford bringing everyone to one location on a regular basis. It is easier for someone to go out to the regions.'

Robins Foods and IAF both recognise the challenge to build the volumes of business in the future. How this is done may impact on the whole group. One respondent commented that it was hard to 'keep Robins Foods at the front of industry and not be taken over by a major manufacturer'. Another commented that if 'this does not succeed then it may be almost impossible for Indigenous people to get into Indigenous food in the future. The momentum may be lost in developing the industry and it may be difficult to get these people together again.'

Some challenges have been overcome by addressing logistics and distribution problems. Initially it was very difficult even finding native products. The chain has learned how to move product in the most efficient way and is learning where to store it. Strategies are unfolding to enable the holding of stock to cover stock sourced from a fluctuating and fragmented supply base.

Dependence on seasonal conditions has been a more difficult issue to resolve. While bush tomatoes are the largest selling bush food product, 'seasonal supply conditions restrict the ability to supply and set up major markets'. Further work needs to be done in 'effectively propagating bush plants, growing plants and what post-harvest handling is needed'. There is a 'lot of debate at the moment about wild harvest versus horticulture. Wild harvest is considered sustainable in the Northern Territory but there are different views about other regions. What happens if there is a drought? Bush tomato sauce is a micro industry in a macro sector (tomato sauce category).' One respondent commented that each community needs to 'find the right balance between how much needs to stay in the homeland for healthy living and how much should be sold commercially'.

The issue of high prices paid for native foods was seen as being 'due to distances involved and hand harvesting methods from the wild'. It was suggested that 'commercial plantations would result in lower priced products'. However, one aim of the group was to 'preserve the wild harvested component for cultural integrity'. One challenge was how to improve wild harvest methods while maintaining cultural heritage. Another was to balance commercial plantations with wild harvest to maintain prices paid. Similarly there needs to be balance between Aboriginal and non-Aboriginal involvement, as the brand is based on Aboriginal enterprise.

Getting local investment and people involved on the ground can be difficult as it is hard to guarantee demand to investors in the industry. One respondent suggested 'native food production needs to be a community-based project to add to existing sources of income. You should not rely on the income as a business. Make the work value adding or complementary to what is already done. Use small volumes and small amounts of money so it all builds up slowly.'

Overall the critical success factors for the group included:

- balancing commercial and cultural considerations, that is, wild harvest vs. plantations; Aboriginal businesses vs. mainstream businesses
- expanding sales and generating greater income and resources
- being market driven
- keeping all IAF members and suppliers committed and communicating
- maintaining consistency of supply as markets are developed.

When commenting on learning what to do and avoiding the failures of others, one respondent said there was 'no precedent of this type of chain to learn from. Most partnerships of mainstream business with Indigenous people are driven by the mainstream business, with the Indigenous community as either a supplier or land holder and not with equal control of the venture.' Another respondent said they 'consciously watched what has been done by other native foods and agriculture businesses, for example, emu and other agricultural enterprises'. In their opinion most 'farmers are all production driven and do not look past growing. They are very conservative and are not prepared to take a punt.' In addition, 'products are expensive and other companies in the area have not done enough homework in their markets. You need to listen carefully to supermarkets and food service to make prices realistic. To meet accessible price points you may need to be more efficient so the products will sell. Very expensive products cannot sell very much volume.' As a result the group has 'made a point of focusing on being market driven and to provide benefits for all in the chain'. They have 'focused on mainstream distribution systems to get volumes of sales'. They 'look carefully at categories and what others have done, such as imported product packaging and pricing to make sure it fits.'

6.8 Role of government (national, state and local)

Commenting on the role of government, one interviewee suggested there was an ‘argument for government in developing the native food industry and the Outback Spirit brand. All governments are interested in native food as an alternative to agricultural industry for sustainability and Indigenous development, yet do not provide much support. The native food industry needs to be nurtured – this is a huge task and a huge opportunity for the country.’ It was suggested that the industry was ‘too small for an industry levy’ and that the ‘Coles Indigenous Food Fund could be matched dollar for dollar by government’.

One respondent suggested that government ‘could assist with generic marketing that native foods exist’ and another that ‘government could become involved in marketing the uniqueness of the product to build demand as this will build capacity of the people on the ground’. Another respondent suggested, ‘government should be playing a much bigger role than it does as others are dealing with getting Indigenous people enterprise ready and developing skills’. It was suggested that it was ‘difficult to get government funding unless you have an iron-clad business plan. It is more difficult to get government funding than from banks.’ One commented that ‘there has been too much emphasis on training and job creation. Government funding should focus more on outcomes of self-esteem.’

6.9 Future prospects

Respondents were ‘full of optimism for the future’ assuming they all ‘get what they need’ and continue to ‘expand the markets’. It was seen as a ‘once in a lifetime opportunity for indigenous foods’. There was the expectation that more jobs would be created in the future. While the potential was seen to be huge, one respondent saw it as a long-term venture that may take ‘ten years to bring it off for a good return to participants’. They hoped to ‘have that long before a major player comes in’.

Future challenges were to ‘get one major stable product to carry everything though’ assuming it can be used to fund the roll-out of other categories. Another challenge was to ‘keep products on the third and fourth shelves of retailers as performance hurdle rates get higher’.

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7. Australian Pavilion and Taste Australia umbrella brands

By Christine Storer

7.1 The umbrella brand concept

The idea of the ‘Australian Pavilion’ and ‘Taste Australia’ umbrella brands was to set up an Australian store within a store. An area of an overseas store is dedicated to Australian products. It is a retail showcase to increase awareness of Australian products, to attract consumers to buy Australian products, and to enable the partner retail chain to offer new and different products from Australian small to medium manufacturers.

The original objective was to provide painless exposure for Australian food products (whether from new or experienced or old hands) to consumers in Asia. In addition, through supporting food service and processor connections, the aim was to provide an opportunity to build a consumer franchise for products of Australian origin.

Australian Pavilion and Taste Australia are based on a coordinated chain of suppliers. It is a promotion platform, not an entity. There is no formal binding of food manufacturers to supply. Businesses can come and go as they please. Products retain the manufacturer’s brand name and packaging.

7.2 Getting started

Australian Pavilion was initiated by the Australian Government through the Food & Fibre Program, Supermarket to Asia and Singapore retailer NTUC Fairprice. NTUC FairPrice is the largest retailer in Singapore, with more than 90 stores. NTUC serves more than a million people everyday, with sales of \$1 billion in the last financial year. NTUC FairPrice accounts for about 55% of retail food sales within Singapore (Primary Industries and Resources South Australia 2001).

Singapore was chosen as the location of the store for the following reasons (Bemco 2002a):

- high per capita income and interest in imported foods
- strong affiliations with Australia
- a relatively small market, which should not stretch the supply capacity of most Australian suppliers
- the relative absence of food import trade barriers (compared with other Asian markets) and the negotiation of a Singapore/Australia Free Trade Agreement
- Singaporeans had been consuming about \$520 million of Australian food products each year. With an increasingly Westernised diet and strong interest in food health and safety, this figure had a strong potential to rise.

Supermarket operators and wholesalers in Asian markets had often complained of the difficulty in obtaining regular supplies of Australian food products. While price was sometimes considered a factor, mostly buyers pointed to the lack of one-stop shop consolidation services for the full range of supermarket shelf food products in Australia. As a result proposals were sought to be a ‘Captain Consolidator’. Bemco Australia Pty Ltd was selected by NTUC Fairprice through a selection process after six companies were interviewed. The other consolidation companies were not seen as being as experienced, strong or enthusiastic.

Bemco Australia Pty Ltd has been supplying Asian retail, food service and industrial customers with quality Australian food products since 1987. A wholly Australian-owned company, Bemco provides export chain management, market development, product consolidation and category management

services. With a strong network of contacts and partnerships, Bemco now exports products across all food categories from over 300 Australian companies and to more than 20 countries.

Negotiations between Supermarket to Asia and NTUC Fairprice occurred for more than a year before Bemco became involved in the initiative. Bemco was selected as ‘captain consolidator’ for the Australian Pavilion initiative on a competitive tender basis. Following the appointment of Bemco the timescale for the project was rapid: NTUC wanted to launch in seven months and had not selected any products. NTUC went on a shopping trip in an Australian supermarket chain (Drake’s in Adelaide) to select products and then Bemco was asked to recruit those suppliers. The first Australian Pavilion was launched within nine months. On offer were 2000 stock-keeping unit (SKU) product lines from 200 Australian suppliers including fresh, frozen, dry goods and beverages. The Australian Pavilion was officially opened on 14 September 2001 at NTUC FairPrice’s Bukit Timah Plaza store, Singapore.

7.3 Developing the umbrella brand

Australian Pavilion started with one store. It was expected that there would only be one Australian Pavilion in one store. The idea was that if acceptance of products in the Australian Pavilion was good, then the products were to be ranged in the other NTUC stores. However, when products were taken out of the Australian Pavilion area, most did not compete well on normal mainstream sections of shelves. Consumers were going to the Australian Pavilion to look for Australian products. As a result pavilions were rolled out in other stores, and they are now in eight stores. Many products needed a strong advertising campaign to compete on normal shelves that the small to medium enterprise (SME) companies could not achieve. The pavilion or bay areas are more focused and the overall Australian Pavilion signage supports individual brands.

Following the success of Australian Pavilion, Bemco initiated another umbrella brand, Taste Australia, in Thailand in 2004. They sought a retail partner that was smaller and looking for more opportunities to compete against larger retailers, and that had greater commitment to the relationship with Australia and to the Taste Australia concept in particular. After identifying family-owned Thailand supermarket chain Villa Market, it took 12 months from negotiations to launch. The shorter lead time was possible due to previous experience and the existing choice of product lines to select from. Taste Australia was launched at the Villa Market Ploenchit store on Saturday 24 April 2004. The concept of an ‘Australian store within a store’ has subsequently been introduced by Bemco into Beijing (China) and Dhaka (Bangladesh) in 2005. Both were officially launched around Australia Day, 2005.

The umbrella brand has been supported by Australian Government agencies using Taste Australia in overseas promotions.

7.4 Products and businesses involved

The first Australian Pavilion in Singapore carried about 2000 new Australian product SKUs from 200 Australian food manufacturers, including Berri, SPC Ardmona, Real McCoy Snackfoods and Masterfoods. In 2005 there were about 1200–2000 SKU product lines from 180–250 suppliers. Products are coming in and out all the time, so the numbers fluctuate.

On reflection, it was considered that there were unrealistic expectations about likely NTUC support, market size and amount of support needed. NTUC took good initial orders for all products in the launch. However, 60% of suppliers did not get another order or did not get an order for 12 months. There was an unrealistic anticipation of what would move. Suppliers (many new to export) were anxious to receive needed feedback on how their products were working. However, with so many initial suppliers, Bemco and NTUC Fairprice found it very difficult to maintain adequate information flows, especially to smaller suppliers. As a result, around 100 suppliers were lost as they became disillusioned and

commented that they had either wasted their time, had not been kept informed or did not achieve their expectations. Potential suppliers were alienated. It was thought that alienation of suppliers could have been avoided with a more carefully planned approach.

Lessons learnt from the Australian Pavilion experience were put into practice in setting up the Taste Australia umbrella brand in Thailand. Taste Australia uses 30–50 suppliers to supply 400–500 SKU product lines. There is not the same level of floor space as in the Singapore Australian Pavilion and therefore fewer SKUs are needed. Villa Market has a distribution company subsidiary, and therefore offers opportunities to range products in the dedicated Taste Australia areas of its stores as well as wholesale to other retailers and food service outlets. The smaller supplier base and number of SKUs have been easier to manage.

Bemco continues to look for new products and suppliers. Bemco could use more in Singapore as there is a higher turnover. The process for setting up new suppliers and product lines and their review is as follows:

1. Retailer and Bemco jointly determine a list of categories to focus on.
2. Bemco sources and submits an appropriate number of lines within those categories. Bemco evaluates basic essential criteria for suppliers, for example, continuity of supply, commitment to export market, nature of domestic supply and bar codes used. Prior to product submission Bemco works all costs through to recommended retail price: freight, clearance charges, duties, warehouse, retailers' margins, etc – to see if the product will work on the shelf. If costs are too high, then Bemco goes back to the supplier and renegotiates what the product needs to cost.
3. Suppliers are provided with a kit advising all information and what is involved. They fill in forms and sign off on the arrangement. Suppliers give six months exclusivity in that market.
4. The retailer advises acceptance or rejection of the submitted lines, and then places an order with Bemco for those accepted. Retailer decision criteria depend on each category – how many products are already ranged, and is there space for any more. For example, if there are too many muesli companies, a new product line would need a significant price point advantage for the retailer to range another muesli line.
5. Bemco raises the separate orders on the individual manufacturers and co-ordinates with them for delivery to the nominated packing facility. Bemco also provides the retailer with a pro-forma invoice.
6. Bemco consolidates the cargo and arranges the appropriate shipment of the goods.
7. Bemco provides the retailer with all pertinent export documentation.
8. The retailer arranges for customs clearance and uplift from the port, and is responsible thereafter for storage, deliveries to the appropriate outlets, stocking of the display units, etc.
9. The retailer feeds back sales data to Bemco in a pre-agreed manner.
10. Group and individual promotional plans are developed jointly between the manufacturers, retailer and Bemco, with Bemco being the liaison between the other two parties.
11. Execution of activities is managed by the retailer.
12. Funding by the manufacturers of promotional activities is channelled through Bemco to the retailer.
13. Activity performance data is reported back to Bemco by the retailer.
14. Product reviews take place on a pre-determined cycle. The retailer consults with Bemco on lines that are to be deleted, which are to be temporarily retained pending a second review (allowing an additional time period to determine suitability) and which are to be rolled out to normal shelves. Both rolled-out and deleted lines are withdrawn from the Taste Australia/Australian Pavilion display units.
15. Submission of new lines occurs approximately 6–7 weeks prior to 'existing line' reviews. This is to ensure a seamless changeover of lines. It allows around two weeks for the retailer to consider the new

lines and place their order, two weeks' lead time for the manufacturer and two to three weeks for transit time, customs clearance, etc. This should allow a smooth transition between the store-level introduction of the new lines and the roll-out/withdrawal of the existing lines.

16. Where need or opportunity dictates, 'early' submission of one or more lines may occur.

Retailers want access to Australian products that are competitive and suitable, but many products are unknown and retailers do not want a large commitment in terms of volume (e.g. 1 carton per store may mean an order of 2–18 cartons at a time). It is a problem for some suppliers to deliver small volumes due to higher handling costs. Some need to see profit from the start even, if it is just a demonstration. However, while Bemco would have an idea of the likely order size, it cannot give suppliers guarantees.

Ranging new products in Thailand and Singapore does not cost as much as in Australia in terms of tough negotiations and shelf fees. China has registration costs so Bemco only submits products most likely to be successful. Chinese Food & Drug Administration product registration time and cost is stifling the program: it takes six months, and the \$400 registration fee per product line is a significant cost for small players if, for example, the initial shipment is only worth \$2000.

Bemco retailers are brought out to Australia regularly to see what is happening in Australian supermarkets and to visit supplier factories to see how they are run. Suppliers are helped by these introductions to retailers. Austrade provide market information.

7.5 Marketing

Some benefits from the umbrella brand for the chain included:

1. Creation of a point of difference for retailers
 - attracting new customers
 - encouraging repeat visits by both existing and new customers
2. Fresh appeal for consumers
 - new submissions on a regular basis, creating consumer anticipation
 - keeping interest levels high
 - encouraging repeat visits
3. Testing ground
 - allowing a trial period prior to committing regular shelf space through roll-out
 - smaller initial order quantities – reduced financial commitment/outlay
4. Focused strategy
 - targeted categories based on market needs
 - limited range so customers are not daunted or confused by excess of choice
 - fast moving consumer goods as a major focus to ensure quick flow and streamlined procedures
5. Product support
 - guaranteed promotional support from manufacturers for product launch and subsequent promotional activities
6. Minimised resource commitment with Bemco providing chain management functions, including:
 - strategic sourcing of new lines
 - negotiation with manufacturers to find best possible price point
 - negotiation and coordination of support for promotional activities
 - single-source ordering system (also means single payee per shipment)
 - management of the supply of ordered goods from the manufacturers
 - consolidation
 - shipping logistics

- export documentation
- relationship management and liaison between the network of manufacturers and retailers.

Rival retailers initially thought Australian Pavilion would not work, so they later aggressively ranged Australian products to maintain competitiveness. This has been a big advantage to the Australian industry by generating interest in Australian products by other retailers and importers. Taste Australia in Thailand similarly generated increased interest by other retailers and importers. While the Free Trade Agreement (FTA) has increased interest in Australian products, it has also meant that these countries have been inundated with Australian products. This has meant that the retailers have been rejecting many products offered. Recent experience in Singapore reveals that NTUC Fairprice accept 30% of new products presented, whereas in Thailand, with the new FTA, only 15% of new products presented are accepted.

The ‘country pavilion’ concept has now ‘caught on’ with other countries trying to replicate the initiative. NTUC Fairprice has established USA Corners and a USA store. The USA store has not been as successful as the Australian one. NTUC Fairprice now has also established a Japanese corner. Australian Pavilion has been the largest and most successful due to Singaporeans’ familiarity with Australia, as many have studied in or visited Australia. Australia is considered to have safe products and to be ‘clean and green’. It was suggested that ‘USA may be seen as being a less healthy source of food products’ compared with Australia.

The consumers and customers targeted varies in each market. Imported goods are more expensive than local goods, so those who can afford it are targeted, that is, younger professionals, and people from the middle and upper economic classes. The marketing strategy is to target expatriates and try to get more affluent locals to buy on a regular basis.

Singaporean consumers are more price sensitive due to consumers targeted by NTUC being mostly locals. In Thailand, price is not a major issue as wealthy expatriate consumers are targeted.

Some suppliers offer a product and leave it to Bemco to do the rest. Others have a long-term interest in developing products, getting the correct price point and supporting product on the ground, for example, with in-store demonstrations.

A wide array of promotions is used, such as:

- point-of-sale banners, posters and pamphlets
- promotions of products for festive seasons and events
- advertising
- specials
- tasting and cooking demonstrations – work well, especially on a small budget
- displays and introductory offers for specific Australian food categories, for example, healthy foods, snack foods, beverages.

Store managers have control over planograms (product layout) and merchandising (point-of-sale materials and displays).

The Singapore Australian Pavilion has strong advertising. Every month products under the umbrella brand are advertised and specials are run. In Thailand, Taste Australia does not have as large a budget, so it uses more point-of-sale material, such as banners, posters and pamphlets. One store has a main area, while other stores have gondola aisle ends.

Launches with dignitaries and government-to-government involvement seem to carry support in Asia. It adds status to have people such as government ministers, senior Austrade managers and the NFIS chairman, for example, attending the launch.

7.6 Brand ownership structure (governance)

Retailer NTUC FairPrice owns the Australian Pavilion brand in Singapore. In Thailand, Bemco owns the brand name Taste Australia. Bemco and retailers are involved in developing the financial and marketing strategies. Suppliers are advised of the outcomes. The names and logos have been trademarked in all countries the chains operate in. The names were chosen as being straight forward and easily understood. Bemco said they did not have the capability to set up a meta-brand or parent brand and thought it would be boring to have only one brand in an area.

Australian and State Government agencies use Taste Australia in overseas promotions. While other exporters and retailers have ‘free loaded’ on the ‘Australian’ brand by promoting ‘Australian products’ and ‘Taste Australia’, Bemco does not see this as a problem as consumer awareness and demand for Australian products has increased and additional business has been generated. It would seem they have not had their brand degraded by poorly performing competitors.

Bemco believes that setting up the supply chains is reasonably expensive, so the company is not concerned that other consolidators will set up similar chains. Retailer buy-in is needed and money must be spent to set it up. Substantial support was received by Australian Pavilion from the Food & Fibre Chains program and by Taste Australia from the National Food Industry Strategy Chains Program (\$195 000) as well as ongoing support from sporadic state promotions.

An on-site staff member was shared by Bemco and the retailer in Singapore for one year, another in Thailand for one year and another in China for one year. After one year, the retailer funds the person with sales paying for the wages. Ongoing management costs are funded by Bemco.

Interviewees were asked about the importance of country of origin in purchase decisions of customers and end consumers. They said that country of origin was very important to Bemco and their customers. ‘Retailers have different motivations in buying from different countries. Australia is a relatively healthy and clean place, but Australian products are not cheap with the exchange rate on the dollar. Whereas China can supply cheaply’. Interviewees did not consider the State or region of origin as important at all. However, one commented ‘there is a market for regional brands. Region-branded products give retailers a point of difference for developing point-of-sale material and ranging. It is an educational process even if it does not mean anything to the end consumer.’ They noted that ‘work has been done in some regions, for example, Yarra Valley and Margaret River, that has been picked up by some retailers.’

7.7 Reflections

On reflection, there has been a major cultural change at Bemco. The company has changed from being a consolidator/trader to a genuine export service provider to customers (mostly) and suppliers. Bemco no longer negotiates solely on price and ability to supply and is not as focused on trying to beat other exporters. Rather, it is now promoting the image of Australian food. This has resulted in increased gross margins to cover the cost of value-added services. As one interviewee commented, ‘There are not enough Australian exporters who provide value-adding services. Exporters need to decide if they will provide services or just be a trader.’

Interviewees felt that chains had been successful in getting many Australian manufacturers to export for the first time at a low cost and in a relatively protected supply chain environment. They commented that it was ‘harder to do on your own, as retailers cannot take full shipping containers of products and you would need to set up promotional funds’. Bemco provides access to overseas importers, distributors and retailer chains. It provides an opportunity for companies that have not considered exporting to do so at a very low or no risk. Bemco considers its method as more cost effective – it charges lower margins as it is often not charged retailer line fees, and it spreads the cost of promotion. Bemco provides the

critical mass in logistics and transportation. In addition, the products make more of an impact on the shelf than if they were ranged alongside mainstream products. Suppliers get detailed information, including weekly scan data and stock in warehouse so know how products are selling. Suppliers also get information about in-store demonstration results.

The results were not without their challenges. One interviewee commented that ‘successes were due to commitment by retailers and suppliers. You would be hindered if you do not have this commitment.’ It was found to be more difficult to get commitment with a large retailer such as NTUC compared with a smaller family-owned store chain such as Villa Market, where greater commitment has been shown by all stores. However, while ‘a relationship with a small chain means your product lines are seen as important, it is then difficult as you get small volumes’. A related issue is that expected turnover targets have not been reached. There were unrealistic expectations, with suppliers expecting a big start. Sales have only been reaching 30–70% of that expected. In China, registration issues have had an impact. Small-volume customers and lower than expected sales have all resulted in small orders. Deliveries of small quantities generate higher handling costs and can reduce profits so that it is not worthwhile in the short term. Suppliers need to expect larger orders to continue.

Some suppliers do not think this method is a cheap way to get into export markets. Perhaps some do not expect to incur costs such as \$10 000 in travel and line fees to get sales started if going on their own.

Many bigger suppliers think an umbrella brand is just for small and medium-sized suppliers, and they do their own exporting. Yet bigger suppliers would give the umbrella brand greater throughput and make it more profitable. Bringing in more of these larger suppliers would be advantageous to the group.

Another challenge has been pricing. Markets change due to changing exchange rates. There has been a 30% increase in the cost of Australian products in Singapore due to fluctuating exchange rates. As a result all players need to be flexible in working out how to supply to an appropriate price point that will sell.

Change of retailer buyer personnel has had a major impact as different people do things differently, for example, are more aggressive or cautious in ordering and carry a wider or narrower range of product lines. Another concern has been the expectation of one retailer that the supplier group should continue to support promotions, and the retailer has been applying pressure to continue to get additional government funds. Some retailers do not see it as their responsibility to provide support. Expectations of the costs of maintaining the program long term after government start-up funding has finished need to be agreed upon early in the arrangement.

In considering all of the above, the interviewees considered that the critical success factors for the umbrella brand included the following:

- commitment from all parties
- good partners
- understanding and knowing the market.
- getting the right products to suit the supermarket customers
- having someone on the ground in the market and dedicated to the chain to encourage the partnership arrangement
- supporting products on an ongoing basis
- offering new products and new innovations, for example, cook ups, to keep it fresh
- doing costing before offering a product line to ensure it is competitive in the market and will not get large stock write offs.

7.8 Role of government (national, state and local)

On commenting on the role of government, one interviewee suggested there was a ‘strong argument for government support as it is unlikely to happen without government support’. They thought it was ‘too hard to get many smaller manufacturers together to organise exports. It takes too much time before they are likely to get commercial profits.’ Another suggested that ‘funding is limited, especially for small to medium enterprises [SMEs – to \$20m]. SMEs do not understand what exporting is about. Australian exported products are more expensive than commercial products in large retail chains so exporters need to provide a point of difference for high priced products, for example, gourmet, natural.’

Government support was also seen to be needed for short-term promotions overseas. Better results were expected from a coordinated approach of the Australian and State Governments.

7.9 Future prospects

Despite threats in Thailand with Australian suppliers and consolidators targeting products in the market, the business was expected to continue in the future at a modest level. In addition, it was expected to have ‘good opportunities for more concepts to be set up to give retailers a point of difference. This can be done commercially as Bemco have had the experience.’

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8. Australian Specialty Cheese Exporters (ASCE) umbrella brand

By Christine Storer

8.1 The umbrella brand concept

Cheese is one of the major products of the Australian dairy industry. In 2002 cheese production was about 430 000 tonnes and had been increasing at an average annual rate of 6.6% since 1997. Cheddar production dominates the Australian industry (57%). However, fresh and mould cheeses have been the most rapidly increasing sectors: fresh (12%) and mould (16%). Production of 'other' specialty cheese types grew 10% per year on average between 1997 and 2001. This includes blue vein, brie, camembert, and fetta.

Australian cheese exports have been growing at 14% per year on average between 1997 and 2001. Japan is the main export market for Australian cheese, accounting for almost half of all exports. The European Union and South Korea are other significant existing markets for Australian cheese. Japan predominantly uses Australian cheese for use in the manufacture or processing of other food products. While only a small percentage of Australian cheese exports were for 'other' specialty cheeses (0.3%, or 643 tonnes in 2001), exports of this type of cheese have been growing rapidly at 44% per year.

The Australian Specialty Cheese Exporters (ASCE) chain was set up by Dairy Marketing International Pty Ltd (DMI) to access the growth in demand for specialty cheese in overseas markets. The aim was to initiate and maintain an export program with Japan which few small to medium Australian food manufacturers have been able to do. DMI act as the market intermediary for eight Australian specialty cheese manufacturers and other gourmet food producers. The manufacturers already supplied Melbourne markets, and DMI help them overcome the overseas logistics problems by providing critical mass for air freight and sea freight. While DMI marketed the groups' cheeses to overseas importers under the umbrella brand 'Australian Specialty Cheeses', the umbrella brand was not used to market the cheeses to consumers in retail stores. Only the manufacturer brands have been used in retail stores.

The arrangement is a formalised strategic chain alliance incorporated under membership of ASCE. The core advantages are:

- focused exports in the Australian specialty cheese category
- exclusive export representation of brands covering the full width of the Australian specialty cheese category with the potential to expand into a wider range of gourmet foods
- coordinated promotions and marketing investment
- cheese grading know-how
- development and maintenance of export programs to Japan, Korea, United States and other markets
- use of DMI as the preferred export management company
- improved information flows, including a transparent pricing structure throughout the chain.

8.2 Getting started

Dairy Marketing International Pty Ltd (DMI) was formed in June 1999 to facilitate development of export markets for Australian specialty cheeses. After losing its then largest customer due to an inability to supply a generic 'umbrella' Australian brand, DMI began to develop an integrated supply chain. The idea was to not rely on a single large customer.

Initially a small amount of funding was received under the Australian Government's Food & Fibre Program 'Supermarket to Asia' to develop a supply chain relationship in Japan. The group worked together to develop the market, with the potential to disband and go direct in the future when the

businesses got large enough. However, after a year of facing serious competitors and realising exporting was harder than expected, the group agreed that they needed to cooperate to succeed. As a result, DMI began to strengthen and formalise its specialty cheese chain to Japan, and develop a structure for a specialty cheese chain for other potential export markets (initially South Korea and the United States of America). The DMI–Japanese retailer relationship was expected to be used as a basis for horizontal development of the existing chain by including a number of other gourmet food producers.

The ASCE chain was funded by the Australian Federal government under the National Food Industry Strategy as a chain demonstration project during 2003–2005. As part of this project the group formalised the strategic alliances through incorporation of ASCE Ltd. The project aimed to:

- develop a structured supply program
- build on the direct relationships between the cheese companies and other chain members
- introduce an in-market presence and promotion strategy with the key customer in the Japanese market.

8.3 Products and businesses involved

Initially all products supplied were Australian-made specialty cheeses, with a focus on unique boutique style cheeses. Original suppliers of cheese and dairy products were Jindi Cheese, Mt Emu Creek, Tarago River Cheese, Yarra Valley Dairy, Shaw River Buffalo, Ashgrove Farm Cheese and Fresco Cheese (further details of products are listed in Appendix 1).

Some customers in the USA demanded more high volume cheeses under one brand name. Customers in Korea wanted pre-cut and wrapped cheese pieces rather than having them cut up by retailer staff on request. Smaller retail packs were better than full wheels in Korea as Korean food safety laws did not allow cutting and packing of whole products once these items have entered the market. As a result DMI set up the Moondarra brand to cater for high volume cheeses. Moondarra is targeted mainly at supermarket chains and has added volume to the business. In addition, DMI has relocated its headquarters and established a licensed, state-of-the-art food facility in the process, aimed at adding value and a competitive edge to benefit the chain. The DMI plant is a ‘processing, packaging and cut and wrap’ facility, and does not make cheese directly. DMI is now processing for most ASCE members. The main advantages of the new food factory/cool room are:

- cut and wrap of ASCE products in a uniformed/presented package – suitable for various channels and applications, primarily retail
- a central hub for wholesaling and logistic purposes
- a point for storage and maturation
- a basis for further added value and innovation, for example, add fruit, cut up and package to suit export destination.

An additional benefit for DMI is that by backward integration, DMI has moved away from being just a consolidator to providing a product as well as a service.

Complementary gourmet goods have been added to the range of products offered. The strategy has been to stay away from all other products except complementary products. Gourmet suppliers that have joined the alliance include Waterwheel Industries (cracker biscuits), Sundown Foods (sun-dried tomatoes), Kez’s Kitchen (melting moment biscuits), Dutchocolates, Willa (glacé figs and muscatel raisins) and Simaloo (glacé fruits and dried fruits). Gourmet foods have been trading in small volumes compared with the cheeses (except the cracker biscuits). Some gourmet food lines have been deleted after small volume and erratic orders.

Customers in Japan, Korea and the USA are those that import and distribute to chains of supermarkets and specialty cheese stores, delicatessens and food service outlets. One customer supplies over 1200 supermarkets in Japan.

8.4 Marketing

ASCE market their cheese based on being produced from a 'clean, green environment and wide open, lush pastures. Our climate and natural resources allow cheese production based on year-round outdoor grazing'. ASCE sells the 'quality and uniqueness' of 'farmhouse cheeses and traditional artisan cheeses'. Australian cheeses compete with the best in the world, including major suppliers from France, Austria, Italy, other European countries and New Zealand. ASCE use the 'Aussie cheese please' buy line.

Customers are upmarket gourmet cheese retailers. Retailers who cut and wrap cheese at the retail outlet do not need to market to consumers using the 'Australian Specialty Cheese' umbrella brand. Knowing it is Australian is sufficient. The cheese manufacturer's names are on the cheese in the display cases.

Japanese people traditionally expect specialty cheese to come from Europe, so Australian product is a 'new awakening'. For Japanese retailers who sell only cheeses, having cheese products from Australia is one of their 'points of difference' and as a result they have given an exclusive arrangement with ASCE/DMI for a certain period.

USA chain partners supply supermarkets, delis and food service outlets. They are more concerned with price and shelf life.

Pricing is at a premium level. ASCE cheese is twice as expensive as other French cheeses. Pricing is an issue on the east coast of USA, where there is a need to be priced competitively with European suppliers. As ASCE cheeses are very expensive, they must taste good to get repeat orders.

ASCE/DMI is marketed to retailers and distributors as a 'chain captain' that has control of chain coordination and access to multiple suppliers. DMI coordinates chain communication and promotions activities, including:

- posters, displays, dairy display case materials
- regular bi-directional visits
- annual cheese seminar in Japan
- program of additional joint activities, including product development, branding and promotions
- internet site
- work with distributors and use their promotional vehicles such as trade shows, direct mail, brochures
- advertising of awards received, for example, Jindi Brie was judged the World Champion soft ripened cheese in 2002 and 2004.

8.5 Brand ownership structure (governance) and brand management

The Australian Specialty Cheese umbrella brand is only used by DMI in promoting the group's products through the chain to customers (importers, distributors, retailers and food services). Essentially, DMI runs ASCE Ltd as it previously coordinated the group's export market activities. The umbrella brand demonstrates that DMI is a key coordinator for the chain and coordinates products from multiple suppliers. The final end consumer does not see the Australian Specialty Cheese umbrella brand. Rather, individual dairy brand names are used at the point of sale to the final end consumer. Individual dairies own and manage their own brand names.

Strong views were expressed about the appropriateness of umbrella brands and regional brands. It was felt that 'dairies do not want to dilute their own brand in a group message. It is important to maintain the image of the individual brands'. Interviewees commented there was a 'problem promoting all products from a region when promoting their brand. Why promote a brand you do not own or own with

others. There is potential for conflict of interests.’ ‘Individual producers want to be known to come from a region but a brand must stand alone on its own merits. Dairies want a brand that is a tradable commodity.’

Interviewees were asked about the importance of country or region of origin in purchase decisions of customers and end consumers. They all commented that the Australian country of origin was important. Regional location of properties within Australia was not seen as being important, although may be of some interest. One commented that the ‘King Island story is lost in Japan, USA and Korea as King Island is not seen as pristine and separate from mainland Australia’.

When asked how many different brands are needed to sustain the alliance, it was suggested that two could work. When ASCE started, there was no one else specialising in export of Australian cheese and there was no support for product into the export markets. What was important was to provide access to exports in a sheltered way. The number of brands depended on the customer. The first main Japanese customer was always looking for something new and different so more brands were needed. The other important factor was to get the volume so that freight rates were reasonable.

In terms of maintaining the quality of the products, every detail of Export Accreditation and audited Quality Control (HACCP certification: hazard assessment critical control points) is considered and monitored. All dairies are audited by the State Dairy Authority for Australian Quarantine Inspection Service export accreditation, and the dairies must have HACCP for dairy manufacturing.

To manage the umbrella brand, an export promotions company has been set up: Australian Specialty Cheese Exporters Ltd (ASCE). While there has been no limit set on the types of business involved in the trading part of the business, only cheese manufacturers can be ASCE members. In addition the ASCE constitution has the following rules:

- Maximum of 20 companies
- Maximum of 10 directors, minimum of three directors, one director must be a director of DMI
- Each member company can nominate a director
- Quorum needed for meetings is 50% of members and three directors
- Board meets at least four times a year. Directors absent from three consecutive meetings of the Board, without a valid excuse acceptable to the Chairman, shall be deemed to have resigned his or her position as a director of the Board and his or her position shall become vacant.
- Annual membership fee
- A member of the Board shall not vote in respect of any contract or proposed contract with the Company in which they are interested, or any matter arising thereout, and if they do so vote their vote shall not be counted.
- Financial statements must be audited.
- All cheques, drafts, bills of exchange, promissory notes and other negotiable instruments shall be signed by at least two persons authorised by the Board for this purpose.

8.6 Reflections

On reflecting on the chain’s results, interviewees commented that by working together and using other member’s resources they have been able to achieve economies of scale. Without the group only two dairies could have exported in their own right. By getting together they got the critical mass for a viable export program. Coordination allowed small to medium food manufacturers (\$2–5m turnover) to get access to export markets. Exporting may not have been on the agenda for some as the domestic market had been growing. However, most would probably have considered export in five years.

Prior to working with each other and DMI, the dairies were domestic competitors and did not have relationships with each other. Therefore it was important to focus more on commercial activities that were not competing, that is, focus on export markets. The group kept away from industry lobbying activities and domestic markets. In addition, they were not too ambitious in things such as product development, information sharing and the domestic market.

Not everything has gone to plan. There have been challenges: there were difficulties relying on one major Japanese customer, when the customer changed the way they wanted to do business. The primary contact person was moved to Europe and the replacement person wanted to be supplied by ASCE dairies direct with the exclusion of DMI. All but one supplier has continued to deal through DMI. The change has resulted in reduced trust. This highlights the sensitivity of key relationships with suppliers and customers. It is important to be involved with more than the CEO, for example, support staff and second tier management. It is a potential threat to rely on one key relationship and that person leaves. Succession planning in chains is required.

All members of the ASCE are individual businesses and have different goals and objectives. It has been difficult to maintain long-term relationships throughout the chain. The resources needed to maintain the relationships have been greater than expected and greater than all members have been prepared to commit due to stretched resources with business growth. Being busy with domestic growth and setting up new facilities has meant that some have not been prioritising the export market in time and effort. It was suggested that the group has not been having enough meetings and need to share more information. Meetings are difficult, with members being regionally based and having to drive 4–5 hours to meet.

It was commented that ‘if you were only working commercially, you would only work with high volume and profitable lines. Smaller inexperienced businesses can have unrealistic expectations, for example, expect higher levels of information. However, removal of small businesses could jeopardise their future’. DMI has to be careful to balance management of manufacturing facilities that involve only a few of the members and maintaining involvement of smaller manufacturers who do not use the value adding facilities. There are potentially competing objectives of the DMI manufacturing business and being a service provider to many specialty cheese providers.

In reflecting on how the group has gone, interviewees suggested the following were critical success factors in setting up an umbrella brand and managing a chain:

- Provide a coordinated group of products from a one-stop supplier.
- Make sure products are connected and complementary (e.g. similar style, from the same people or industry).
- Offer a relatively wide range of products.
- Provide critical mass to satisfy customer requirement and give customers greater confidence. This may mean not covering too many categories (e.g. not all gourmet foods).
- Ensure supply is continuous and reliable; it must be able to cope with demands of customers.
- Have relationships at multiple levels in organisations to facilitate succession planning.
- Maintain relationships through the chain to keep focused on a common goal.
- Ensure there are implied or agreed quality standards so products can be accepted or rejected.

8.7 Role of government (national, state and local)

Interviewees were asked what they thought the role of government (national, state and local) should be in developing regional brands. One interviewee was clear that ‘regional promotion is a government role’. They commented that it was ‘more important for governments to provide regional support than to set up a regional brand. Government should promote regions but not set up a regional brand.’ They were

also clear that it was ‘important for Government to pick winners and those active in export already. It is a problem throwing money at those who are not already exporting and pushing them into export. Better returns would be gained from supporting existing exporters.’

Another interviewee suggested that the role of government is to ‘stimulate what is not commercial or what industry is reluctant to do’. They thought that regional brands were worth pursuing. The regional brand should be based on Australian regions as areas of investment for a world-class cluster of related products (e.g. south coast shell fish, Hunter Valley specialty wines). They saw ‘State government as being counter productive when they say their state is good at everything. Do not need each Australian state to be competing for everything.’ They suggested that there ‘needs to be agreement on which region should promote a category of food after identifying the areas with the biggest point of difference. Governments then need to stimulate world-class investment in that sector and region. Even if the region covers several states, individual State governments can provide support where there is a net benefit to the state (e.g. Victoria may benefit from logistics and export facilities being used).’

8.8 Future prospects

Interviewees saw the future as continuing to be strong. While the initial offer of specialty cheese opened doors to markets, changes were needed to keep the doors open. The shift from supplying specialty cut and wrap cheese retailers to supplying supermarkets has provided a higher volume and wider export market platform to more export markets.

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Appendix 1: Products and Businesses in Australian Specialty Cheese Exporters

Jindi Cheese – Gippsland, Victoria

Products:

- Jindi Brie
- Jindi Triple Cream Brie
- Jindi Camembert
- Jindi Supreme

Tarago River Cheese – Gippsland, Victoria

Cheese and Dairy Products:

- Blue Mould and Washed Rind Cheeses
- Jensen's Red cheese
- Shadows of Blue – a double cream blue cheese
- Gippsland Blue – a naturally rinded blue vein cheese
- Marinated Goat Cheese
- Blue Orchid
- Strezlecki Goat Blue
- Tarago Lavender
- Baw Baw Goat Blue
- Gippsland Chevre

Yarra Valley Dairy – Victoria

- Yarra Valley Persian Fetta

Shaw River Buffalo Cheese – Victoria

Cheese and Dairy Products:

- Shaw River Buffalo
- Shaw River Buffalo Mozzarella
- Shaw River Buffalo Yoghurt
- Shaw River Dancing Brolga – hard cheese

Ashgrove Farm Cheese – Elizabeth Town, Tasmania

English-style cheeses

Fresco Cheese

Cheese Products:

- Mascarpone
- Mozzarella Pearls
- Nucci Baked Ricotta

Mt Emu Creek – Victoria

Sheep Cheese and Yoghurt Products:

- Sheep Ricotta
- Yuulong Lavendar

- Mt Elephant
- Romney Fresca
- Smoked Romney
- Sheep Fetta
- Sheep Yoghurt

Moondarra – Manufacturer Dairy Marketing International

Products:

- Apricot & Almond Fruit Cheese
- Brie
- Camembert
- Chilli Cream Cheese
- Garlic & Chives Cream Cheese
- Mascarpone
- Melon & Mango Fruit Cheese

Waterwheel Industries

Products:

- Waterthins Cheese Twists
- Waterthins Chrispbread

Sundown Foods (part of the Sole Mio group)

- Sun-dried Tomatoes

Kez's Kitchen

- Melting Moment biscuits for gift packs and special occasions

Dutchocolates

- Chocolates

Willa

- Glacé figs and muscatel raisins

Simaloo

- Glacé fruits and dried fruits

9. International umbrella brand: Fairtrade

By Maria Fay Rola-Rubzen

9.1 The Fairtrade Mark Concept

Fairtrade is not a brand per se, but rather a label or mark to denote that the product carries the stamp of approval of Fairtrade. The concept of fairtrade was borne out of humanitarian motives rather than profit. Members of the development community were concerned that although the prices of products such as coffee and tea – commonly enjoyed by many households in developed countries – have not risen in real terms, the prices of inputs such as fertilisers, pesticides and machineries – imported mostly from rich countries – have increased substantially. In many cases, the returns received by farmers for their produce are often below their cost of production, thus forcing many farmers and farm labourers into debt. Many could not afford basics such as decent food, clothing and education for their children, and some farmers lost their lands and therefore their means of livelihood. The idea that something can be done if marginal producers and artisans were assured of a fair price for their products came up. Thus, the concept of fairtrade was born.

Under Fairtrade, certified producers agree to produce their products under an externally monitored set of social and environmental standards. In turn, producers are paid a guaranteed price for their product which covers their production cost plus a premium to be used for development initiatives in their local communities.

The Fairtrade Mark (other Fairtrade labels include TransFair, Max Havelaar, Fairtrade Foundation, Rattvisemarkt) is a certification label awarded to products sourced from the developing countries that meet internationally recognised standards of fairtrade. Carrying the Fairtrade Mark or label signifies that the supply chain participants (i.e. producers, importers, manufacturers, retailers) have complied with Fairtrade certification standards on quality, economic, social and environmental sustainability and that the proceeds will benefit producers in developing countries. This way, consumers are offered the opportunity of buying products that were produced, processed and sold on the basis of fairtrade. Buying a Fairtrade product evokes a feeling that one is doing something to help the less fortunate people in poor countries. According to Martel, the official spokesperson for National Fairtrade Week 2004, ‘to buy a fairtrade product is to respect the human cost of making that product. To buy a fairtrade product is to relate to others in a way that respects their humanity’ (TransFair Canada 2005).

The name Fairtrade is now commonly bandied about, and evokes a feeling of giving producers from developing countries a ‘fair go’. Fairtrade encourages social consciousness and awareness that people are connected and that one’s actions can have an impact on others. As humans, we can make a difference to the world if we do the right thing with one another.

9.2 History: The birth of Fairtrade

The concept of Fairtrade came about as a result of efforts to help producers in developing countries make a decent living and move out of poverty. In the 1960s, development practitioners were increasingly concerned about the plight of farmers in less developed countries. The world price volatility and the low prices received by farmers, at times not enough to cover production costs, were forcing marginalised farmers to sell their only asset – land, resulting in a loss of livelihood and hence pushing them deeper into poverty.

Non-government organisations (NGOs), church groups and other development practitioners saw fairtrade as a way of supporting farmers and labourers eke out a living in a decent way. Many farmers, while thankful of aid, prefer to be given fairer trade deals that will allow them to make a decent living

and gain economic independence. Development agencies recognised the potential role that consumers could play to improve the situation of farmers and their households. So NGOs and church groups partnered with alternative trading organisations that shared their ideas of fairtrade.

In the mid 1970s, Oxfam started a project called 'Helping-by-Selling' which is perhaps the forerunner of what is now called 'Fairtrade'. The Fairtrade concept is to buy directly from producers in poorer nations via their cooperatives at a higher price than what they would get from normal market prices, develop long-term trading relationships and enhance social justice. Products sourced from producers in these countries are sold in Fairtrade shops commonly known as world shops, direct mail catalogues and other alternative trading organisations (ATO) in Europe and North America. This scheme worked well and many farmers received improved incomes, earning a decent living through fair trading. However, it soon became apparent that there was a limit on the number of producers who could benefit with fairtrade sales to alternative shops.

To generate more sales and consequently expand the reach to more producers in developing countries, it was recognised that it is important to get commercial manufacturers and retailers involved. If they were to capture a greater market share, the products must reach supermarket shelves where most consumers do their shopping. This gave rise to the idea of Fairtrade labelling. The concept was that as long as manufacturers agreed to buy from registered suppliers according to Fairtrade criteria, their products could carry the Fairtrade seal of approval.

The first Fairtrade label was introduced in 1986 under the Max Havelaar label in the Netherlands for coffee sourced from Mexico. The label identifies the Fairtrade product so consumers who want to support the cause will buy it. This way, Fairtrade producers are able to access international markets on fair terms, and consumers sympathetic to the Fairtrade cause can purchase Fairtrade-labelled products. It is worthy to note that the minimum price received by farmers is not just something that is handed out by the commercial partners. It forms an integral part of the trading relationship and is accompanied with an obligation to producers to comply with Fairtrade standards on quality, social equity and sustainability.

In the years that followed, several national Fairtrade initiatives sprang up in different countries all over Europe, North America, Japan, New Zealand and Australia. In 1989, the International Federation of Alternative Trade (IFAT) was established, bringing together ATOs from Africa, Asia, Europe, North and South America, Australia and New Zealand. In 1990, the European Fairtrade Association (EFTA) was established to represent 12 Fairtrade importing organisations. In 1992, the Fairtrade Foundation was established by CAFOD, Christian Aid, New Consumer, Oxfam, Traidcraft and the World Development Movement.

Currently, there are 20 Fairtrade labelling organisations worldwide. These include the Fairtrade Foundation which runs the Fairtrade Labelling Organisations International (FLO) initiated in 1997, the international standard setting and monitoring body of Fairtrade.

Since the first Max Havelaar label was launched, other Fairtrade labels were introduced in Europe and North America in the late 1980s through the 1990s. Currently, Fairtrade labels include Max Havelaar (also adopted in other European countries), the Fairtrade Mark, Fairtrade Foundation, Rattvisemarkt and TransFair. Although these different Fairtrade labels and logos are used in different countries, the group has harmonised their standards and activities under the umbrella group, the Fairtrade Labelling Organisations International.

9.3 Products and businesses involved

The first product sold using a formal Fairtrade label was coffee, launched under the Max Havelaar label. Although coffee is still one of the largest volume of Fairtrade products traded, the number of products certified with Fairtrade label has grown substantially over the years. Nowadays there are hundreds of commodities sold under the Fairtrade label. These include beer, biscuits, cakes and brownies,

cereals and bars, chocolate (chocolate bars, drinking chocolate), chutney and preserves, cocoa, coffee, cosmetics, bath products, ice-cream, chocolate milk, fruits (bananas, oranges), soccer balls, dried fruit, flowers fresh, honey, hot chocolate, jams and spreads, juice, nuts, spices, spirits, sports balls, sugar, sweets, tea and herbal tea, and wine. In some countries, some Fairtrade products are achieving 15% of national market share.

Products are sourced from developing countries, mostly from the southern hemisphere. There is no strict criteria as to the type of products; rather, the criteria used for inclusion of products is that it must be produced by marginalised producers and workers under certain agreed principles and have met the certification standards.

Currently, there are over 500 Fairtrade-certified producer groups, representing over a million farmers and workers in over 50 producer countries. There are over 600 registered traders (exporters, importers, processors and manufacturers) from 50 countries. Fairtrade support has also seen growth in civil society and the commercial sector. Businesses such as supermarkets are now increasingly selling Fairtrade products. According to the Fairtrade Foundation (2005a), there are more than 900 retail and catering products from coffee to wine that carry the Fairtrade Mark in the UK, and retail sales of Fairtrade-certified products are increasing by 40% each year.

According to the FLO (2005a), worldwide sales of Fairtrade-labelled products grew by 56% between 2003 and 2004 and have benefited over five million producers, workers and their families.

9.4 Marketing

Initially, most Fairtrade products were sold by non-profit alternative trade organisations through world shops and direct mail order catalogues of organisations supporting the Fairtrade cause. But since the mid 1980s Fairtrade products have increasingly penetrated the mainstream channels. Nowadays, Fairtrade-labelled products can be bought from Fairtrade-registered importers, licensees and retailers in over 20 countries. These include supermarkets as well as independent shops. Clients include supermarkets, business establishments (cafes, restaurants, canteens), university, hospitals, government offices, business youth hotels, college catering and Salvation Army. Fairtrade world shops are also now seen in major shopping centers. Alternative shops such as non-profit alternative trading organisations also sell Fairtrade products through the web, utilising new information technologies. Some of the businesses that sell Fairtrade products include AMT, Asda, Blockbuster, Booths, Budgens, Cooperatives, Costa Coffee, Fairtrade Shops, Health Food shops, Holland & Barrett, Iceland, Independents, M&S Café Revive, Morrisons, Nisa, Oxfam Shops, Pret A Manger, Safeway, Sainsbury's, Shoprite, Somerfield, Spar, Starbucks, Tesco, Waitrose, Woolworths, Online Order, Mail Order (Fairtrade Foundation 2005a, 2005b, 2005c).

Various reports have shown the increasing market share of Fairtrade products, showing growing consumer acceptance and support for Fairtrade products. Although there is no specific market segmentation, the niche is for consumers who are willing to pay a premium to help poor and marginalised farmers from poorer countries. The main selling point of Fairtrade products is that consumers are aware that the money they pay for these products will benefit developing country producers and that by supporting them they can help poor farmers in these countries instead of the multinationals alone. The products and services are different from others because they give consumers the power to ensure that returns are going back to the actual producers, and they know that it is making a difference to small farmers and workers and their families. This strength is exploited in marketing. Marketing and promotion activities and programs clearly articulate the Fairtrade goals and vision.

One of the marketing strategies employed by Fairtrade organisations is to incorporate education in the marketing activities. Communication and education campaigns show how Fairtrade has impacted on the beneficiaries. It has capitalised on media exposure highlighting positive impacts of Fairtrade appealing to the ‘good side’ and ‘conscience’ of ethical consumers. Many people genuinely want to help producers in poor countries, and buying Fairtrade products is seen as one way of doing their bit.

Various innovative marketing strategies have been used, such as:

- smart use of media
- postcard campaigns
- direct mail catalogues
- directories of participating clients (e.g. catering directory)
- Fairtrade Towns campaign attracting councils
- local newspaper columns
- partnering with university students
- partnering with youth (scouts and guides)
- use of consumer research
- young co-op (Fairtrade enterprise scheme for school students)
- positive communication (e.g. big media coverage with every milestone or good news)
- clever use of branding (i.e. using Fairtrade label extensively in campaigns)
- massive advertising in web, public relations.

Although the marketing and promotion of Fairtrade products is the responsibility of individual national Fairtrade initiatives, there is strong communication among the groups.

9.5 Brand ownership structure

The Fairtrade system is a working model of a complete international supply chain, linking producers to importers, manufacturers and wholesalers, and retailers to end consumers. There are four types of Fairtrade organisations involved.

The first is the *producer organisations*, which are the farmers or workers involved in the primary production of commodities such as coffee, tea, cocoa and bananas, as well as craft products such as baskets, jewellery and, more recently, soccer balls. The second type of Fairtrade organisation is the *Fairtrade importing organisations*. These organisations buy the products from producers in developing countries at Fairtrade prices and bring them to the importing countries. These organisations act as wholesalers, retailers or both in their own countries. The third type are the *world shops*, which act as the outlets for Fairtrade products. These are mostly run by non-profit locally based associations and are often staffed by volunteers. Apart from selling the products, they also provide information about Fairtrade activities. The last group is the *Fairtrade labelling initiatives*, which are in charge of the labelling, certification, monitoring and auditing of businesses in their countries. The main objective of these organisations is to expand the market for Fairtrade products by bringing them into mainstream markets such as the supermarkets.

There are also a number of organisations that have strong links with Fairtrade, such as NGOs active in increasing consumer awareness about Fairtrade activities and impacts, financial organisations that channel funds from ethical investors to producers in developing countries at favourable interest rates and organisations that aim to help producers meet market requirements through training and capacity building. Many of these Fairtrade-related organisations are members of the International Federation of Alternative Trade (IFAT).

To coordinate the work of the national initiatives and run the monitoring programs more efficiently, the Fairtrade Labelling Organisations (FLO) International was set up in 1997. FLO unites 20 national initiatives across Europe, Japan, North America, Australia and New Zealand. Run by the Fairtrade Foundation, the FLO functions as the international standard setting, certification and monitoring body and ensures regular auditing of producers and commercial partners. The board includes four producer representatives, two commercial partners and six national Fairtrade Initiative representatives.

There are some product-specific Fairtrade standards on quality, price and processing requirements. Developing standards for new products was formerly done by the FLO Certification Unit. Recently, the unit has been transformed into a limited Company, FLO-Cert, which belongs entirely to FLO International to make Fairtrade's certification and trade auditing operations more transparent and to facilitate compliance with the ISO Standards for Certification bodies. FLO International (through FLO-CERT) certifies producer organisations and the trade between them and importers from consuming countries. The creation of a separate entity helped FLO streamline its systems and provide an independent guarantee that FLO is applying its standards thoroughly (TransFair Canada 2005).

The success of Fairtrade lies to a large extent on commercial companies and businesses that are willing to buy from registered producers on Fairtrade terms. Therefore, guarantees of Fairtrade status is critical. Fairtrade standards have to be met by producer groups, traders, manufacturers, processors, wholesalers and retailers.

Fairtrade observes core standards and practices five guarantees (Fairtrade Foundation 2005c) .

- The Fairtrade Mark guarantees farmers a fair and stable price for their products.
- The Fairtrade Mark guarantees extra income for farmers and estate workers to improve their lives.
- The Fairtrade Mark guarantees a greater respect for the environment.
- The Fairtrade Mark guarantees small farmers a stronger position in world markets.
- The Fairtrade Mark guarantees a closer link between consumers and producers.

To receive Fairtrade status, producer organisations must meet certain minimum requirements set by FLO International. There are two sets of generic producer standards: one for small farmers organised in cooperatives or other organisations with a democratic structure, and one for workers on plantations and in processing factories. Producer organisations must be democratically run, must be capable of ensuring compliance with the minimum social and environmental criteria and must be able to manage the process of ongoing improvement. They must also be able to manage the Investment Premium in the local community to benefit their members. Plantations and factories must meet minimum health, safety and environmental standards. The workers must have the right to join trade unions and there should be no child or forced labour. Apart from minimum generic standard requirements that producers must meet to be certified Fairtrade, they must also demonstrate attainment of progress requirements to continuously improve product quality, working conditions, increase environmental sustainability of their activities and invest in the development of their organisations and the welfare of their members or workers (FLO International 2005b).

Fairtrade traders, on the other hand, must pay a price to producers that covers the costs of sustainable production, pay a premium that producers can invest in their local community, partially pay in advance when producers ask for it and sign long-term contracts that allow for long-term planning and sustainable production practices (FLO International 2005c).

FLO International ensures that producer organisations and importing organisations are complying with the Fairtrade standards of production and Fairtrade requirements. 'FLO International is responsible for setting and maintaining their standards that apply to producers and trading relationships. Through its

certification company (FLO-Cert) it inspects and certifies producers against the standards, and audits the flow of goods between producers and importers in the markets where Fairtrade labels operate' (Fairtrade Foundation 2005c).

The national labelling organisations that are members of FLO International are responsible for licensing the Fairtrade label for use on products that meet FLO's standards in their own countries. They are also responsible for monitoring and promoting the label to businesses and consumers in their own countries. The common international system behind Fairtrade Labelling means that there is a common inspection and certification process; and because all members use a common standard, products can be more easily sold across national boundaries (Fairtrade Foundation 2005c). In the UK, the Fairtrade Mark is awarded by the Fairtrade Foundation, which was in turn set up by CAFOD, Christian Aid, New Consumer, Oxfam, Traidcraft and the World Development Movement. In Canada, TransFair Canada is the national affiliate of FLO. Other national labelling organisations in different member countries include:

- Comercio Justo México
- Fairtrade Association Australia and New Zealand
- Fairtrade Mark Ireland
- Fairtrade Austria
- Fairtrade Foundation UK
- Foreningen for Rattvisemarkt (Sweden)
- Max Havelaar Belgium
- Max Havelaar Denmark
- Max Havelaar France
- Max Havelaar Norge (Norway)
- Max Havelaar Stiftung (Switzerland)
- Reilun kaupan edistämisyhdistys ry (Finland)
- Stichting Max Havelaar Netherlands
- TransFair Canada
- TransFair Germany
- TransFair Italy
- TransFair Japan
- TransFair Minka Luxemburg
- TransFair USA

To obtain a licence to use the Fairtrade Mark on specific products, commercial companies sign a legal agreement with the national Fairtrade organisation. The national Fairtrade organisation then monitors the licensee company to ensure that they buy from registered producers and observe the terms for the product labelled as Fairtrade. The companies submit regular audit reports to the respective national Fairtrade organisation providing details on the producers they buy from and prices paid. These are checked with the producers, and independent auditors are employed to verify the companies' records.

With regards to pricing, the Fairtrade minimum price guarantee and premiums paid to producers by traders are included in the cost structure of the trading organisations and passed down along the chain to end consumers. Any business or entity that wants to sell Fairtrade products pays a certain percentage (usually about 1.8%). Auditing and inspection costs are structured into the pricing system and come out of the FLO budget. Producers also have to pay a small fee to FLO to be part of the system.

Participant farmers get training and support from the producer support network of the FLO and sometimes from the trading organisations. For instance, farmers and workers in developing countries get training on producing quality coffee and meeting environmental requirements. Farmers also get information and training on marketing and markets, including product development, and on management of the producer organisation.

Regarding the number of different brands needed to sustain the alliance, there is no shortage of producers and products in developing countries who want to sell under Fairtrade, but not enough markets for them.

To facilitate partners interested in joining Fairtrade – be they producers, traders, manufacturers, wholesalers, or retailers – information is made available on the Fairtrade website. There are also various information campaigns supported by Fairtrade and its networks.

9.6 Reflections

The Fairtrade case study is a good example of bringing together products from different countries and selling them under an endorsing mark. As global markets are difficult to penetrate and often require adherence to strict quality standards, certification is critical. Fairtrade has developed good quality certification procedures and is a good example of how certification and monitoring procedures can be put in place. It is also an excellent example of using a brand name or label to penetrate the market and increase market demand. It shows the importance of focusing on demand factors and the need to engage with consumers.

One of the strengths of Fairtrade is that it has a clear vision and the principles are clearly articulated and understood by all partners. These principles include:

- purchasing directly from producers, cutting inefficiencies in the supply chain
- working through democratically run cooperatives or producer groups
- guaranteed minimum price covering production cost
- provision of social premiums to be used for development investments
- recognition of social and cultural identities and goals of producer members
- ensuring producers and workers are protected by minimum health and safety standards and are paid a fair wage
- pursuit of development goals
- regular monitoring against the standards.
- transparency (audits of sales transactions and monitoring compliance) through clear certification standards
- capacity building of producer members
- development of long-term trading partnerships
- provision of marketing support and market information
- reassuring producers about their cultural roots by building markets for products based on traditional styles and skills
- sustainable and environmentally responsible production.

Central to the success of Fairtrade is the alliance between producers and consumers. The goal of the alliance is to provide disadvantaged producers with the chance to increase their control over their own future, have a fair and just return for their work, and have continuity of income and decent working and living conditions through sustainable development (Fairtrade Foundation 2005a, 2005b, 2005c). Fairtrade challenges unequal market relations, seeking to transform trade relationships into avenues for empowerment and poverty alleviation. It works on the vision of tackling poverty through fairer trade. It works on social standards, environmental standards, agreed price structures and trading rules. What is unique about Fairtrade is that it has given the responsibility to consumers to initiate and implement trade alternatives.

The impact of Fairtrade has been significant. As mentioned earlier, it is estimated by the Fairtrade Foundation that over five million producers, workers and their families have benefited from Fairtrade. Among the benefits of belonging to the Fairtrade system are:

- benefit for producers in terms of higher returns from their produce; for example, Fairtrade has become a viable option for small coffee farmers in El Salvador
- help for new producer groups to enter international markets that would have otherwise been very difficult for them to penetrate individually
- investment of profits – achieved by getting Fairtrade prices – back into farmers’ communities to obtain, for example, clean water supplies and new housing projects
- access to low-cost credit to producer cooperatives, which is essential for buying inputs
- improved linkages and cooperation with other farmers, as the system requires them to be linked via a cooperative or a farmers’ organisation

- building of social networks and collective action essential for development
- increased awareness and education to farmers on the importance of producing good quality products
- increased capacity of producers and workers; participants get training and support on technical aspects, and information and training on product development, marketing and markets.

Fairtrade is a good example of a consumer/producer alliance to create an alternative trading system based on social justice concerns as well as on economic factors. Fairtrade has now become a symbol of social change in Europe, North America and in developing countries in Africa, Latin America and Asia. The region of origin is important only in so far as it is targeted towards producers and workers in developing countries; but in selling, the region of origin is no longer important – it is the fact that buying the brand is helping the producers and workers in poor countries that becomes important. Fairtrade has positioned socially responsible change and awareness and trade justice as a premium brand value for many customers. Although the label also signifies that quality standards have been met, the most powerful appeal of buying a Fairtrade labelled product is that consumers know that what they are buying is making a difference in people's lives. The brand name is unique in that it invokes a feeling of compassion, of helping people from less developed countries who are less fortunate by supporting their products on fair terms. The case study shows that consumers are willing to pay more for some products if there is a good cause and if they are given a good reason to do so.

The main challenge is that the size of the market is currently small. There are more producers and volume available than demand. There is a need to grow the market and find more customers.

9.7 Role of government

No specific government played a role in the creation of Fairtrade. The drivers have been the development organisations made up mostly of non-government organisations, church groups and other social change agents. However, local governments are increasingly joining the Fairtrade campaign; see, for example, the Fairtrade Towns campaign in the UK. However, governments can play a role in creating a favourable environment for trade, for example through favourable import licensing and trade arrangements that allow developing countries to enter their markets. Government agencies and other development organisations are also looking closely at the Fairtrade model as an alternative trade model for small farmers from developing countries to access international markets.

9.8 Future prospects

Numerous studies have shown that Fairtrade has made a considerable impact on the lives of people in developing countries. One study (Murray et al. 2003) concluded that the range of benefits of Fairtrade is wider and more significant than originally thought. However, it is also confronted with many challenges as it moves forward. The main problem is that markets for Fairtrade products in the northern hemisphere are limited. Producers believe that markets are oversupplied, leading to buyers becoming more selective and quotas that limit the amount cooperatives can sell through Fairtrade.

One of the biggest challenges of Fairtrade is how to increase market share. Although Fairtrade is experiencing rapid growth, it still captures a small percentage of global market share for many products. There is a need to increase consumer awareness not only to sustain, but to expand the size of Fairtrade markets.

There is still scope for growth, but how is this growth captured? How can consumers' ethical and social concerns be transformed? How can consumers be galvanised to support the Fairtrade cause?

The Fairtrade education and marketing campaign will be critical in the coming years. There is also the potential for harnessing developments in information technology to spread the ideas and capture the imagination of consumers and raise consciousness through positive examples.

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10. Desart

By Christine Storer and Maria Fay Rola-Rubzen

10.1 Industry organisational concept

Desart is a non-profit organisation that acts as an advocacy group for artists. In the 1980s the Association of Northern, Kimberley and Arnhem Aboriginal Artists (ANKAAA) was operating in Darwin. Members were Aboriginal community-owned art centres. Most art centres were run in Aboriginal communities. In the 1990s more stakeholders joined, so the central Australian groups split off to form Desart Inc. Desart was started by a small group of agitators: ten art centres in central Australia. As at November 2005, Desart had 36 art centre members, of which 33 were outside Alice Springs. In total, some 3500 artists were represented from the Northern Territory as well as neighbouring regions of South Australia, New South Wales and Western Australia. Desart and ANKAAA now represent over 60 Aboriginal arts centres in Northern Territory, Western Australia and South Australia.

After Desart was first set up there was a push to include art galleries as members and a push to be commercial and sell Aboriginal art. As a result Desart sold licensed tourist products – key rings, t-shirts, table cloths, stubby holders – using images created by Aboriginal artists. Desart set up a couple of art galleries as a commercial arm that have since been closed. After more recent strategic planning, the focus of Desart is now to be an industry peak organisation providing advocacy to artists, promoting the industry to the world, and liaising with government about policy to meet industry needs. Desart provides support services to Central Australian Art Centres to foster and support their aims for community development, cultural maintenance and economic growth, acting as an advocate for the rights and welfare of Central Australian Aboriginal Artists, while respecting Indigenous social and cultural protocols.

Three staff operate Desart in the Alice Springs office. Project staff and consultants are used for specific projects such as information technology, human resources and training. They work with other art organisations as partners, not competitors: ANKAAA and Anangu Ku (northern part of South Australia). These art organisations do similar work and in some cases serve the same members.

Full members are visited regularly and get all services, including voting rights. Associate members get all information but not full information technology services. Associate members can participate in Araluen Desert Mob Show. Individual Aboriginal artists not represented by an art centre (e.g. artists in Alice Springs) can also apply for membership with Desart. Some Aboriginal people feel they do not want to deal with art centres for cultural reasons but want protection in dealing with contracts. Individuals can be members where their art centre is not an Aboriginal incorporated body (e.g. art centre in jail or at the Bindi centre for special needs people). All members get information shared by Desart.

Desart resources art centres with information technology hardware and software for cataloguing, tracking art and payments to artists. In addition Desart identifies training needs and training organisations that deliver the training. Funding from Desart mostly comes from government, and Desart targets government agencies to finance the training. In future, Desart expects to have a training officer who can deliver or facilitate some training. Training is seen to be very complex with the following main targets:

- governance training for executives in the art centres
- Aboriginal arts workers: e.g. helping with art centre management, preparation of paints, stretching canvases, cataloguing, provenance, marketing, freight, packing, business management
- centre managers requiring professional development
- artists for art production: this is more diversified such as painting, print, fabric, sculpture and artefacts.

Desart provides advocacy and resourcing such as assisting with contracts and provision of tools such as job description templates and job interview questions. Mediation services are offered between members for the rare occasions when they feel professional trained mediators can be of some assistance. Desart is looking to set up a mentor program: getting business people to help in business management by matching a mentor to an art centre.

Desart is funded by the Australian Government, including the Australia Council (Commonwealth), Department of Communication and Information Technology in the Arts (Commonwealth), and Arts NT (formerly Northern Territory Department of Arts and Museums).

10.2 Businesses involved

Members must be Aboriginal-owned organisations, that is, under the constitution, all shareholders and directors must be Aboriginal. There is a lot of discussion about the criteria for inclusion and exclusion of businesses in Desart. Many organisations would like to be members due to the computer hardware and software, training and support. Other organisations want to be members to access a member-exclusive major exhibition at Araluen, the 'Desert Mob Show'.

10.3 Marketing

The word 'Desart' contains both the words Desert and Art. Desart was thought by one interviewee as being 'synonymous with some very successful artists. It has been closely identified with members and the products they produce'.

One event for Desart is the Araluen Desert Mob Show, where members exhibit their art work. Customers are major collectors and galleries. Major industry stakeholders and buyers from overseas attend this exhibit.

Desart staff go to two expos a year: Alice Springs and Darwin. They attend to promote Desart along with art centres. Numerous works of art are displayed in these events.

Desart staff represent members by sitting on boards such as Art Back (Northern Territory touring organisation), Red Hot Arts Marketing (Alice Springs), IAD (national Aboriginal and Torres Strait Islander publishing) and Imparja television (satellite broadcaster).

Desart engages with government in various forums, including:

- Alice Springs Chamber of Commerce – Desart is a member
- Indigenous Arts Reference Group to Northern Territory Government Minister of the Arts
- regular meetings in Sydney and Canberra, with, for example, the Aboriginal and Torres Strait Islander Arts Board that sits in the Australia Council.

10.4 Ownership structure (governance)

Desart is an incorporated non-profit association. It is an independent Aboriginal organisation. It has 40 members, coming from places as diverse as Tennant Creek (NT), Marla (SA), the Queensland border and WA. Desart does not control art centres, which are independent corporations in their own right (two art centres are private). Desart and art centres are separate entities for greater accountability.

In the past, there have been more board members from Alice Springs. Now there are two board member representatives from each of the five regions: Barkly; North West (Tanami Rd); Central Desert (around Alice Springs), Pitjantjatjara Yankunytjatjara region, and Ngaanyatjarra in WA). Executive meetings

are held every 6–8 weeks. Previously meetings were only held in Alice Springs. Nowadays, executive meetings are held in the regions, with a maximum of two in Alice Springs a year and one meeting in each region in a year.

Art centres pay a membership fee to Desart. Members pay a nominal membership fee based on income and ability to pay. The current fee structure is \$50 (<\$100,000 turnover), \$100 (turnover of \$100,000–\$150,000), to \$500 (>\$1 million turnover). There is some accountability, as Desart must respond to art centres. Potential new members are sent information and membership application forms. The executive approves the application.

Interviewees were asked about the importance of country or region of origin in the purchase decisions of customers and end consumers. One commented that they did ‘not think region of origin is important to consumers’. Consumers are very excited if the work is made on the premises and want to see the artist in work. They do not care where the work is made otherwise.

This is in contrast to another interviewee’s comment that ‘region of origin was extremely important and that the cultural base of the work was paramount in consumers’ purchasing decisions’.

10.5 Other issues

Desart has been building strong relationships with members using executive member meetings in the regions and other meetings of the regional group open to all members of the art centres. Regional meetings focus on grass roots artists with the agenda set on issues such as consultation on training needs or governance training. Open forum issues may include ‘what are the regional issues, why are they there, governance, what is happening in your arts centre (sharing of successes and needs – cross fertilisation of ideas).’ There is substantial travel and meeting time and costs in running these meetings.

One of the main issues for the Australian Aboriginal art industry is art work being fraudulently sold as the work of a prominent Aboriginal artist when it has been made by lesser known artist, or even being sold as Aboriginal art when it has been made by a non-Aboriginal person. There is discussion of setting up a Desart Brand as an identification system to identify source of origin of art work that could allow for assurance of authenticity of provenance. The identification system is not being well received after a national Indigenous art label set up for the 2000 Sydney Olympic Games failed. Art works sold at the games were to be labelled and a percentage of the proceeds were to pay for the label. However, there was a lack of support for the label. Consumers who did not know about the label did not insist on the label.

The New Zealand Māori art market has Toi Iho (see www.toiio.com). Toi Iho artists have partnerships with non-Māori artists. All works are registered on the website. Art works are registered and classified. Toi Iho have outlets in the retail sector. Any gallery can sell Toi Iho art work if they meet the criteria. It is seen as more difficult to do something like this in Australia. Compared with New Zealand, Australia has a wider range of artists and organisations and many more artists: there are approximately 11 000 Australian Aboriginal artists and some artists produce 50–60 works a year.

Another issue has been the way art work is sold and the effect on prices. Historically, artists pay a commission to the art centre and then the art is catalogued and sold. The sale is formally between the artist and the purchaser. The art centre gets paid a commission of around 40%. Increasingly, art galleries are being asked to pay money up front – usually 50% of what is expected to be paid for the work. Paying money up front creates a tax issue, as art centres normally need to add the 10% goods and services tax (GST) to the purchase price which increases the cost of the art to the consumer (sale of art by Aboriginal people is not subject to GST). This is of concern as the majority of artists have an income of less than \$10 000 per year. The distribution of income over the group is skewed towards the lower end, with only a few producers earning more than \$10 000 per year. Some artists may produce small punu (wood carving) items sporadically and thus their annual income may be less than \$200.

Some artists may regularly produce fine art items with high unit returns (\$1000 upwards) and may have incomes of more than \$20 000 per year. Data from ANKAAA indicate that in 2001–2002 an estimated 2650 artists earned \$3.68 million at an average of \$1388 per artist. (Mitchell et al. 2005).

10.6 Future prospects

The future is seen by one interviewee to be ‘bright with more training and lots of things to work on’. In terms of critical success factors, it was suggested that ‘in the Aboriginal community, it will only be a success if it is owned by Aboriginal people and you get commitment from grass roots stakeholders. It cannot be based on an imposed idea from anyone, no matter how learned. Imposed ideas will not have currency or will not last long. Desart has only survived as people have believed in it and insisted on their organisation.’

Those interested in examples of best practice Aboriginal art and craft centres can find details in *The Art and Craft Story Volume Three – Good Stories From Out Bush* by Wright (2000).

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Acknowledgments

Time and input is gratefully acknowledged of staff at Desart Inc. and the Aboriginal Desert Art Gallery.

11. Australian Organics Institute Inc.

By Genevieve Carruthers

11.1 The concept and getting started

The concept was initiated by the Southport office of State Development, which had been involved in a number of previous cluster-type organisations. A meeting was called to form a committee, and then the group moved to become an incorporated association. Two lots of state government funding were received, which allowed the appointment of an Executive Officer (Kay Allen).

The Australian Organics Institute Inc (AOII) is not designed to attract large numbers of people and is not just a networking group. The focus is strongly on being an introduction agency between buyers and sellers. The group takes members' products to buyers, or bring buyers to members. AOII does not trade, buy or sell product. In essence, AOII is a marketing collective.

The Mission of the AOII is to develop market recognition by offering a full range of certified organic products and service solutions that increase market penetration for all members.

The purpose of the group is to:

- facilitate sales of organic products into national and international markets
- create additional markets, increase turnover and support the growth of the businesses operated by members
- foster the development of emerging organic companies and assist in the training for organic certification.

Mike Palmer, the chair of the committee, had a number of clients in common with the group. He was asked to be chair because he is independent, not an organic producer, and knows about business management.

11.2 Developing the brand

In the beginning it was the State Development Office that was the main driver for the group. The group started off very quickly, and was established in approximately two years. AOII received state government grants early on.

In the Gold Coast and south-east Queensland generally, there is a large number of small businesses. This was one of the motivating forces for AOII, as these small businesses were floundering with marketing as they lacked relevant skills and did not know where to turn. AOII introduces buyers to sellers and forms a conduit for feedback. For example, they have sent a basket of products to the London State Development office and have sent two people to Los Angeles, London and Tokyo with members' samples for one-on-one appointments with buyers. State Development set these meetings up. The group also uses the resources of Austrade whenever it can, without incurring Austrade fees.

11.3 Products and businesses involved

Only a small number of members (approximately 20 or so) are involved. The number of members is gradually increasing, but will probably never exceed 35–40. A critical number of members (around 20) is needed to support activities.

Members are producers of organic food covering a wide range of enterprises such as milk, cheese and chocolate. All are either processors or manufacturers, with the exception of a single farm producer. There is also one non-food member, a person who makes skin care products. All are either certified organic or in conversion. There are some difficulties with the number of organic certifying bodies, as it can create conflicts and competition within the group.

11.4 Marketing

The organic concept is believed to result in better quality products that are less harmful to people than conventional products. The group features organic produce, but there is no 'regionality' involved, and members do not believe it to be an important factor in the marketing. Consumers may not know about AOII, but the group is not concerned with positioning their brand; rather, they promote the members' brands and the concept of organic production. Other organic producers from the region can be non-members, but they are not regarded as competition – rather, as part of the organic supply chain. Marketing and promotion are achieved through Fine Food Fairs, and occasional 'advertorials' in appropriate magazines (this has been free so far). The group does not pay for advertising, and does not plan to do so. AOII has a logo, but it is not used by members as a sign.

AOII provides access to markets and customers that the members would not otherwise have. AOII takes a number of members and members' products to a buyers' function (major retail sectors, not individual consumers) arranged around a Fine Food Event (Sydney, Melbourne, Brisbane) but they do not take a stand in the pavilion. A function is hosted in an adjacent venue where buyers are personally invited, and members' products are presented as appropriate (finger foods, etc.)

The committee develops the financial and marketing strategies for the whole group. Individual members can contact the committee if desired to request specific actions. Pricing of products is up to individual members. However, if the group is representing a member at one of the functions, the members' price lists are taken along, and feedback is provided to members on prices (and any other features that are commented on). AOII believes that there is a need to meet market demand with regard to pricing and other demands, even if the demands are 'irrational'.

The group also goes out looking for suppliers if a specific need is identified. One of the Executive Officer's roles is to point the seeker in the right direction and to approach the supplier to consider membership.

Overseas promotional trips are paid for by members and non-members. These trips again provide access to a large number of buyers, which would otherwise be difficult to achieve by the individual businesses.

Customers are not segmented as yet, but the group plans to do this later this year, into purchasers of 'organic' and 'natural' products. Soon the group will have two separate buyers' functions at relevant trade shows. One will be for 'organic' products, the other for 'natural' products (the latter term is not really well defined, but is *not* certified Organic). Instead, these products are promoted as environmentally friendly. This is in response to a distinct demand from retailers for 'natural' foods. In order to meet the additional overhead costs, costs will have to be spread across more members/suppliers.

11.5 Brand ownership structure (governance)

AOII is an incorporated not-for-profit association. A committee of four people administers the group. The Chair is Mike Palmer, and the Executive Officer is Kay Allen. A monthly treasurer's report is reviewed by the committee, and standard auditing procedures are followed.

Members must be certified organic or in conversion to join. The Executive Officer informally checks to be satisfied that members' organic status is bona fide. However, there is no review of individual members, as certifying bodies are relied upon to do organic audits. Joining requires payment of \$475 every 6 months or \$950/yr. Some potential members have been rejected because they do not meet the criteria of the group, or fit with the overall philosophy. There is a standard set of rules that must be followed. These are provided at the time of joining the group. Membership is provided on a fee-for-service basis only.

Some issues of sound business practice and good business practice are addressed through training.

11.6 Reflections

Export documentation was seen to hinder exporting for many small businesses, and so part of AOII's role is to advise members on how to become export ready. AOII also helps explain different organic standards and certification procedures.

When the group was being established, they reviewed existing approaches and consciously set out to be different from similar local initiatives. Mike Palmer believes that there is the need for a good corporate strategy, reason for being and a strong direction in the group in order for the group to be successful. Strong leadership from the committee and good communication are also needed.

The advantages of the branding alliance are seen as the ability to gain the buyers' attention and gain access to market segments that would not otherwise be achieved (due to time and resources limitations within the small business). This is particularly relevant to overseas markets.

A challenge was that it was difficult to get a very strong commitment to the strategy among members. The membership fee helps get this commitment.

A critical success factor for the organisation was the development of a good corporate strategy (this is quite rare). Mike Palmer feels that the group works quite well, as there is strong leadership and good communication. Diversity in the group is also important. In business, there is a need to recognise that competition is real, so some of this within the group can be a good thing.

11.7 Role of government (national, state and local)

One interviewee stated that the State Development Office was important to the group. They saw the role of government to be the provision of funding for specific projects. It was suggested that there was a need for strict eligibility criteria for gaining funding, as funding encourages development. Government was also seen to have a role in developing the standards to get the funding.

11.8 Future prospects

It was expected that eventually the group would be 'corporatised', and owned by shareholders. While this may not happen for a year or two, the plan is clear that this will occur when the time is right (when there are more member benefits to offer).

There is the potential that other organic cluster groups in eastern Australia could affiliate in some way in the future.

Case references:

Organics Australia n.d. available at: <http://www.organicsaustralia.com.au/>

The Organic Market and Cafe. 2011. *Providore of Living Foods for Living Better*, available at: <http://www.organicmarket.com.au/about.php>

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Mike Palmer, Chair of the Australian Organic Institute Inc. kindly completed the interview for this research, and provided contact with related sources.

12. Gold Coast Food Forum Inc. (GCFF)

By Genevieve Carruthers

12.1 The concept and getting started

The Gold Coast Food Forum (GCFF) is a loosely allied group of food producers and those interested in food such as marketers and suppliers of goods and services to the food industry. A special interest group, the GCFF was established to share ideas and provide networking opportunities.

There are reported to be over 150 members (with a database of over 500 individuals and companies involved/aligned with the food industry) (GCFF nd). The GCFF claims to be the 'first association to be established in south-east Queensland that specifically meets the needs of food and beverage manufacturers and producers'. Members come from the Gold Coast, Toowoomba, northern NSW and Brisbane.

Meetings are held every 1–2 months. The GCFF participates in regional and overseas trade shows in order to promote products and gain ideas from others. A small group of people have been the key drivers.

The experience of the GCFF highlights the need for clarity of purpose and an ongoing commitment to secure funding to establish and maintain the group. As some members are business competitors, collaborative projects need to be carefully designed.

12.2 Developing the concept

The group began in 1998, as an informal networking group, with support from the Department of State Development, the Gold Coast City Council and the Queensland Chamber of Commerce and Industry. Initial funding to establish the GCFF was received from the Gold Coast City Council; however, this has now been cut back. At a meeting in May 2000, Gold Coast food and beverage producers agreed to formally incorporate the GCFF. A strategic plan was developed at that time. The group has developed since then, with a broader range of members. It has recently taken 6–12 months to revisit the strategic plan, and some basic development had been done.

The group had discussed whether there was commercial benefit in registering a brand and licensing it to individual businesses to use, based on regionality. This created much debate about whether there would be any marketing benefit in doing this, and it was agreed that detailed consumer research was necessary to test the concept at the outset. This has not happened due to resource limitations. The GCFF identified a range of areas where efficiencies could be gained in businesses (particularly in the manufacturing areas). Food and food processing technology were addressed in the strategic planning. Cost reductions and marketing were also looked at.

The GCFF provides a self-help information exchange through meetings. At the Annual General Meeting, members get to access a whole range of service providers. Members find this service valuable, and they may engage these providers privately. In addition, other advantages available to members are organisation of joint exhibitions (this being more cost-effective than individually exhibiting), general awareness raising, generation of publicity, representation and relationship/alliance development for the Gold Coast Food and Beverage Industry at a government level, educational seminars/discussions, development of customer relationship and affiliated groups, gaining a referral base for members seeking information and attracting additional resources to the sector overall. Finally, there is seen to be value in the ability to negotiate group buying discounts for members in exhibition events, and possibly in the future in the areas of telecommunication, freight, insurance and power supplies.

12.3 Products and businesses involved

The group is open to anyone interested in food; some members are not food businesses. Service providers to the food industry and members of the public interested in food can also join. The annual fee is \$77. It was recommended in the Strategy that there be a differential fee scale based on special interest groups, who would pay an additional fee depending on the particular interest; however, this idea was not taken up.

Of the producers involved, most are food and beverage producers of fresh produce and processed goods. Most are small medium enterprises to medium enterprises. Some large food industry businesses are members, but are not active participants. If necessary, the GCFF does recruit new members, using publicity, stories and recommendation of members about others to gain new members/suppliers.

12.4 Marketing

The purpose of the GCFF is to position regional foods in the minds of buyers (a bit like Austrade). People get involved due to being in small businesses and looking for sources of information and support, to exchange ideas, and to tap into others' experiences, marketing, problems, etc. Members are also advised of events of interest, 'including local, national and international promotional activities, events, opportunities and trade shows'.

There was recognition that the food market falls into a number of segments: retailers, smaller independent retailers, food service (three categories: fast foods, e.g. McDonalds-type food venues; restaurants/institutions; and corporate lunches/teas/catering) and industrial uses (processing or value adding, or ingredients foods that are added to composite products). These were all markets that were going to be explored by the GCFF. All formed part of the market research or individual projects. Initial market research was to be undertaken by local academics and students to see if a regional brand might prove attractive to consumers. The second phase was to test the concept of marketing services and then broaden into a portfolio of products. However, due to lack of funds, none of the market research was done.

While members of the Forum are either on the Gold Coast or nearby, they are not specific to the region, and the Forum does not reflect any special resources or climatic factors in the region. The GCFF does act as a referral agency for local producers, however.

The Gold Coast is known in Australia and internationally, and the group was looking at the tourist market. International diversity is reflected in the products covered in the group, and it was felt to reflect the region, which had attracted an eclectic group of people with diverse skills. Many of these people had to come to the region because of 'lifestyle' choices. It was believed that there was potential to leverage on the Gold Coast 'holiday experience' and get people to buy things and take them home, and then for repeat purchases in the future to remind them of fun and sun and their holiday.

Some GCFF members supply directly to local shops. For example, the chutney producers supply their products into local butcher shops and similar outlets. The VegeChip company sells nationally into retail chains, and so supply the nationally established channels.

Promotion and advertising of individual products is done locally through newspapers, annual trade shows and with joint participation in Australian Food Fairs through Austrade. There are no recognised marks or logos; again, this was dependent on research which was not carried out due to lack of funding.

Product pricing is individually based. The GCFF is not involved, and individual members set their own prices.

Since the group was established, they have obtained funding to develop their strategic and marketing plan, they have organised a range of local events, exhibited at trade fairs in collaboration with the Gold Coast City Council, established a newsletter and e-mail information service, organised bi-monthly members' meetings and social events, obtained media coverage on a variety of media types, and generated exposure for the group in magazines and through Food and Wine Lovers Guide events.

12.5 Brand ownership structure (governance)

The GCFF is an incorporated, not-for profit organisation. There is no brand per se. Members pay an annual fee of \$77 to be in the group. There are sponsorship arrangements with the Gold Coast City Council, the State Development Office (Gold Coast), an automation and process control systems engineering company (Integral Logic Pty. Ltd) and local lawyers with a food/beverage industry speciality (Gaden Lawyers Gold Coast). 'Friends of the Forum' are listed on the website as Intermix Australia and the Queensland Department of Primary Industries Agency for Food and Fibre Science.

The group is looking for ways to generate ongoing revenue through brand ownership or provision of services (auditors, QA, HACCP) under the banner of a GCFF management fee.

A group to administer and oversee the GCFF would have been set up if things had gone ahead with the brand, but it did not. There is a management committee, plus a part-time Executive Officer. Financial and marketing strategies are undertaken by committees and sub-committees. Discussions were held with the Queensland Department of State and Regional Development about setting up a broader model (nationally focused) for other regions, but again this did not take off.

Maintenance of brand integrity was discussed, with recognition that this might be a problem area if a brand were established. 'It would only take one person to blow the whole thing away by doing the wrong thing.'

12.6 Reflections

Logistical problems were one of the issues identified by the GCFF. Costs involved in getting goods to either use locally, or to get into markets outside the region was a problem for many in the GCFF. The costs involved in sending products from the Gold Coast to Brisbane prompted some to discuss sharing transport. When operating as individuals, they had to use whatever infrastructure was there – as a group they had more ability to get together and commission a service. Again, this was the idea but it did not really happen due to suspicion, tight margins and small business operation; they did not have time or money to develop alternatives.

It is possible that some businesses participated so that they could watch what their competitors were doing. Distrust and lack of confidence and resources were some of the issues encountered; most businesses were very small and people lacked the time and resources to really get involved and take time out of their business.

Without the small initial group of key drivers, the GCFF would most likely have 'fallen over after a while'. Richard Coutts, a consultant who assisted the GCFF with its strategic planning, commented on how difficult it was to get people to take a role to help make things work, or to actively participate in collaborative projects. There is a need for 'succession planning' in groups of this nature, to prepare for departures of key players.

He pointed to Australian and overseas studies that demonstrated that firms working together in supply chains is a significant source of competitive advantage. This experience also highlights the fact that the people and relationship side is the more difficult thing to manage in these groups.

Experiences and lessons learnt through other collaborative initiatives can help groups such as the GCFF avoid mistakes and employ ‘best practice’ in group establishment and operation. Industry Associations, State Development Departments and business management consultants are potential sources for learnings from others.

It was said that to be successful, regional marketing and branding groups need product(s) and strategies that are attractive to someone in the marketplace. Regional marketing and branding initiatives must therefore be market driven. There is a requirement for a champion and support resources to aid in development and commercialisation of such marketing strategies. Attention must be paid to change management issues (trust, confidence in collaborators, etc). There is a need to be wary of natural competitors in the group. The past history of the group and its individuals is important and members need to know about this.

There must be a preparedness by firms to financially commit and actively support collaborative marketing projects with which they are involved. Richard Coutts cited the process by which the Australian Organic Institute was formed as a good example of this happening.

A smooth change-over between champions was seen to be important. The experience of the champion is also critical – sometimes that person reaches a ‘use-by’ date, and it is better if they stand aside and allow a new person to come in. Succession planning needs to be encouraged.

12.7 Role of government (national, state and local)

Local government support was received to establish the group, and provides ongoing support. It was suggested that there is a need for government support to act as a catalyst to get things started and provide support resources and initial funding. However, government support creates an issue of weaning people off this to take responsibility for themselves.

12.8 Future prospects

Richard Coutts believes that the GCFF has the potential to provide long-term benefits to its members, but a critical success factor is a strong commitment to resource and implement the plans it has developed.

Case references:

GCFF. nd. *About us*. <http://www.goldcoastfoodforum.org.au/> (accessed 6 July 2005)

Acknowledgments

Thanks to Richard Coutts, Primary Business Solutions Pty Ltd for participating in the interview process for this report.

13. SnackFruit Australia Inc.

By Genevieve Carruthers

13.1 The product brand concept

In 1999, at ‘SnackFruit 99’, a combined fruit industry conference held in Canberra, Dr Rosemary Stanton OAM PhD APD (a respected Australian nutritionist) challenged the fruit industries to ‘get their act together’ to promote healthy eating. The SnackFruit concept was developed as a response to the unhealthier, processed snack food industry, with the aim of promoting fresh fruit as an alternative to processed ‘snack foods’ which added little nutritional value and were generally high sugar, high fat and high energy foods. The concept was also developed in response to the rising occurrence of obesity in teenagers. There was a perceived need to project fruit as a ready to eat snack, and to inject the ‘fun factor’ in order to compete with other types of less healthy snacks.

SnackFruit Australia is not a brand as such, but rather a promotional vehicle for fresh fruit. The marketing is done by the individual member groups. SnackFruit Australia assists these groups to develop marketing strategies and coordinate programs with each other so that unnecessary overlap and confusion is avoided.

SnackFruit Australia is also working with Australia United Fresh Fruit & Vegetable Association Ltd (AUF), a ‘whole of value chain’ industry organisation modelled on the American United Fresh program. AUF had taken up the ‘healthy eating’ cause in the 1980s, and worked with schools to promote increased fruit and vegetable consumption through a ‘5-a-day’ promotional program. Unfortunately this earlier attempt failed to get the funds to back the program, but has continued to support its members’ involvement in these programs.

Similarly, SnackFruit Australia works closely with Horticulture Australia Ltd, a national industry service organisation currently involved in expanding the WA Health Department’s program ‘go for 2 + 5’ to the national arena.

The group has also helped form state ‘healthy eating’ coalitions of fruit and vegetable producer associations and government agencies and health NGOs.

13.2 Getting started

Development of the alliance took approximately 12 months, but some prior work had taken place which had led to the ‘SnackFruit 99’ Conference, held in July that year in Canberra.

Early champions of the program include Bill Hatton, the chair of the then National stonefruit organisation (Australian Fresh Stonefruit Growers Association Inc – now SummerFruit Australia Ltd), who is the inaugural President of SnackFruit Australia. Former stonefruit industry development officer (IDO) Peter McFarlane was also very influential in the development of the SnackFruit alliance, and is currently its CEO.

The development of the alliance was discussed at the ‘SnackFruit 99’ Conference. At that time the concept was backed by the then Deciduous Fruit Australia Association which formed in February 1999, comprising tree fruit organisations including pome fruit (apples and pears), cherries, nashi fruit, summerfruit (peaches, nectarines, etc), plus the canning fruit growers. (The canning fruit growers later dropped out of the alliance because they were not considered a ‘fresh fruit’). The alliance subsequently expanded its membership to become SnackFruit Australia Inc during 2000 (see section 13.4 below for a list of members at the time of interviews).

13.3 Developing the brand

Dr Rosemary Stanton stated that there was a need for more promotion of fresh fruit, and suggested that the convenience factor of fresh fruit was an issue that could be promoted along with the nutritional value. There seemed to be no lacking of fresh fruit consumption among primary school children, but that once the children became teenagers, this dropped in favour of processed ‘snack foods’ (the convenience factor hit home), and that this set the pattern of consumption for the rest of their lives.

An industry alliance was formed to establish the brand concept. There is a committee in charge of development of the overall marketing direction for the SnackFruit concept.

Funding for SnackFruit Australia activities comes from conference profits (conferences are held every two to three years); however, it is possible to call on membership for additional funds if required for specific initiatives.

13.4 Products and businesses involved

The following 10 tropical, sub-tropical and temperate fresh fruit industry organisations are involved in the SnackFruit alliance:

- Apple & Pear Australia Ltd.
- Cherry Growers of Australia Inc.
- Australian Nashi Growers’ Association Inc.
- Australian Rubus Growers’ Association Inc.
- Australian Blueberry Growers’ Association Inc.
- Australian Mango Industry Association Ltd.
- Australian Avocado Growers’ Federation Inc.
- Australian Banana Growers’ Council Inc.
- Australian Passionfruit Industry Association Inc.
- Low Chill Australia Inc (stonefruit: early season nectarine and peach)

Interviewees were asked how many different organisations would be needed to sustain the alliance. Interviewees were not sure of what might be the minimum number of organisations (and thus fruit types) needed, but did stress that the group need to maintain continuity of product supply. It was suggested that at a minimum, 2–3 organisations, and several lines of products would still work. Interviewers also suggested that the group would still grow even if there are only a few member organisations.

13.5 Marketing

While the SnackFruit marketing concept is somewhat targeted at children ‘lunchbox marketing’, marketing is also aimed at parents who provide the snacks. For example, the SA Fruit and Vegetable Coalition campaigns are targeted at the early childhood/preschool (and their mothers, day care carers, doctors, nurses etc. – people who come into contact with mothers and young children). Another market segment that has been identified is that of schools and school-age children; sport and recreation and arts groups. The teenage market is another group, but it was felt that this was a more difficult category to persuade. Promotion of healthier food choices at public events has been conducted. Another group is the aged and/or institutionalised consumers.

A further form of differentiation is that of seasonal variation. The SA Fruit and Vegetable Coalition ensures that seasons are differentiated by different marketing, with fruit broken up according to time of year. Campaigns highlight fruit and vegetables in season and their attributes.

The key idea behind the range of SnackFruit promotions is that these foods are fun to consume, fresh, convenient, healthy and tasty. Flavour and texture, feel-good things about fruit are promoted, as are images of exotic, smooth, luscious fruit. Overall, the fun aspect is probably the defining feature of any campaigns, and is reflected in other fruit marketing programs. For example, an initiative of the Melbourne SummerFruit Marketing Committee, 'Gone Fruities', is a pantomime group that performs in shopping centres and other places where children, and those buying snacks, are likely to be. The current 'go for 2 + 5' advertisements also use fun to promote eating two pieces of fruit and five serves of vegetables every day.

The image that is promoted is designed to take on the 'junk food' people at their own game. Marketing is really an attempt to highlight the effects of highly processed snack foods that are being consumed, and promote the positive effects of fresh fruit. Fresh produce sellers are trying to maintain or increase their market share. It was felt that there was a 'captive audience' in Australia, and the processed snack foods were capturing a greater and greater slice of the market.

Apart from distinguishing themselves from 'junk food' (fresh versus processed food) there is no real attempt to differentiate local from regional or imported fruit; the emphasis is on 'freshness'. It is hoped that as a quality parameter, freshness will be seen as being more likely in local rather than imported fruit and vegetables. However, in an effort to maintain supply throughout all 12 months, imports of mangoes, pears, cherries and stonefruit are used by retailers, and interviewees suggested that 'perhaps the Australian-grown is not necessarily the vital point – 'in-season' will distinguish what should be fresh'. Competition with imported products occurs only when they appear on the shelf at the same time (apples are the most common fruit to have this problem). Supermarkets state that 97% of their fresh produce is Australian grown. Consistency (of supply, taste and quality) are also important to a large extent.

Supermarkets generally take 60% or more of the domestic fresh produce market share, depending on the specific store requirements, with the remainder moving into speciality fruiterers and the food service sector. School canteens, chain stores, fruit markets/shops, central market authorities, agents and fruit transporters are also targeted in marketing. The group has also recognised that they need to explore dispensing machine marketing to compete with that sector of snack food sales.

Produce prices are negotiated between wholesale agents and peak customers (supermarkets), with no involvement of SnackFruit Australia. 'Specials' may be offered in times of high supply flows in order to keep stock moving.

SnackFruit member groups generally try not to overlap promotions to avoid consumer confusion. Another technique is to run competitions in schools, using posters and menus that promote fruit and vegetables. Opportunities for fruit wholesalers and growers to have fruit and vegetable outlets at community events are also exploited where possible.

13.6 Brand ownership structure (governance)

SnackFruit Australian Inc. does not have a brand per se. The name is owned by SnackFruit Australia Inc., an alliance of major growers' organisations, and as such is really owned by the members of those organisations. A committee, drawn from constituent member groups, oversees and coordinates development. Nominations are called for at the annual general meetings (for the executive positions). Representatives of all the member industry associations outlined above are involved.

An invitation to join the alliance is made through a direct approach to commodity association management committees. Membership is free, and accomplished by an exchange of letters.

Several commodity groups are not yet involved in the SnackFruit Alliance, including smaller tropical groups such as lychees, longans and custard apples, as well as the larger citrus and table grape groups. Citrus to some extent runs its own healthy eating programs supported by three state statutory bodies. Growcom (formerly the Queensland Fruit and Vegetable Growers Association) also works with some of the tropical fruit groups.

Members also receive support through Horticulture Australia Ltd and Departments of Primary Industries. SnackFruit Australia does not provide specific training programs, but provides general information on international, national and regional events and activities via newsletters, electronic mail and through conferences.

13.7 Reflections

By forming this alliance, the group has gained promotion ability and a stronger voice with government, and it has now become ‘easy to get through the door because they represent a critical mass’. SnackFruit Australian is now looking at extending the alliance to other groups.

The alliance is currently supporting a number of regional initiatives, but allows for regional branding and co-branding to occur (for example, co-branding with the ‘go for 2+5’ program). Local produce in season is promoted, which enables some strong regional branding to occur, for example, Riverland, Goulburn Valley and similar.

In terms of value to individual producers, the fact that supermarkets no longer want to have individual grower brands on fruit boxes highlights the importance of industry promotional programs outside of what the supermarket chains may do.

The alliance has learnt from others; for example, examining the South African and NZ models of deciduous fruit alliances has allowed the group to grow naturally from alliances with members, changing to meet different circumstances as required.

Funding is the major problem. Traditionally, the fresh produce industries under-invest in promotional activities. It can be difficult to gain agreement among the members about which particular product should be supported at any particular time.

A further challenge is that SnackFruit Australia is only a loose strategic alliance and therefore could have groups choosing not to join or withdrawing if and when they want. In part, this was attributed to the geographical divide between member organisations, with some groups having a northern focus and others a southern one – that is, a tropical/temperate divide.

A number of challenges for the Australian fruit industries have also been identified. Maintaining the correct ‘cool chain’ handling and meeting interstate certification assurance (affecting fruit from New South Wales and Queensland into Victoria and South Australia) have been difficulties faced. While the distribution system is reasonably effective in major metropolitan areas, a significant problem is the supply of quality produce to more remote areas.

13.8 Role of government (national, state and local)

Major roles for government are seen to be in the initial support and set-up of marketing groups. Potential or actual roles were seen for governments in the areas of supporting a ‘single desk’ marketing approach. It was believed that there was a need for a full-time paid officer to develop such marketing alliances and that government certainly had a role in the resourcing of such officers. Finally, the comment was made that ‘government agencies may not always be useful in what they have to offer’.

13.9 Future prospects

Innovative marketing techniques are being explored. Based on New Zealand experiences, it was believed that there is potential to develop a mail order marketing mechanism to reach more customers, although transport logistics are a major issue in Australia. Vending machines are also a potential fresh produce delivery mechanism, really challenging the 'junk food' dispensing convenience factor.

It is possible that SnackFruit Australia may form alliances with or become a marketing division of other organisations, with a bigger budget and its own promotional programs (i.e. the option of becoming a brand rather than an organisation), or it could continue as a stand alone group.

Case references:

<http://www.snackfruit.comn.au>

Acknowledgments

Phillip Wilk (NSW DPI) and Peter McFarlane (SnackFruit Australia Inc.) provided information in interviews.

14. Summary, conclusion and recommendations

By Maria Fay Rola-Rubzen and Christine Storer

14.1 Summary of findings and conclusions

The main objectives of the study were to explore the issue of branding and branding appellation, examine existing regional brands and/or strategic alliances in order to establish key features of a potential 'desert brand' for products and services from desert Australia and to identify critical features of regional branding programs that may be used to develop a suitable Australian desert brand program. The study also aimed to explore how branding is applied to products from a defined geographical region (appellation) and with particular environmental and socio-cultural attributes.

This chapter is devoted to the findings, conclusions and implications of the study. First, a summary of the main findings and conclusions is presented. This is followed by a discussion of the implications for desert branding. Given the scoping nature of the study, a number of issues have come to light in terms of the implications for desert branding. These are outlined in this chapter. Finally the chapter concludes with some recommendations and areas for future research.

14.1.1 Importance of branding appellation

One of the main questions considered in this research was the importance of branding or branding appellation. This question can be answered by the literature reviewed as well as by the experiences of the case studies examined with regards to branding. It is clear from the desktop study that branding has become important in the current economic and business climate. The many challenges faced in today's market environment mean that businesses should be competitive and think of strategies to get a foothold in the market as well as to improve market share. One strategy used by companies is creating strong brands.

As the desktop study showed, branding is a way of providing a strong identity as well as a 'shorthand' summary of the information the consumer holds about the brand. Branding can allow businesses to differentiate their service or product offerings from competitors and highlight the unique features of the business or the product. As shown in the literature review, a powerful brand can be a source of wealth for a company. Branding can also encourage consumer loyalty, as in the case of Fairtrade, Robins Foods, OBE Beef and other case studies. This is because often consumers identify with brands that reflect their personal values. Businesses can use branding as a point of marketing advantage. As pointed by Aaker (1996), a company's brand can be a primary source of its competitive advantage and a valuable strategic asset. This is strongly demonstrated in the Fairtrade case study where the Fairtrade Mark was used to expand the market, targeting consumers who support the cause of social justice through trade by ensuring that producers from developing countries get a fairtrade deal.

14.1.2 Importance of region or country of origin

In each of the cases, the question of how important region of origin was in the purchase decisions of customers and the end consumers was considered. Responses were different depending on the nature of the product as well as the customers and end consumers targeted. For all cases where product was sold overseas, the Australian country of origin was seen to be very important and used in marketing (e.g. Australian Pavilion, Taste Australia and Australian Specialty Cheese Exporters). The region of origin within Australia was seen by some to be of lesser importance for overseas customers. However, some commented that it may be used in marketing as providing a point of difference. Some were

concerned that it may be potentially confusing for overseas consumers who may not be familiar with the characteristics of each region. From this it may be concluded that regional appellation marketing may be more appropriate for domestic Australian consumers and those familiar with regions of Australia.

There was some support for using a region in marketing some categories of products and to some customers/consumers who may place importance on region of origin. There was strong support for regional marketing of Aboriginal artefacts as their strong 'sense of place' attributes are a key feature of the artefact. Aboriginal art works may be of greater interest if they relate to a region where the purchaser lives or has visited. Similarly, tourism products would be more relevant if they relate to the region visited. Perishable produce may be of more interest if grown locally as it may be fresher and have travelled fewer 'food miles' (e.g. Gippsland is known for producing good quality food and is close to Melbourne). Organic Monitor director Amarjit Sahota suggested that Europeans buy from supermarkets for convenience but those who buy from smaller independent retailers look for provenance or region of origin (Food & Drink Europe.com 2005). Obviously, the locally grown product would need to be priced competitively with produce imported from other regions unless it had other attributes sought by consumers. A region may be seen as being significant; for example, the Pacific Coast Eco banana is being produced using ecologically sustainable farming methods that help look after a world heritage area. Depending on the nature of the customer, a retailer may want to differentiate itself from large national or multinational chains by stocking greater quantities of local products. Some customers may place emphasis on their social responsibilities to the local Aboriginal and Torres Strait Islander communities, for example, with the Coles Indigenous Food Fund. From these examples it may be concluded that using the desert region as a basis for branding may be appropriate for niche markets where region of origin is important to consumers. **Some products and services that may be suited to a desert brand could include Aboriginal artefacts, tourist products and services, bush foods, locally grown perishable produce and sustainable production technologies in fragile environments.**

14.1.3 On desert branding

The people interviewed in the case studies did not provide unanimous support for a desert brand for products and services from the desert region of Australia. This is probably because most of them are not desert-based or have no direct stake in desert businesses. However, lessons can be drawn from the experience of the case studies with regards to branding. In general, it appears that branding has brought about some degree of competitive advantages to the case study businesses. Moreover, forming alliances (either based on geography or the nature of the product (e.g. organic) also has some advantages, particularly in cost efficiencies and cost savings in marketing the produce of the members of the alliance and in the certification processes. Branding alliances can allow partners to form a critical mass, allowing for stronger drawing power, greater efficiency and effectiveness in marketing activities and development of a shared identity based on cultural, social and environmental characteristics and goals shared by the partners. Depending on the nature of the partnership, it may also increase efficiency in the use of resources.

14.1.4 Governance

A key finding from the case studies was the way micro and small businesses were working together to resolve some of the issues in being isolated from major markets. A number of different methods were used to gain access to markets in an efficient and effective manner using the experiences of a group of organisations. Some cases were based on informal loose associations of organisations working together on short- or long-term objectives. Others were based on formal groups with registered brands owned by incorporated companies or associations. Brands were used for a single product category, a family of related products or as an umbrella in addition to product brands.

Single product brands were used for all the produce in a category when groups of primary producers cooperated to provide consistent products in sufficient quantities (e.g. Gipps Beef, Enviromeat, OBE Beef, Pacific Coast Eco Bananas). This was an example of formal horizontal coordination to gain or maintain access to markets in an efficient manner. While the product brands were based on producers being located in a geographical region, not all product brands were marketed strongly based on the region of origin.

The family brand Outback Spirit was used for a range of food products manufactured by Robins Foods based on native foods sourced through the Indigenous Australian Foods (IAF) group. In addition, food produced in association with Aboriginal communities was able to be endorsed with an Indigenous Australian Foods logo. As IAF provide horizontal coordination of native food suppliers, this is an example of both horizontal and vertical coordination in the chain. The case was of particular interest in the way Aboriginal stakeholders gained equity in an industry based on their traditional knowledge while being free to determine the extent of their involvement in related businesses.

Umbrella brands were used to promote products from Australia as well as produce from developing countries. The brands of the individual products were retained with the umbrella brand being added to gain access to distant markets. Umbrella brand case studies included those for Australian products (Australian Pavilion, Taste Australia, Dairy Marketing International) and produce from developing countries (Fairtrade). The umbrella brands were another example of both horizontal and vertical coordination in the chain.

Other groups did not have a formal brand as such and were formed to provide support for each other. Some were marketing alliance groups or industry organisations that worked together to promote and support organic products (Australian Organics Institute) and Aboriginal art (Desart). Others got together to support the businesses through networking (Gold Coast Food Forum) and coordinating marketing campaigns (SnackFruit Australia). These groups varied from incorporated associations, such as Desart, with membership fees and long-term objects to loose groups of organisations where members were free to come and go (SnackFruit Australia).

Cooperative arrangements with other businesses may be of interest to businesses in desert regions if they are concerned with issues such as access to distant markets, efficient logistics, storage and handling, training, information technology support, quality assurance and standards and marketing. Suggestions on how others have dealt with these issues can be found in the case studies. More detailed information may need to be sourced from the case study organisations themselves.

14.1.5 Assistance for regional businesses

From the case studies there were examples of groups using regions and Australian origin as a basis for marketing. Businesses looking to use region of origin as a point of difference for their products can get support to do so from some of the case study businesses. Those in the native foods industry can link into the Indigenous Australian Foods Ltd chain to supply domestic Australian and overseas markets. Aboriginal artists can get support from Desart (or similar organisations for non-desert regions). Businesses producing organic produce can join the Australian Organics Institute or OBE Beef. Food processors wanting to access export markets can link up with Bemco, Australian Specialty Cheese Exporters, OBE Beef, Gold Coast Food Forum or Australian Organics Institute. Examples of best practice Aboriginal art and craft centres can be found in *The Art and Craft Centre Story Volume Three – Good Stories From Out Bush* by Wright (2000). No cases were examined that provided support or coordination for those in the tourism industry nor those supplying fresh produce to local markets (e.g. farmers markets).

14.1.6 Challenges and critical success factors

Perhaps some of the biggest challenges faced by the case studies were the time and resources needed to set up the groups. A champion was needed to drive the initiative and provide a vision of what was to be achieved. In addition, succession plans were needed in case the champion could not continue, as well as to spread the work load as the group expanded. In essence, capacity needed to be built in the group to maintain the sense of identity and purpose.

In getting started, the group needed to determine the market targeted and the purpose of the group. A clear vision and purpose for the group was needed. These decisions then defined who should be involved. A process was required to define who was in or out of the group and how to validate claims made to ensure they were credible (e.g. organic, environmental management systems, Aboriginal art, fairtrade practices). When these were finalised, often groups set up incorporated companies or associations with rules for formal meetings, memberships and other operational matters.

In many instances there were benefits from the group activities to the general public, such as consumers and new entrants to the industry. This would seem to indicate that there is a role for government in supporting groups.

14.1.7 Role of government

While the case of Fairtrade showed that an alliance and branding can be done without government intervention, most case studies agreed there was a strong role for government in assisting the establishment of new and emerging industries and the organisations that support such industries (e.g. organic, environmental management systems, native foods, Aboriginal art). In addition, there was a role for government to provide additional support for groups assisting remote and regional businesses. Such government support may be in the form of providing:

1. assistance in start up
2. information and data
3. endorsement and recognition to give credibility (e.g. organic or environmental management systems)
4. marketing of new industry products or those with a public benefit (e.g. health benefits of eating fresh fruit)
5. ongoing assistance with training and support
6. support for new technologies.

14.2 Implications for desert branding

If there is interest in setting up a desert brand it is recommended that the businesses in the desert regions are presented with details of the case studies researched. Information could be presented to businesses interested in branding based on region of origin or working with other businesses in the region. In setting up a desert brand it is important to note the advantages and disadvantages of doing so. Randall (2001) offers five functions of branding: to provide identity, to provide a shorthand summary of the information the consumer holds about the brand, to provide security (i.e. buying a familiar brand should be reassuring to the consumer), to differentiate the brand from its competitors and highlight its uniqueness, and to provide added value. In short, brands encourage loyalty. However, as a brand name allows consumers to identify the manufacturer, it also allows them to punish the manufacturers should the product fail expectations. Therefore, there is the potential of one supplier in a group to adversely affect all the others in the group. This underscores the importance of setting up a group with a strong vision and clear quality characteristics, as well as a clear and strong governance process. Ongoing management and marketing would be needed to ensure the image of the brand is maintained. In order to

maintain credibility/integrity of the brand it would be preferable to have quality assurance systems (and environmental management systems in the case of environment sustainability issues) that are audited for compliance by an independent third party.

The desert brand would need to have well-defined properties that would be relevant and valued by consumers. Consumers would need to know of the region and understand its significance. All of the products or services associated with the brand would need to complement each other and have a consistent image. Further research would be needed to determine what attributes of the desert would be of most significance to consumers in the markets targeted. If there was interest in food tourism, further general research would need to be done in this area as it was not covered in the case studies.

The objectives and composition of the group will affect which type of business model may be suitable. Based on the desert branding case studies it may be an umbrella brand, a product brand or a more loose marketing alliance or industry association. Key aspects that may be of interest in each of the case studies is summarised in Table 1.

Table 1: Summary of case studies and their characteristics

Issues	Gippsland Natural	Enviro Meat	Pacific Coast Eco Banana	OBE Beef	Indigenous Australian Foods/Outback Spirit	Australian Pavilion/Taste Australia	Dairy Marketing International	Fairtrade/Oxfam	Desert	Australian Organics Institute	Gold Coast Food Forum	Snack Fruit Australia
Horizontal industry coordination	☒	☒	☒	☒	☒				☒	☒	☒	☒
Vertical chain coordination					☒	☒	☒	☒				
Marketing coordination	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒		☒
Market access support	☒	☒	☒	☒	☒	☒	☒	☒				
International market access support				☒	☒	☒	☒	☒				
Information technology hardware and software support									☒			
Training support									☒			
Business development support					☒							
Small business stakeholder equity in a developing industry					☒							
Aboriginal enterprise					☒			☒	☒			
Quality assurance systems	☒	☒	☒	☒				☒				
Organic production systems				☒						☒		
Environment management systems		☒	☒									

14.3 Recommendations for future research

It is recommended in the first instance that a workshop or series of workshops or meetings with various stakeholders be held to gauge interest and ascertain whether there is support for desert branding. The results of this study should be presented to them for background information.

If there is support for a desert brand, then a steering committee should be formed to move the branding initiative further. Market research might be required to answer these questions. Some of the issues that need to be considered either in the workshops or in future research are:

1. Is there support for a desert brand among stakeholders, including desert business, producers in desert regions, governments (federal, state and local) and communities? What model should be used? This requires stakeholder consultation before it should be progressed.
2. If there is support for desert branding, what brand name or symbol will be used? As noted in this study, the brand name plays a dual role: for identification and for differentiation. It should provide a unique point of differentiation. This will require stakeholder consultation and/or market research.
3. Is there support for greater coordination of organisational and market strategies or for joint branding or marketing alliance? If so, what institutional structure is preferred by the stakeholders?
4. Are there synergies that can be exploited with existing businesses or entities (e.g. Robins Foods, Fairtrade) to link producers in the chain?

If a regional branding alliance (based on the desert as a region) will be pursued, how will the issue of certification be handled and who will be responsible for certification? The Fairtrade case study presents an excellent model of standards setting, certification, monitoring and auditing. Will such a model be feasible for desert businesses? Or are other umbrella brands such as the Australian Specialty Cheese Exporters and Australian Pavilion and Taste Australia umbrella models the preferred option for stakeholders? Which is a more suitable model for desert businesses? A more in-depth study is required in this regard.

Apart from the stakeholders (Aboriginal and non-Aboriginal businesses; federal, state and local governments; DKCRC and partners; producers; traders; wholesalers; retailers, etc.) participants in the workshop should include labelling organisations so they could provide some insights to the procedural aspects of labelling and certification.

14.4 Concluding remarks

Even though the people interviewed in the case studies did not provide unanimous support for a desert brand for products and services from the desert region of Australia, this is probably because most of them are not desert based. However, the case studies generally show that branding brings about some competitive advantages to the businesses. A desert brand would likely be beneficial for desert businesses because it can be used to create a distinct identity – that of desert businesses – a potential source of competitive barriers. Furthermore, a clear and unique brand will add consumer value by helping customers interpret information, and the ability to connect to the image a desert brand represents. Moreover, forming branding alliances appears to have several advantages, particularly in cost efficiencies and cost savings in marketing the produce of the members of the alliance and in the certifications processes.

It is noteworthy that all case studies benefited with branding, one way or another. The case studies also provided a number of lessons about developing small regional businesses. It was expected these lessons would be of interest to the DKCRC whether or not the desert brand concept progresses. The case studies provide examples of alternative governance structures to assist micro and small businesses to access larger national and international markets. They also present some examples of the challenges faced and critical success factors to survive and achieve goals. In addition, several of the cases may be

of interest as a source of support for new and existing desert-based businesses. Given that most cases saw a role for government in assisting the development of their industry sectors, the case studies may be useful starting points for further research in this area, as well as for developing aspects of research and development undertaken by the DKCRC.

These cases may also be useful in the future for small business research and development work such as for innovation, working with regional groups, business structures and governance, providing information technology support, training, marketing, and horizontal and vertical chain coordination.

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Food & Drink Europe.com. 2005. 'Supermarkets lose out to independent retailers in growing organic market, Retrieved 17 November 2005, Available [online]: <http://www.foodanddrinkeurope.com/news/printNewsBis.asp?id=63980>

Randall G. 2001. *Branding: A practical guide to planning your strategy*, Kogan Page Ltd, London.

Appendix 1: List of potential case studies on branding

A. Australian national brands

Food and Beverage

- BEMCO – Australian Pavilion and Taste Australia
- Australian Fresh
- Margaret River Wines
- [Kangaroo Island Shop](#)
- Dairy Marketing Inc.

Aboriginal products and product distribution

- Robins Food
- Indigenous Australian Food
- Outback Spirit Australia
- Desert

Mixed product/regional branding

- Heartlands Country
- Northern Rivers Tropical
- Great Southern Brand
- National Heart Foundation Tick
- WA Birthmark
- Albury-Wodonga Beautifully Placed

B. International brands

- Rainforest Alliance
- Wild Life Alliance
- WWF
- Oxfam/One Village
- Fairtrade
- Provence (in France)
- Maritimes (Canada)
- Marine Stewardship Council
- Forest Stewardship Council

Appendix 2: Guide questions/Issues for case studies

Background

- History of brand development and motivational catalysts involved
- What are the products and businesses involved?
- What was the process of brand alliance development?
- Criteria used for inclusion and exclusion of products and businesses in the brand
- How long did the process take?
- What does the brand evoke to customers (current and new)?
- What questions arise in relation to brand differences?

Marketing

- What distribution systems were used?
- Who were the consumers targeted?
- Were customers segmented? What was the basis of segmentation?
- What promotion and advertising strategies were used?
- What were the pricing and costing strategies?
- What was the main selling point of the brand alliance?
- How was this strength exploited in marketing?

Brand ownership structure

- Who owns the 'brand' (governance)?
 - Need an entity to establish and administer the brand
 - Who's in and who's out of the club? Rules of association
- How many different brands are needed to sustain the alliance?
- Should there be a meta-brand/parent brand/umbrella brand?
- Process for determining umbrella brand
- Company/family name or different brands for different products
- What products/services are or should be associated with the brand?
- How important is region of origin in purchase decisions?

Brand management

- Brand management funding
- Financial and marketing strategy development
- What products and businesses are to be involved?
- What are the in/out criteria for products and businesses?
- Quality assurance? Standards Australia

Governance structures and processes (including auditing, reporting and accreditation)

- How to facilitate industrial partners interested in branding?
- What is the management and administration structure?
- Appropriate internal and external auditing and reporting
- Accreditation of procedures
- Training and support for participants
- Who funds brand management?
- Who develops financial and marketing strategies/business plan?

Others

- What processes facilitate or hinder development?
- What is the role of the government/state?
- What are the advantages of branding alliance?
- What are the disadvantages and the challenges?
- How do you see the future of the alliance?

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