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Five lessons for marketing sustainability

U.S.-based Food Alliance has spent the past 10 years helping farmers and ranchers market sustainable products. Here's what they've learned.

As many producers who follow the latest trends know, "sustainability" has become a buzzword in the world of agriculture. What's not so clear is what it means from a marketing perspective.

In many ways, the Oregon-based Food Alliance has made it its business to answer that question. Founded in 1998, the non-profit organization has built a sophisticated third-party verification system that certifies farmers, ranchers, food processors and distributors based on their adherence to specific standards of environmental stewardship, food safety, animal welfare and working conditions. So far, over 300 operations throughout the U.S., Canada and Mexico have become certified through the Food Alliance system.



Matthew Buck, Food Alliance assistant director

The Food Alliance success story has proven that there are definitely market opportunities for sustainable agriculture, says Food Alliance assistant director Matthew Buck, who spoke in Alberta recently as a guest of the Alberta Environmental Farm Plan Company. However, Buck cautions that producers have to be proactive to take advantage of the growing market for sustainable products.

"The market is moving to sustainability. But there are two ways it can happen: top-down or bottom-up. If retailers set the standards and drive the change, producers are not going to benefit. The real opportunity is for producers to own this idea of sustainability and use it to build strong brands and differentiate and add value to products. Certification can help you do that."

From Food Alliance's experience, here are five lessons Buck has identified for producers considering opportunities in marketing sustainability.

1. Certification verifies and substantiates marketing claims. "Tell consumers a story and be specific. There is nothing less credible than saying, 'I'm sustainable, I'm socially and environmentally responsible' without giving enough information to explain and substantiate those statements," says Buck. "But you want those marketing claims to be associated with you, your brand, your product. Use certification as your proof point to build consumer trust and confidence."

That's why Food Alliance uses a third-party system to certify its participants. Buck explains that third-party certification is quickly being recognized as the system that provides the best assurance that standards have been met, says Buck. With first-party claims, marketers essentially give consumers their word that what they're saying is true. Second-party claims are often based on adherence to internal standards such as those set by a commodity organization for its members but usually don't have any independent verification.

Both can be perfectly valid, says Buck, but they can lose meaning depending on the distance between the producer and the consumer. That's why Food Alliance adds an extra level of transparency by outsourcing the actual certification process, leaving the organization itself to dedicate its energies to marketing and brand development. "It reduces the risk of conflict of interest," says Buck.

2. Certification is not a better mousetrap. Certification is a tool that supports your brand and your marketing and sales strategy, says Buck. Most of the early eco-labels were driven by environmental groups that guaranteed farmers that their label would deliver a price premium, he says. Many early adopters found that wasn't true.

For Food Alliance, the lesson was that value-added marketing takes more than a label it requires the development of a brand and close attention to quality to create a premium product that commands a premium price. "No certifier can guarantee a market or a price premium," says Buck. "There are people who capture markets and get premiums using certification, but they earn it because of the quality of their product, the level of service, and the relationships they have with their customers."

3. People buy products – not labels. Labels may give consumers the incentive to try a product, says Buck, but if it doesn't meet their expectations, it's not enough to keep them buying.

"As a value-added, differentiated product, there are some things it must have. It must have quality - it must be as good as or better than the conventional alternative. It must be convenient – it must be available through channels that make sense to consumers. It doesn't have to be the cheapest product on the shelf,

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in fact as a differentiated product it shouldn't be. But price is a factor and the higher that price, the more people may opt out."

Once a product is competitive in quality, convenience and price, it can be differentiated through values such as health, authenticity, brand and label. "Think very carefully about what you expect your brand to do versus what you expect your label to do," says Buck. "You want consumer loyalty to be attached to your brand and you want that loyalty to be strong enough that consumers won't sacrifice you for a nickel less a pound. If that loyalty is only to the label, it's a road back to commodity."

4. Certification is not for everyone. This is particularly true for smaller-scale operations and direct marketers who already have contact with the consumer, says Buck. "I would argue that, because of the cost and administrative burden involved in certification, anyone grossing less than \$100,000 a year should be thinking really carefully about whether they will get enough value to make it worthwhile."

5. Certification is not just about price premiums. The benefits of certification go beyond price premiums, says Buck – certification can play a role in managing environmental and regulatory risks and improving community relations as well. "Think about it holistically and in terms of your whole business, not just in terms of marketing. If you are going to go through the process of certification and review your management practices and outcomes, how can that help you improve your operation?"

The Environmental Farm Plan connection

Buck was brought to Canada as part of the annual general meeting of the Alberta Environmental Farm Plan Company, which delivers the Environmental Farm Plan program in Alberta. Since the program's introduction in 2002, the Environmental Farm Plan program has been a driver for producers making environmental improvements on their farms and ranches. Completing an Environmental Farm Plan can act as a critical first step for industry in branding efforts based on sustainable practices.

For more information on the Environmental Farm Plan program, visit www.AlbertaEFP.com or call the toll-free line in Alberta at 1-866-844-2337.

Some Food Alliance success stories

Some examples of operations that have benefited from the Food Alliance's sustainability-based, third-party verification system

Burgerville. A northwestern U.S.-based fast food restaurant chain, Burgerville has sought to differentiate itself from its competition by exclusively using antibiotic-free beef. Food Alliance assistant director Matthew Buck says the chain's decision to use Country Natural Beef, a Food Alliance-certified brand, saw its sales immediately jump 17 percent.

Prairie Heritage Beef Producers. A conglomerate of Western Canadian cattle producers marketing "natural" beef produced without antibiotics, growth hormones, or animal by-products, Prairie Heritage Beef Producers is currently undergoing the Food Alliance certification process. This and other similar efforts have attracted the interest of regional clients, says Buck.

Berry Good School. In addition to its environmental, food and animal welfare standards, the Food Alliance process carries a social good component as well. In the case of Washington-state based berry farmers Mike and Jean Youngquist, setting up a daycare program for the children of the migrant workers that work on their farm helped ensure labour supply and provide community leadership.

For more information on the Food Alliance, visit their Web site at www.foodalliance.org.

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