

## **Marketing Landcare Farming – will the consumer pay for environmental management?**

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### **Introduction:**

Today, Australia is the most urbanized country in the world, with 58% of its population concentrated in five large cities (Diamond J, 2005). Diamond claims that most Australians don’t depend on or really live in the Australian Environment. They live instead in those five big cities that are connected to the outside world rather than the Australian landscape.

Will the consumer pay for better environmental management? Do they understand what is involved in producing food, and the associated environmental impacts? With such a strong disconnect to the landscape the challenge to market eco-products appears to be greater in Australia than Europe or America.

A group of producers in Gippsland have been keen to explore these questions and market grass-fed beef, raised in a natural environment from farms managed with a Landcare ethic. To do this we have been involved with developing an environmental management system (EMS) for beef and sheep properties as part of the Gippsland Beef and Lamb EMS project. The Gippsland EMS project has encouraged farmers to implement EMS on their farms as part of a broader management plan.

The process requires farmers to identify, assess and document environmental risks, and to continually improve their management of those risks. This has led to positive environmental outcomes as farmers strive to manage their environmental risks in line with regional NRM targets.

Many of the farmers who have participated in the project are proving to be champions of environmental management and EMS, and are inspiring producers in all areas of agriculture to consider using EMS as both a management and marketing tool.

Producers involved in the system are marketing their product as “Enviomeat” as a niche eco-product, targeting the “green consumer”. Market research shows that there are few options for consumers interested in the environmental impacts of farming other than buying “organic” meat. This paper describes our journey and the environmental and marketing outcomes.

### **Our experience with marketing meat:**

In 1999 a group of Gippsland beef farmers formed an alliance to promote and market top quality Gippsland beef. Research had revealed that consumers were seeking meat grown as naturally and humanely as possible, but were not prepared to sacrifice quality. The product we developed was underpinned by Meat Standards Australia quality system.

We began to explore other market opportunities. Aware of the growing trend towards organic food, we explored ways to capitalize on the natural conditions enjoyed by our own cattle. Coincidentally, MLA was looking for producer groups to closely examine the application of Environmental Management Systems (EMS) within the grazing industry. This offered us a new opportunity - the creation of another niche product underpinned by both an EMS *and* our quality guarantee.

Development of a sustainable EMS for beef producers began in 2000, looking at a range of issues including biodiversity, water catchment, erosion, chemical usage and waste disposal. Within two years, an EMS giving producers the tools to assess and manage environmental risks within a broader business plan had emerged. This was done as part of an MLA pilot.

Subsequently, The Department of Agriculture Forestry and Fisheries EMS Pilot project provided us with the opportunity to develop and promote the system and a 'whole farm and catchment' approach that would help farmers minimise the environmental impacts of meat production, produce a quality product and make good business and environmental decisions.

### **Why EMS and ISO 14001**

The farmer group's objective was to devise a process for documenting the ways in which producers care for the environment, in order to support the marketing of their product(s). ISO 14001 was selected as the appropriate compliance standard given its focus on environmental management, scope for flexibility and international recognition.

Put broadly, the goal of ISO 14001 is to improve environmental performance by establishing an objective, verifiable system of environmental management. The system begins with an analysis of the organisation's environmental risks, and focuses on controlling those risks within a business framework. The local and global restraints on human enterprise must be taken into account. Significantly, ISO 14001 is about management systems rather than the details of any specific product.

We have worked closely with the West Gippsland Catchment Management Authority to ensure that producers have a good understanding of local environmental goals. With the CMA, we also developed criteria for **Enviromeat** to ensure that it is truly environmentally sound (or "green"). As a result we have biodiversity and water quality in as requirements. These are key issues in Gippsland and we are keen to see that our farmers not only have a system in place, but are working on environmental issues that are important to the region.

Thus to supply **Enviromeat** farmers need an externally audited EMS that has been developed to be compliant with ISO 14001 as well as the additional requirements of:

- Meat Standards Australia training to enable producers to meet grading requirements for a tender product
- use no hormonal growth promotants;
- free range system so cattle have access to grass at all times;
- procedures and Monitoring for Biodiversity and Water Quality Management; and

- Environmental Best Management Practice, including monitoring, for grazing, soil and fertiliser, weeds and pests, and chemical use.

Gleeson et al. observe that “Producers want to express their interest in managing their land in an environmentally beneficial manner and the broader community wishes to express its desire for land to be managed sustainably; a system for certifying land management is the linking mechanism.” We have developed a system we feel is credible but it would be better to have a national system that was supported to avoid confusion with consumers as more products come onto the market.

### **Marketing meat from EMS farms**

In promoting our products, we have focused on three main aspects:

- tenderness and quality (MSA underpins all we do and give the system integrity);
- benefits of grass fed natural beef , artificial hormone free; and
- environmental practices through the EMS process- (external auditing gives integrity to system, links with CMA ensure working on what is important).

With Enviomeat, our branded meat, we began selling at farmers’ markets where consumers have demonstrated a demand for quality food grown as naturally as possible. It was valuable to refine our marketing message and hear directly from the consumer what was important to them. We discovered at farmers markets that there was significant confusion about environmentally friendly products. There are strong perceptions that when you say you are environmentally friendly that you are organic. We realised we needed to be very clear in explaining our point of difference. As a result we changed our byline on the consumer flier from “Meat that tastes as nature intended” (a focus on quality) to “Caring for Land, Water and Wildlife” (a focus on environment).

The system used by the participant producers and the Gippsland EMS Head Office has now been externally audited four times by an SAI Global Environmental Auditor for compliance with ISO 14001 (three times as part of Gippsland EMS pilot and once as part of MLA pilot). The auditing process has been invaluable in helping the project team to continually improve the systems, processes and understanding of ISO 14001. The auditor has been impressed with the consistently high level of achievement, understanding, documentation and enthusiasm demonstrated by the project team and participants in the project.

We have also trained a local farmer that is on the board of the CMA in auditing so that he could conduct second-party peer audits, looking at both the system and compliance with our EMS. He also assesses and comments on the impact the farm is having on the Environment from a Catchment perspective. Farms that supply Enviomeat must be compliant with best management practices and be aligned with achieving the goals of the regional catchment strategy.

## Verifying Green claims:

A critical factor in the establishment of eco-brand is that the producers and system can verify their green claims.

We have aligned our system to EMS and ensured we use an independent external auditor to assess the system. We have linked to the CMA and trained people to conduct peer audits so they can assess actual environmental impacts and outcomes. We believe our EMS has already led to improvements in the management of the natural resources on farms, which benefit farmers, their neighbours and the community generally.

A study of the self- audits conducted in 2005 as part of the EMS process reveals that farmers' awareness of their environmental legislative requirements (such as chemical storage and weed control) has improved significantly as a result of implementing the EMS.

Farmers are also more aware of what they need to do to meet catchment targets for native vegetation cover and water quality. Many farmers are carrying out projects that have no direct economic return, such as fencing to protect remnant native vegetation.



**Photo: Assessing the value of existing biodiversity and managing appropriately is a critical part of our EMS process**

Of the farm enterprises in the Gippsland EMS:

- 58% were involved with the control and management of weeds such as blackberries and thistles and pest feral animals such as foxes;
- 42% fenced to exclude stock from waterways and gullies, to either prepare for planting, reduce erosion or to improve water quality;.
- 42% were in the process of revegetating parts of their properties with native species mostly to restore native habitat in areas that were degraded or destroyed;.
- 30% were fencing to protect remnant vegetation;
- 18% of actions to correct storage, management and the handling of chemicals;

- 18% carrying out a range of other environmental activities; and
- 46% were preparing to carry out other environmental activities.

### **We still have a lot to be achieved environmentally in Australia:**

Until about 20 years ago the Australian government not only subsidised land clearance but actually required it of lease holders. This has long since changed but Jared Diamond reports in his book “Collapse” that Australia still clears more native vegetation per year than any other first world country, and its clearance rates are exceeded in the world only by Brazil, Indonesia, the Congo and Bolivia. He also maintains that rotting and burning of the bulldozed vegetation contribute to Australia’s annual greenhouse gas emissions a gas quantity approximately equal to the country’s total motor vehicle emissions.

We have learnt from our mistakes and Landcare and other organisations such as Greening Australia have done a lot to reverse this trend. Sustainable land management practices such as fencing of remnants and streams; and minimum tillage in cropping areas is standard practice on many farms.

Creating our Future (2006) suggests a range of environmental and sustainability challenges in Australia such as:

- fourteen million hectares of land is at risk of developing salinity problems by 2050;
- growing demand for scarce water resources; and
- less than 30% of native vegetation remaining.

It is not about sustainability, we actually need to rectify the damage we have done through poor policy and advice. The 2006 report by the Agriculture and Food Policy Group makes some key suggestions to rectify these challenges.

As the general community becomes aware of Australia’s environmental issues, they often blame farmers, however it was often government policy that has caused the trend of over clearing, and overstocking. It is now Government policy to rectify these issues. Farmers are changing practices. However the public and consumer also need to take some responsibility for our environmental state and the rate of change.

### **Will the consumer pay for environmental management?**

Gleeson et al (2006) “Capturing market and other benefits from improved land management”, state that “there is a broadly based view that demand for environmentally labeled goods from retail consumers ( in Australia) will increase but the extent of this demand is uncertain.”

However, in a recent study by the agribusiness group from the Department of Primary Industries, 280 food industry stakeholders in 21 of Victoria’s major food markets were interviewed. The key finding was that price, quality and food safety are the key attributes of food for consumers and organisations. Also, consumers are more interested in product attributes that affect them directly. For example, food safety and

clean food rank highly overall while animal welfare and green food tended to rank relatively low in importance. Exceptions were noted where specific issues are seen to have the ability to reduce product quality- such as welfare issues of stress or level of nutrition.

This is why we see Meat Standards Australia and quality as so important. We must have top quality meat. We saw at the farmers markets people would buy Enviromeat as a trial, but they came back because of the quality of the product.

In considering the application of an EMS to our business, we researched the experience of Eco-bananas. This Queensland business has created a recognisable brand from an otherwise homogenous product, relying on its environmentally friendly production methods to distinguish its bananas from others in the market. They have an EMS in place and have been successful in achieving a premium over normal bananas. They have determined the cost of production and refuse to drop below that price.

Brand DNA (2005) report that shoppers do care for the environment, but it was a latent issue. They conclude that "Interest was there once the subject was raised suggesting that if awareness of environmental issues and sustainability were promoted within the marketplace it would be positively supported. The term "Environmental Management System" was foreign to shoppers, but when they understood what was involved they felt that it was important to have a system in place, and an associated certification or accreditation system to communicate that acceptable standards have been reached."

Most research does show that Green foods are not a primary priority for consumers in Australia. Yet when you see the growth of organic food world wide, coupled with the new cult of slow food we believe opportunities do exist. Thus, at present there is not a strong market for EMS product in Australia. It really is waiting to be created as eco bananas have done and we are attempting to do with Enviromeat. Consumers do want choice, and conventional farmers need to be proactive promoting that they are acting responsibly and are caring for land, livestock and wildlife whilst producing food.

In Europe consumer activism and boycotts has raised awareness of ethical and environmental issues. Thus the consumer is much more aware and active in purchasing choices. We have not had the activism and we have the bigger disconnect. The Australian public trusts our farmers and assume we are doing the right thing (Brand DNA).

The challenge in Australia is to overcome the disconnect between the city and food production and Agriculture. Significant education and marketing effort is needed to develop these new eco-products.

### **How we have tried to bridge the gap**

We have aimed to bring our farmers into the butcher's store. We realised we needed our farmers to tell their story. However, in selling through supermarkets where there is no face-to-face contact between customers and butchers, the story can only be told through the marketing material. In this situation producers must rely on labels and

perceptions to sell the product. We developed producer profiles that we have put up on our web site as well as putting them up in store when the farmer's meat is sold.



### **Label that goes on product**

We have had terrific publicity to date about our product, hitting the Age's Epicure twice! We plan to continue with a strategic publicity campaign to raise the profile of our brand for both consumers and retailers.

A strength of the project has been the grass roots credibility - farmers telling their story with back up from industry and government. The emergence of farmer champions for EMS has been a highlight, such as Bill Bray, President of Cattle Council and driver of the VFF EMS project and Bob and Anne Davie, who were recognised as Primary Producer of the year and are running for the national Landcare award. Farmers involved in the system have shared their EMS experiences with newer participants through workshop sessions and forums. Farmers link directly with retailers and customers at launches and training sessions.

### **The Ethical consumer or “power to the people”:**

The Ethical consumer (2005) describes the different types of ethical behaviour based on how the consumer is relating to or trying to influence the product or seller. These practices can be targeting products or companies. Key approaches are:

- boycotts, ( e.g. aerosols, timber from unsustainable forestry);
- positive buying, (e.g. Fair trade mark in Europe or Blue Angel eco-label in Germany);
- fully screened (comparative ethical ratings across a whole product area, e.g. the green guide);
- relationship purchasing ( consumers seek to educate sellers about their ethical needs);
- anti-consumerism or sustainable consumerism ( avoiding unsustainable products e.g. cars and DIY alternatives).

In Australia the key trends would appear to be positive buying with niche products like organic food. This may move from niche marketing to ecological mass marketing if supermarkets in Australia start to stock more organic product as has occurred in Europe. Sustainable consumerism and boycotts has also been obvious in Australia for some products such as Aerosols.

Rob Harrison suggests in the Ethical Consumer that there are seven external factors influencing consumers' behaviour. These are:

- the globalization of markets and the weakening of national governments;
- the rise of transnational corporations and brands;
- the rise of campaigning pressure groups;
- the social and environmental effects of technological advance;
- a shift in market power towards consumers;
- the effect of market campaigning; and
- the growth of a wider corporate responsibility movement.

I was delighted to hear a recent example of the power of consumer behavior in Ireland on a dairy chat site Vicdairy- L. The Irish dairy farmers were encouraging supermarkets to 'buy Irish' milk. "Around forty dairy farmers would randomly turn up at supermarkets; fill the bottom of their trolleys with frozen food, top that with heavy items and 1 milk container. At the checkout they would ask "Oh, isn't this milk from Ireland? Well, I'm not going to do my shopping here!" and walk off, leaving the staff to try and empty 40 odd trolleys before the frozen food melted! Funnily enough, the supermarket chain quoted soon saw the error of its ways."

The ethical consumer suggests that the majority of consumers' ethics does actually play a role in their purchasing choices, but their behavior does not conform with traditional forms of ethical consumption. Rather they engage in "ethical invisibles" such as shopping locally in support of their community, buying free range eggs or using the bus rather than driving.

Movements like the "slow food" have been valuable in raising awareness of how food is grown and encouraging people to consider more deeply their purchasing decisions.

### **Rewards to the farmer?**

It appears farmers are motivated by recognition, the opportunity to interact with like-minded producers and to broaden their thinking on how they manage the land. Our farmers are strongly motivated to be good environmental managers. The EMS provides a systematic process to plan and document procedures and actions, a way of prioritising and monitoring progress of any actions undertaken and a method for recognition of what they are doing.



**Photo: In the Gippsland EMS pilot, farmers get recognition through gate signs, and the ability to market their product as Enviromeat.**

Our farmers have reported 6-45% better prices as a result of selling through Enviromeat. One producer sent cattle to yards at same time as selling stock through Enviromeat. He recorded a 45% premium through selling through us. There are significant extra costs incurred by our farmers. These include environmental works, auditing costs and significant time in planning, acting and reporting. As a result it is critical that our farms do receive extra returns to maintain the system

We are charging 7-10% above market price for our product to retailers, who then must pass this onto their customers. This will only work with retailers that are interested in the environment and their customers are used to paying top price for their product. We need a niche.

**Costs to participate:**

Currently training and peer audit costs are covered by NLP and NHT funded projects. We have eight businesses training in 2006 and have interest in two courses for early 2007.

Entry to Enviromeat or Gippsland EMS is \$250 in year one.

Annual external auditing and membership costs:

\$550/business for non supplies and properties under 40 ha

\$700 /business for Enviromeat suppliers\*. These fees will be reviewed annually, and be kept down as far as possible.

\$50/body is kept to pay these fees. So farmers need to sell 14 bodies per year to cover the ongoing costs.

Our farmers receive a certificate for participating in training, completing the external audit successfully and as a supplier of Enviromeat. They receive a gate sign for being members of Enviromeat and/or the EMS cluster.

Gippsland Natural was a finalist in Food Victoria's, innovation awards in 2005 for the work have done with Meat quality and EMS. This external recognition is also important for moral of farmers and project officers to re-affirm the value of the process.



### **Making it happen:**

We have been fortunate to have the assistance of the funding for the pilot program. It has covered training and development and management of the system.

We have learnt a lot in the journey to improved environmental management and trying to market our management to consumers. I must thank Julie Williams from DPI who was our project manager for the Gippsland EMS project. She did an outstanding job on many fronts.

Also thanks to our key stakeholders who included Gippsland Natural, Federal and State governments, Meat and Livestock Australia, the West Gippsland Catchment Management Authority (CMA) and the many farmers.



Jenny and James O'Sullivan, Bob and Anne Davie, Terry Barlow (butcher) and Kate Roberts at Churchill Island farmers market selling Enviromeat.

### **Conclusion:**

There are currently limited opportunities in niche markets for eco-products in Australia. To expand these niches we must educate the Australian consumer about agriculture, food production and sustainable practices. Thus for eco-products to succeed they need to be supported by significant communication and marketing effort. This is required to raise awareness and inform the consumer. We have attempted to do this in developing our brand “Enviromeat”.

It is also critical that farmers can substantiate the claims they are making to ensure the integrity of the brand and the industry. We have linked to ISO 14001 and additional benchmarks to achieve catchment targets. A national scheme would eliminate many confusing and conflicting systems being developed.

The disconnect between country and city is a big challenge and all agricultural industries producing food should consider how they can provide linkages to the general population. A long-term strategy is needed to address the impact of reduced knowledge of food production and associated environmental issues brought about by the increasing urbanized population.

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