CASE STUDY

“MARKETING OF LOCAL ORGANIC, ARTISAN AND FARM FOOD” (ESTONIA)

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1 Introduction: What is the case study about?

CS explores marketing of local farm, artisan and organic food produced by small-scale producers/processors through the shop-in-shop approach (i.e. special areas for these products in big supermarket chains/shopping centres). CS investigates 2 shop-in-shop retailers – “Talu Toidab” (“Farm Feeds”, private limited company) and “Taluturg” (“Farm Market”, producers cooperative Taluturg and related NGO – Maitsev Lõuna-Eesti). There are no other such retailers in Estonia providing only local farm, artisan and organic products produced by small-scale producers using the same sale approach.

The main aim of this approach is to offer for local small-scale farm, artisan and organic producers marketing opportunities through mainstream marketing channels (big supermarket chains/shopping centres) which otherwise would not be possible at all or would be very difficult, and to make this quality food more easily available for consumers. Without marketing possibilities, many of them would have to quit farming/processing and move to towns and cities and this will have direct impact to rural vitality.

“Talu Toidab” has 15 special selling areas in supermarket chain Rimi in capital and biggest city Tallinn (423 420 inhabitants) and one in Kuressaare (13 000 inh.). “Taluturg” has selling areas in the second largest city Tartu (97 300 inh.) and the fourth largest city Pärnu (39 800 inh.) in shopping-centres of Astri, one of the biggest shopping centre groups in Estonia (Figure 1).

Figure 1: Location of shop-in-shop selling areas of “Talu Toidab”/“Taluturg”

The first selling area of “Talu Toidab” was opened in one of the Rimi supermarkets in 2011. At present, they offer products from 120 small-scale producers/processors from all over Estonia of which ca 60% are organic and others are artisan and/or farm products.
Another retailer, “Taluturg” was founded by NGO Maitsev Lõuna-Eesti (Delicious South-Estonia) established by 5 LEADER LAGs and 11-12 producers/processors (incl. one organic producer’s cooperative) in South-Estonia. Now it is operated by producer cooperative “Taluturg” and the NGO is used for supporting activities like organising study trips and trainings. “Taluturg” shops were opened in 2010 in Tartu Lõunakeskus, biggest shopping centre in South Estonia, and in 2011 in shopping centre Pärnu Keskus in Pärnu. They are selling products from ca 150 producers/processors across the country, ca 30% of the products are provided by the members of the cooperative, the remaining part from other farms/processors. Their product range includes organic (about 10-15% from the revenue) and farm products, but also some handicraft items (source: interviewee, “Taluturg”).
**ESBO focus, potential benefits and synergies**

“Local” and “small-scale” are central to this CS. The definition of local based only on distance does not cover all aspects characterising local food (La Trobe, 2002). Three main types of benefit should be considered:

- environmental (more sustainable production, reduced transport externalities),
- economic (higher incomes for farmers, input to local economies),
- social (more trust and engagement between farmers and consumers) (Pretty, 2001).

**Environmental** and health benefits are mostly ensured by minimising transportation and using sustainable farming practices, incl. organic farming. This reduces or avoids the use of artificial pesticides and fertilisers and thus reduces pollution.

**Economic benefits** to producers and local communities are ensured through short food chains (local production, processing and marketing), the value produced stays within local economies.

**Social benefits** are provided through closer contact between producers and consumers. In this way consumer awareness about where, by whom and how their food is being produced will increase. Also producers can increase the communication and contacts within their communities (La Trobe, 2002).

There is no strict definition of “small-scale farm” in Estonia, but a clear trend in recent decades shows that Estonian agriculture is getting more concentrated, the number of agricultural enterprises is decreasing and at the same time the average farm size is increasing. According to Freimann (2015), in 2001, there were more than 53 000 agricultural enterprises sized less than 50 hectares, compared to 2013 when there was only about 16 000 such farms. During the same period, the number of farms larger than 100 hectares has increased 44% from 1000 in 2011 to 1794 in 2013.

In this study, “small-scale farm/enterprise” does not refer specifically to a certain size class, but is more used in distinction to industrial agricultural production/processing – and often includes family farms using only few additional employees if any.

Key environmentally and socially beneficial outcomes (ESBOs) of this case is rural vitality, but as agricultural production of the farms part of this CS approach is extensive, often organic and/or small-scale, also several other, mainly environmental ESBOs need to be considered: high levels of biodiversity (species and habitats, pollination, biological pest and disease control); soil functionality; water quality; landscape character and cultural heritage and farm animal welfare (Table 1).

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<th>Main ESBOS provided/potentially provided by the CS</th>
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<td><strong>Table 1</strong>: ESBOs provided/potentially provided by the CS</td>
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<td><strong>Broad categories of objectives to be achieved</strong></td>
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### Preserving and enhancing rural vitality

**Rural vitality**: Achieving (or maintaining) active and socially resilient rural communities [Social]

### Other ESBOs linked to CS

| Sustainable and sufficient production of food, timber and energy | **Food security**: Achieving (or maintaining) a sustainable natural resource base to ensure a long term food supply hence security [Economic, social, environmental] |
| High levels of biodiversity | **Species and habitats**: Achieving (or maintaining) the presence of diverse and sufficiently plentiful species and habitats (ecological diversity) [Environmental] |
| Pollination | **Pollination**: Achieving (or maintaining) high levels of pollination [Environmental] |
| **Biological pest and disease control through biodiversity**: achieving (or maintaining) high levels of biological pest and disease prevention and minimisation of the impacts of potential outbreaks using biodiversity [Environmental] |
| Healthy, functioning soils | **Soil functionality**: Achieving (or maintaining) good biological and geochemical condition of soils [Environmental and social] |
| High water quality and ensuring water availability | **Water quality**: Achieving (or maintaining) good ecological status of surface water and good chemical status of groundwater [Economic, environmental and social] |
| Protecting landscape character and cultural heritage | **Landscape character and cultural heritage**: maintaining or restoring a high level of landscape character and cultural heritage [Social and environmental] |
| High levels of farm animal welfare | **Farm animal welfare**: achieving (or maintaining) the implementation of high farm animal welfare practices on farms [Social and environmental] |

*Rural vitality* is a complex entity of social, cultural and economic dimensions that covers employment, promotion of competitive production, keeping socio-cultural heritage and traditions (Cooper et al., 2009). Preserving and enhancing rural vitality thus consists of provision of employment and income, but also embodying, maintaining and sustaining rich cultural practices, knowledge and traditions.

Rural vitality is a topic widely discussed in Estonian society and considered as a critically important issue. All kinds of various development plans, incl. RDP and other policy documents specifically mention preservation of rural vitality as an essential topic. It can be said that need
for the maintenance of rural vitality is commonly appreciated and agreed by wider society. Rural vitality (through support of domestic micro-enterprises) is also central for the CS actors, “Let’s keep our rural life and traditional skills alive” (source: interviewee, “Taluturg”).

Preserving and enhancing rural vitality and environmental ESBOs, especially protecting landscape character and cultural heritage, preservation of species and habitats, pollination and soil quality, are all clearly interlinked and small-scale extensive and organic farming practices are central for achieving these beneficial outcomes. The case study is also related to sustainable and sufficient production of food, timber and energy as a means to secure the long term capacity of the land to produce food/fibre etc. (food security).

2 Definition of the social-ecological system (SES) studied

2.1 Figure of the SES, using the SES Framework

CASE STUDY: EE-1 Marketing of local organic, artisan and farm food

Figure 2: Figure of SES of the CS “Marketing of local organic, artisan and farm food”
2.2 Short characterisation of key drivers/motivations

The proposed case study is exploring marketing of local products produced by small-scale farm, artisan and organic food producers/processors through the shop-in-shop approach thus CS approach is market driven, supported by some public policy measures, notably Estonian Rural Development Plan 2014–2020.

Consumers’ demand for local farm, artisan and organic food produced by small-scale producers is constantly increasing in Estonia, also the number of artisan and organic food processors is increasing (see also section 3.4). Possibilities to buy these products are continually also improving, but are still far from being satisfactory. Mainstream marketing channels (preferred by most of the consumers) are mostly not affordable for these producers as they are often not able to fulfil the contract requirements of these retailers (because of small quantities, uncertainty in provision, expensive and unstable logistics). Initiatives related to CS are helping to sell these products in easily accessible locations of large conventional supermarket chains/shopping centres. This is very much appreciated both by producers/processors offering these products as well as by consumers willing to buy these products. Farmer selling through “Talu Toidab” finds this marketing possibility much needed to sustain income of the farm: “It was almost impossible to sell our products in big supermarkets, and price they provided did not satisfy us. Selling through Talu Toidab gives us reasonable price and there is much less bureaucracy. We even have now the courage to expand our production and have possibility to deal more with farm and product development.” (source: interviewee, farmer).

Shopping centre leaders were initiators in creating this possibility and that’s how one retailer (“Taluturg”) started, they saw increasing consumers interest in domestic farm products.

Concept of “Talu Toidab” shop-in-shop was initiated by couple of people engaged in organic farming who provoked interest of RIMI supermarket chain. Rimi was looking “For the partner who is able to deal with many small producers/processors and take responsibility to organise the sales of products from small-scale producers who didn’t fit into our general system of logistics, pricing etc. It was also important for us to expand the range of products we are offering, especially at the direction of local farm and organic products.” (source: interviewee, Rimi). One of the initiators of “Talu Toidab” is himself also an organic farmer and processor.

The shops of “Talu Toidab” have been successful, well received by the consumers and new selling areas have been opened every year since 2011. Rimi supermarket chain is interested in to expand the selling areas of “Talu Toidab” as well as opening new areas at their supermarkets.

Selling areas of “Taluturg” have been valued by the consumers as well, the revenue has been increased fivefold since 2010. “Taluturg” is planning to expand in Tartu (incl. opening of cafe) and plans to open new selling area in Tallinn in near future (source: interviewee, “Taluturg”).

With regard to policy drivers balanced development of rural areas and economic viability of small-scale (and organic) farming are supported through CAP measures (notably ERDP) and also EU structural funds (Regional Development Fund, Cohesion Fund) targeted at regional development, investments into development of infrastructure etc.

For supporting small-scale farming CAP Pillar 1 has special scheme for small-scale farms with simplified rules of cross-compliance and CAP greening. The support is not high but helps these farms to continue some management. ERDP 2014–2020 includes several measures targeted
directly to organic and/or small-scale farming, e.g. organic farming (M11), co-operation (M16; support for short-supply chains), development of agricultural enterprises and entrepreneurship (M06), LEADER (M19) to name a few.

Several measures mentioned above have directly supported activities of one actor (Taluturg) of this CS\(^1\), notably ERDP LEADER-measure and national market development support. Funds from national measure “Market development support” have been used for organising study trips and trainings, but as the regulation is changed study trips (and from the next year also trainings) are not supported anymore and thus this measure will probably not be relevant in the future.

“Taluturg” has also just received positive answer for the application under “Short-supply chains” measure. Although variety of support measures have been available for promotion and other supporting activities, investments (e.g. buying of refrigerators) were not supported during previous programming period. Now under RDP 2014–2020 measure “Short-supply chains” it is possible and will be certainly used (source: interviewee, “Taluturg”).

“Talu Toidab” has not received any support as being private retailer they are not eligible for any of the above mentioned measures. Farmers/processors selling to them have received different supports targeted to producers and processors (incl. organic farming support).

2.3 Discussion of the SES

For the characterisation of SES of this CS, it is very important to note that it concentrates on marketing approach. CS is not related to certain geographical area, because all the farms/processors using these marketing channels are spread all over country. It would not make sense to concentrate on a specific geographical area in this case as the whole CS is about the approach whereby ESBOs are provided.

Figure 2 describes basic elements and connections between these elements of SES of this particular case.

This SES consists of 18 designated selling areas for local small-scale farm, artisan and organic producers/processors in supermarkets/shopping centres of 4 cities. About 200 producers/processors are providing their products through these selling areas (resource system). Existence of these producers/processors provide several ESBOs of which the key is rural vitality, but also others related to small-scale and organic production like high levels of biodiversity (species and habitats, pollination, biological pest and disease control); soil functionality; water quality; landscape character and cultural heritage and farm animal welfare (resource units). Farmers’ co-operative and private limited company established new marketing channels (in shopping centres/supermarkets) for products from predominantly micro-enterprises (action situation). Actors include RIMI supermarket chain, shopping centres of ASTRI, private limited company “Talu Toidab”, farmers’ co-operative “Taluturg” (and related NGO Maitsev-Lõuna-Eesti), producers and processors involved. Actors of this system consist also consumers in a broader sense, but especially those interested in local organic and farm food.

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\(^1\) Support measures are in this CS context relevant only for the producers’ cooperative “Taluturg” and the NGO related to their organisation. Private limited company “Talu Toidab” is not eligible for these support schemes.
These are private initiatives; everyday decisions are mostly made by Board of “Talu Toidab”/“Taluturg”, but for “Taluturg” (as cooperative) strategic decisions (e.g. opening new selling area) are made by all members. Agreements are made between shopping centre and “Taluturg”, supermarket chain and “Talu Toidab”, which in turn communicate with producers/processors. As for organic products, organic farming rules apply and farmers` cooperative is eligible for national/RDP support measures (governance system).

Macro-issues impacting the CS include incomes of farming; purchase power of consumers; market situation, EU/state support system.

2.4 Common aims, conflicting interests and goals

In recent years local and organic food coming from small-scale producers has gained popularity in Estonia as well as different food networks (involving direct sales from producers to consumers), and other new marketing channels. Emergence of these new options requires the development of joint activities. According to the farmer and processor related to “Taluturg”: “Joint marketing is the only option for micro-enterprises to be economically viable” (source: interviewee, farmer and processor). Providing selling possibilities for micro-enterprises who are too small to sell directly to supermarkets is crucial in order to safeguard income and the working places in rural areas.

“Taluturg” was founded with an aim to contribute for developing a network of small producers in South-Estonia, to promote joint marketing and find new marketing channels. NGO Liivimaa Lihaveis – the main actor of another Estonian CS (EE2 Grass-fed beef) is also member of NGO who initiated “Taluturg”, characterising well common aims and joint activities of farms/processors in order to find new marketing channels and value local food. In addition to marketing, it provides possibilities for the exchange of experiences and information. NGO is also organising trainings for farmers/processors.

Interest of Rimi supermarket chain and Astri shopping centres is mostly economical: they are interested in expanding their product range with local farm, artisan and organic products (without need to directly buy from these farms) and attracting consumers who are looking for these products to visit their shops. It is also question of improving the image.

Interviews conducted with actors of this CS suggest that there are no basic conflicting interests among SES. However, macro-issues like global economy, EU and state support policy and regional policy/reforms have certain impact on the SES and these decisions may promote or hinder the entire performance of the system. For example, EU/Russia's sanctions together with low milk prices have put many farmers, especially dairy farmers in a difficult situation and many of them cease to operate.

2.5 Other issues arising from SES analysis and context/case study specific aspects/issues

SES is influenced by several general context-specific factors, based on interviews with representatives of “Taluturg”/“Talu Toidab”:

- Public policy has not been supporting investments for development until now. For example, loans from savings and loan association have been used by “Taluturg” for investments (banks do not give loans to such farmers’ cooperative as they are not “reliable” for the banks and are not able to guarantee the loans sufficiently),
- General view of the supermarket chains, dominating on the market, is to provide as low prices as possible and it is difficult for small-scale producers/processors to compete the price. Both main actors of the CS don’t dictate the prices and producers/processors put their prices as they want. However, the prices are often quite high (mostly because of the scale of economy and a lot of manual work involved in production/processing).
- Political decisions do not favour still small-scale farming and real needs of rural areas and smaller farmers/processors have feeling that most of the support is targeted to big enterprises and producers,
- There are no tax advantages for small-scale production/processing which could help to lower the cost of the products.

3 Status of the SES and potentials

3.1 Description of the SES

SES under investigation does not include great number of actors with many and conflicting interests. Two retailers on the focus of this study have the same main interests, although the form of organisation and hence the management are slightly different. The impression is, that there are no tensions between the retailers, and they cannot be regarded as competitors, but rather co-operators, “Talu Toidab” is mainly focused on Tallinn (North-Estonia) and “Taluturg” more to South and West-Estonia.

Based on interviews with representatives of “Talu Toidab”/“Taluturg” there seems to be currently no other initiatives or organisations planning to use similar marketing approach. Although there is a lot room for expansion in terms to new supermarket chains/shopping centres as well as for new farms selling through this marketing approach. Both retailers are constantly looking for new producers/processors who might be interested in selling through “Talu Toidab”/“Taluturg” shops.

3.2 Relationships between farming and forestry, and the quantity and quality of ESBOs

Central for the CS is micro-entrepreneurship which is crucial for providing working places and keeping people in rural areas thus helping to preserve rural vitality, incl. traditions and cultural practices related to agricultural production, artisan processing etc.

It is difficult to count the number of working places preserved or provided, but based on interviews with producers/processors one can conclude that they might have stopped/reduced production without these initiatives but now they have expanded their production and hired persons to help in their family businesses.

Preserving small-scale and organic farming is directly linked to wide list of environmental ESBOs like biodiversity (preservation of species and habitats, pollination), protecting landscape character and cultural heritage, but also e.g. soil and water quality.

3.3 Key motivational, institutional and socio-economic factors

These are fully private initiatives and the role of public institutions has been mainly providing support for accompanying activities like training, promotion etc.
As mentioned before, main motivator for development of this innovative idea in Estonian context was to provide selling possibilities for micro-enterprises in supermarkets and shopping centres as most of these enterprises are not able to follow the “common” rules set by big shops. Lack of missing opportunities to sell the products means obviously cutting down the production or stopping the entrepreneurship at all and leaving the countryside as we see from the statistics and research results, about 10 000 jobs has been lost from rural areas during last 10 years (Hani, 2015).

At the same time supermarkets and shopping centres saw consumers increasing interest in “unconventional” products like local (means also domestic in Estonian context) farm, artisan and organic food.

Of course, enthusiasm of certain people is also in this case really important and the “locomotive” of the whole process.

3.4 Levels of provision, trends and determinants

ESBO provision, appreciation and demand

As mentioned above, CS focus is on ESBO rural vitality, but through organic farming and small-scale extensive production also other (environmental) ESBOs are provided. Following section describes how quality and quantity of ESBO provision is assessed in Estonia in general, as CS does not concentrate on certain area, but explores the system of which producers who generate ESBOs under observation are part of. Judgement of appreciation and demand side related to CS is based on interviews with key actors.

In relation to rural vitality, marginalization of rural areas – impoverishment of part of the territory and movement of the population to the cities or abroad – has been accelerated significantly in the last few decades in Estonia. Mainly due to loss of jobs, the aging of the rural population and general negative population growth has occurred. More than 50% of Estonian municipalities (with a total population of 140 000) and more than 50% of Estonian territory can be considered as marginal (Raagmaa, 2011). There are several surveys conducted in order to assess marginalisation process in Estonia (Estonian Ministry of Internal Affairs, 2009; Estonian Co-operation Assembly, 2010) which include also assessment of social viability aspects of rural areas. Kliimas and Sepp (2015) have made analysis of socio-economic data and indicators for assessment of vitality of settlements using settlements vitality index which includes several population parameters (number of inhabitants, age structure). However, concentrating mostly to population trends, assessments and analyses conducted are less capturing social characteristics related to rural vitality like sense of community, social capital and trust as well as “sense of place”.

In relation to the other ESBOs relevant for this CS (biodiversity, soil functionality water quality, landscape character and cultural heritage) studies show that in Estonia the highest environmental concern is water pollution (sea, rivers, lakes and groundwater sources), as mentioned by 68% of respondents (European Commission, 2008). Loss of biodiversity was only mentioned by 18%, depletion of natural resources by 21% and agricultural pollution by 24% of respondents. Also the Eurobarometer survey (European Commission, 2015) shows that only 11% of

respondents in Estonia see that the decline and possible extinction of animal and plant species, habitats and ecosystems is a very serious problem in Estonia and around half (49%) think that this is a serious problem to some degree.

Data on status and provision of above-mentioned ESBOs is collected in Estonia mainly through national environmental monitoring (http://seire.keskkonnainfo.ee/). Also evaluation of Estonian RDP includes fairly comprehensive data on several ESBOs in question (Ongoing evaluation reports of Estonian RDP: http://pmk.agri.ee/pkt/index.php).

Interviewees found that marketing approach under investigation clearly helps to preserve and enhance rural vitality, but also environmental ESBOs like biodiversity and water quality through organic farming. According to interviewee (“Talu Toidab”):

“Although such marketing involves only few hundred small-scale and organic farms and therefore the level of public goods provided cannot be very significant, the picture would be quite different in the case it would involve e.g. a thousand of farms/processors – in this case it would affect the rural areas and environmental quality in the whole country.”

Environmental ESBOs seem, however not so appreciated and clearly seen as linked with this approach.

**Main determinants of improvements in ESBO provision and key limiting factors**

ESBO provision level related to CS is determined by the number of farms related to the resource system and actions. All the ESBOs provided and level of provision is related to the activities of these small-scale, extensive and organic farms/processors. As the number of enterprises involved and land use of the farms forms only marginal part of the total number of farms and total land use in Estonia, the impact on ESBO provision is limited, but still important as formulated by one interviewee (Talu Toidab):

“There are villages where an organic farm selling its products through “Talu Toidab” shops is basically the only actively producing and marketing farm providing at least seasonal work for some local people – if such marketing channel would disappear, it might also mean that this farm would reduce their production or quit as they are not able to sell enough products anymore.”

For the improvement of ESBO provision through approach under investigation, expanding of the system and number of participating actors would be needed. Also study of Oro (2015) on local food networks development show that consumer awareness about production and consumption of local food and provision of ESBOs related is inadequate, and more efforts should be made to reach more consumers and enhance their understanding about the positive effects. Small-scale and organic production and starting up with different kind of food networks and other approaches in order to “mainstream” this currently niche market is especially important for peripheral areas. It helps to engage local people in order to maintain active and socially resilient rural communities.

3.5 Relevant governance arrangements and institutional frameworks

Daily management of retailer “Taluturg” is responsibility of the managers of both selling areas (Tartu, Pärnu) of “Taluturg”. One of them is also overall manager and one of the main developers of the concept. All 10 members of the cooperative participate in strategic decisions
making process (e.g. opening of new selling areas, etc.). LEADER LAGs which were active in establishing of NGO Maitsev-Lõuna Eesti are now only involved with activities of the NGO and are not very active partners. However, LEADER LAGs were important when “Taluturg” started and in applying first support for development of the concept.

Cooperative has contract with shopping centre, communication and agreements made with producers/processors is responsibility of the cooperative and shopping centre does not interfere there. There are no written contracts between cooperative and producers/processors.

Other retailer, private limited company “Talu Toidab” is managed by the Manager of selling areas and Board of “Talu Toidab” (2 members) and they have contract with Rimi supermarket chain. Rimi also does not interfere in relations between the company and farms/processors providing their products. There are no written contracts also between “Talu Toidab” and producers/processors they are buying from. Everything is based on trust.

For organic products sold, the rules of organic farming regulation and other related laws must be complying with. Estonia has state system for organic farming control and certification. Responsibility on organic production control lies on Agricultural Board, processing and marketing is inspected by Veterinary and Food Board.

### 3.6 Other context/case study specific aspects/issues

Organic land area has expanded almost threefold over the last ten years, up to ~170 800 hectares which makes about 17% of all agricultural land (2015). For the share of organic agricultural land, Estonia is 3rd in EU.

In total, more than 1600 farms are involved in organic farming (2015), the number of processors and marketing enterprises has also grown, at the end of 2015 there were more than 120 registered organic processors – most of them small-scale entrepreneurs. There are also about 130 registered wholesalers and retailers in Estonia, in addition to these retailers who sell only packaged organic products. In total, more than 40 organic and health food shops can be found in Estonia, about 50% of them are located in Tallinn (Ministry of Rural Affairs, 2016).

Although turnover of organic products in food market is still quite marginal, it has increased rapidly: in 2007 turnover of Estonian organic products from overall food market comprised only about 0.2%, by 2012 the turnover was already 1.6% (Estonian Institute of Economic Research, 2008; EMOR 2014). According to Estonian Institute of Economic Research (2008, 2015) number of domestic organic products has increased more than 4 times from 300 products in 2008 up to 1300 in 2015.

With regard to the interest of consumers, about 10% of consumers bought organic food once a week or more often and about 20% more than once a month (2015; Ministry of Rural Affairs, 2016). The main reason for not buying organic products is high price difference between organic and conventional products.

In conclusion, Estonia has huge potential in organic farming which for complex reasons is not utilised. Despite continuous enlargement of organically managed area, improvement in market opportunities and increasing consumers interest, still a large share of products (mostly dairy and meat) are sold as conventional to processing industries, because there are not enough organic processing companies in Estonia. Main reasons why local organic food is not
more widely available include small number of products provided and small production volumes causing difficulties to sell in larger mainstream marketing channels. For large industries, the available quantities of organic ingredients are too small and also the logistics is expensive. Therefore, any initiative aiming at extension of marketing opportunities, to make local organic food more easily available and to support small-scale processing is very important.

4 Conclusions derived from analysis in Steps 1 and 2

4.1 Key findings on the particular SES and its potentials

The main question of micro-entrepreneurs (food producers/processors) in Estonia is how to sell their products and reach the consumers. As they provide small quantities and can’t guarantee that their products are available all the time, supermarkets are not much interested in such providers. Production/processing might be unstable as several small processors use their own farms products and therefore it is difficult to predict the production volumes because it depends on yields. Also logistics is difficult and expensive. This in turn is causing termination of production and processing and people in rural areas quit their jobs there and go to work in town or leave the countryside at all.

There is list of support measures available for micro-enterprises but they all have some limitations and according to CS actors, special measure for safeguarding small-scale production/processing is needed together with wider support of rural areas. Tax incentives for small-scale (micro-enterprises) rural entrepreneurs is seen as working solution enabling to lower the product costs and be more competitive.

Provision of selling possibilities for micro-enterprises is crucial for provision of related ESBOs, especially rural vitality, but also wide list of environmental ESBOs like protecting biodiversity, landscape character and cultural heritage. Rural vitality is ESBO most appreciated also by CS actors, while connection with environmental ESBOs seems weaker, especially for one of the main actors.

Consumer awareness about production of local food in small-scale businesses and related ESBOs is not too high yet, but is increasing and is crucially important.

The most important factor for consumers in making purchase decisions is still the price. Consumers awareness and interest to buy local farm, artisan and organic products are closely related – the higher knowledge and interest to buy the products provided, the higher success of the approach and wider interest of supermarkets/shopping centres to expand the product range and selling areas and as a result increase in quality and quantity of ESBOs provided. Although today the approach involves only few hundred farms/processors, it has good potential to expand which leads also to increase in the level of ESBOs provided.

Approach) is working well, although not remarkably economically successful, but enough to keep developing the system. The strength and the weakness of the system at the same time is its dependence of ringleaders, e.g. several enthusiasts who started the whole approach and take responsibility for development.
4.2 Governance arrangements and institutional frameworks

CS involves private initiatives and decisions are made by the actors directly involved, but it is also at some extent directly or through farmers/processors involved supported by some CAP (RDP) measures/national support measures targeted directly or partly to organic and/or small-scale farming (e.g. organic farming (M11) for farming, LEADER (M19), national market development support). For the period of 2014–2020, some additional possibilities were opened (for one of the initiatives) like support for short supply-chains (M16) of Estonian RDP which enables also much needed investments into development, expanding of selling areas and opening new ones.

Governance of this case includes Managers and Boards of the private limited company “Talu Toidab” and farmers’ cooperative “Taluturg” and agreements between shopping centres of Astri and “Taluturg”, and supermarket chain Rimi and “Talu Toidab”. Thus is simple and does not include wide number of actors, different levels of governance, many controversial interests etc.

4.3 Other enabling or limiting factors

This CS involves private initiatives and is, again, substantially dependent on enthusiasm of leading persons who initiated the whole approach and are actively developing it, but also of interest of supermarket chain/shopping centres.

This case is also an example that public policies do not consider often the needs of micro-enterprises and although there are support measures available (especially for accompanying activities like promotion), investments into development were not supported until now when the new programming period launched. CS also shows that public policy itself is not enough for safeguarding the small-scale production when there are limited marketing possibilities for such products, and consumers interest. Therefore, it is very important that promotion and awareness rising of consumers about the values of micro-entrepreneurship, vital rural areas and environmental benefits related to it are dealt with.

Provision of ESBOs in this case is influenced by several wider macro-issues like EU/state support policy and future of the CAP, incomes of farming, purchase power of the consumers, general economic situation of the country and market situation.

4.4 Reflections on the case study methodology used and potential improvements

Ostrom’s SES approach is difficult to implement in the case descriptions. It divides the system artificially into arbitrary parts (e.g. resource system and resource units should not be divided as they are one complex). The link between ESBOs and their role in the SES framework seems rather too marginal. The ESBOs are central and it was a challenge to detail the outputs/results/impacts of action within the system description.

The whole SES approach is based on the assumption that a certain geographical area is analysed, but the current CS was not directly related to a certain geographical area.

It was also difficult to find the right balance of information that should be provided for Steps 1-2 and for the steps 3-4.
5 Research and action mandate for Steps 3 and 4

5.1 Agreed objectives of activities to be undertaken with initiative/stakeholders

Stakeholders involved are willing to provide additional information and data, if needed. If CS will continue in steps 3 and 4, more insight from outside the system would be appropriate, especially in order to explore more in detail issues and questions like:

1) transferability of this approach to another context/countries;
2) more detailed studying of perception and appreciation of ESBOs.

5.2 Innovations, impact, transferability, potential risks and research bias

CS stakeholders were quite open to continue CS. However, potential of continuing the work in steps 3 and 4 is not too high as it would concentrate mostly to one ESBO – rural vitality because linkage to others is rather difficult to study in details because of the missing data.

6 References


Websites

www.stat.ee
https://en.astri.ee/parnu-keskus
https://astri.ee/lounakeskus
https://astri.ee
www.rimi.ee
http://www.taluturg.ee
http://seire.keskkonnainfo.ee/

Ongoing evaluation reports of Estonian RDP: http://pmk.agri.ee/pkt/index.php
7 ANNEX

7.1 Documentation of research and action progress

Overview of interviewees

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Area of expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Talu Toidab</td>
<td>Member of the Board</td>
</tr>
<tr>
<td>2. Talu Toidab</td>
<td>Member of the Board</td>
</tr>
<tr>
<td>3. Talu Toidab</td>
<td>Head of the selling areas</td>
</tr>
<tr>
<td>4. Taluturg</td>
<td>CEO</td>
</tr>
<tr>
<td>5. Rimi Eesti</td>
<td>Public relations</td>
</tr>
<tr>
<td>6. Farmer, selling through Talu Toidab</td>
<td></td>
</tr>
<tr>
<td>7. Farmer, selling through Taluturg</td>
<td></td>
</tr>
</tbody>
</table>

7.2 Supporting data and statistics

Changes in farm size in Estonia


<table>
<thead>
<tr>
<th>Year</th>
<th>0-&lt;1 ha</th>
<th>1-&lt;2 ha</th>
<th>2-&lt;5 ha</th>
<th>5-&lt;10 ha</th>
<th>10-&lt;20 ha</th>
<th>20-&lt;30 ha</th>
<th>30-&lt;50 ha</th>
<th>50-&lt;100 ha</th>
<th>&gt;=100 ha</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>472</td>
<td>14047</td>
<td>16516</td>
<td>10791</td>
<td>7715</td>
<td>2512</td>
<td>1687</td>
<td>962</td>
<td>1000</td>
<td>55702</td>
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<tr>
<td>2003</td>
<td>409</td>
<td>7104</td>
<td>11158</td>
<td>7264</td>
<td>5347</td>
<td>1889</td>
<td>1482</td>
<td>1015</td>
<td>1090</td>
<td>36794</td>
</tr>
<tr>
<td>2005</td>
<td>377</td>
<td>4429</td>
<td>7700</td>
<td>5572</td>
<td>4390</td>
<td>1653</td>
<td>1303</td>
<td>946</td>
<td>1317</td>
<td>27687</td>
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<tr>
<td>2007</td>
<td>268</td>
<td>2636</td>
<td>5439</td>
<td>5118</td>
<td>4178</td>
<td>1704</td>
<td>1323</td>
<td>1042</td>
<td>1549</td>
<td>23257</td>
</tr>
<tr>
<td>2010</td>
<td>263</td>
<td>1946</td>
<td>4251</td>
<td>4074</td>
<td>3465</td>
<td>1477</td>
<td>1169</td>
<td>1091</td>
<td>1724</td>
<td>19460</td>
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<tr>
<td>2013</td>
<td>165</td>
<td>1605</td>
<td>4140</td>
<td>3974</td>
<td>3340</td>
<td>1403</td>
<td>1182</td>
<td>1152</td>
<td>1794</td>
<td>18755</td>
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<tr>
<td>Change</td>
<td>-65,0</td>
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<td>-74,9</td>
<td>-63,2</td>
<td>-56,7</td>
<td>-44,1</td>
<td>-29,9</td>
<td>16,5</td>
<td>44,3</td>
<td>-66,3</td>
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</table>
Organic farming and processing development in Estonia


<table>
<thead>
<tr>
<th>Product group</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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</thead>
<tbody>
<tr>
<td>Cereal products</td>
<td>16</td>
<td>20</td>
<td>25</td>
</tr>
<tr>
<td>Milk products</td>
<td>5</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Bakery products, confectionery, pasta</td>
<td>9</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>Meat products</td>
<td>8</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Vegetable, potato, fruit, berry (incl. forest berries) and mushroom products</td>
<td>30</td>
<td>40</td>
<td>49</td>
</tr>
<tr>
<td>Herbal teas and seasoning mixtures</td>
<td>10</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Oils</td>
<td>4</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Honey with flavourings</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Fish products</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Soya products</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Yeast</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Beverages</td>
<td>4</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td><strong>Companies in total</strong></td>
<td><strong>84</strong></td>
<td><strong>102</strong></td>
<td><strong>124</strong></td>
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</tbody>
</table>

* Several processors process 2–3 product categories


<table>
<thead>
<tr>
<th>Product group</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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</thead>
<tbody>
<tr>
<td>Cereal products</td>
<td>679</td>
<td>919</td>
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<tr>
<td>Milk products</td>
<td>157</td>
<td>203</td>
<td>419</td>
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<tr>
<td>Bakery products, confectionery, pasta</td>
<td>149</td>
<td>156</td>
<td>154</td>
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<tr>
<td>Meat products</td>
<td>168</td>
<td>555</td>
<td>537</td>
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<tr>
<td>Vegetable, potato, fruit, berry (incl. forest berries) and mushroom products</td>
<td>314</td>
<td>487</td>
<td>1 206</td>
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<tr>
<td>Herbal teas and seasoning mixtures</td>
<td>4</td>
<td>4</td>
<td>4</td>
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<tr>
<td>Oils</td>
<td>73</td>
<td>342</td>
<td>4 465</td>
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<tr>
<td>Product Description</td>
<td>156</td>
<td>260</td>
<td>477</td>
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<tr>
<td>----------------------------------------------------------</td>
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<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Fish products</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beverages (thousand litres)</td>
<td>121</td>
<td>281</td>
<td>697</td>
</tr>
<tr>
<td>Other products (hemp flour, coffee, yeast, soy products, prepared foods, honey with flavourings)</td>
<td>42</td>
<td>63</td>
<td>196</td>
</tr>
</tbody>
</table>