International best practise in cluster development

The Fruit and Vegetables Case

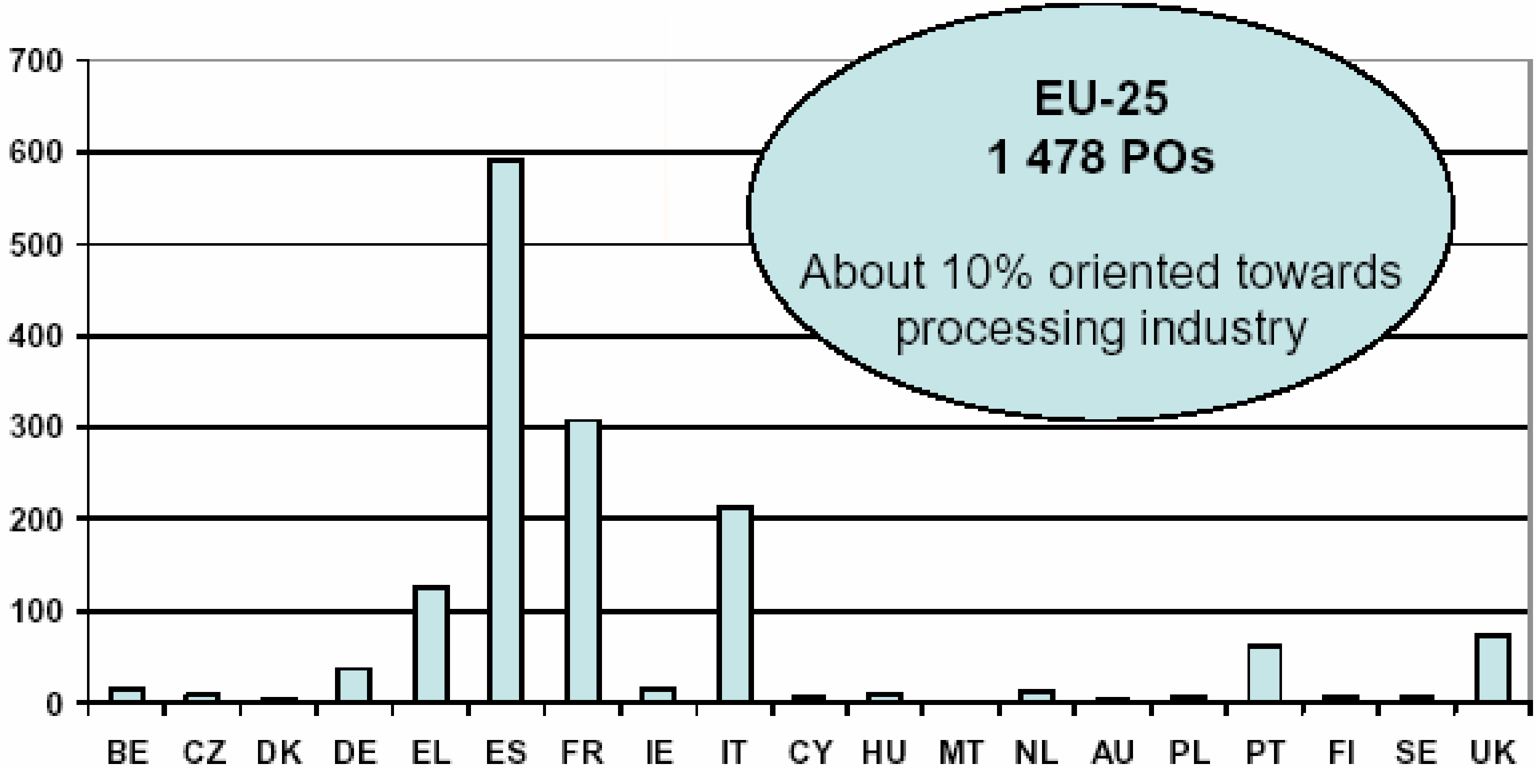
Presentation by Kristofer Erlandsson
Lodz Sept 4 2007

Not many food clusters and
even fewer fruit and vegetable clusters

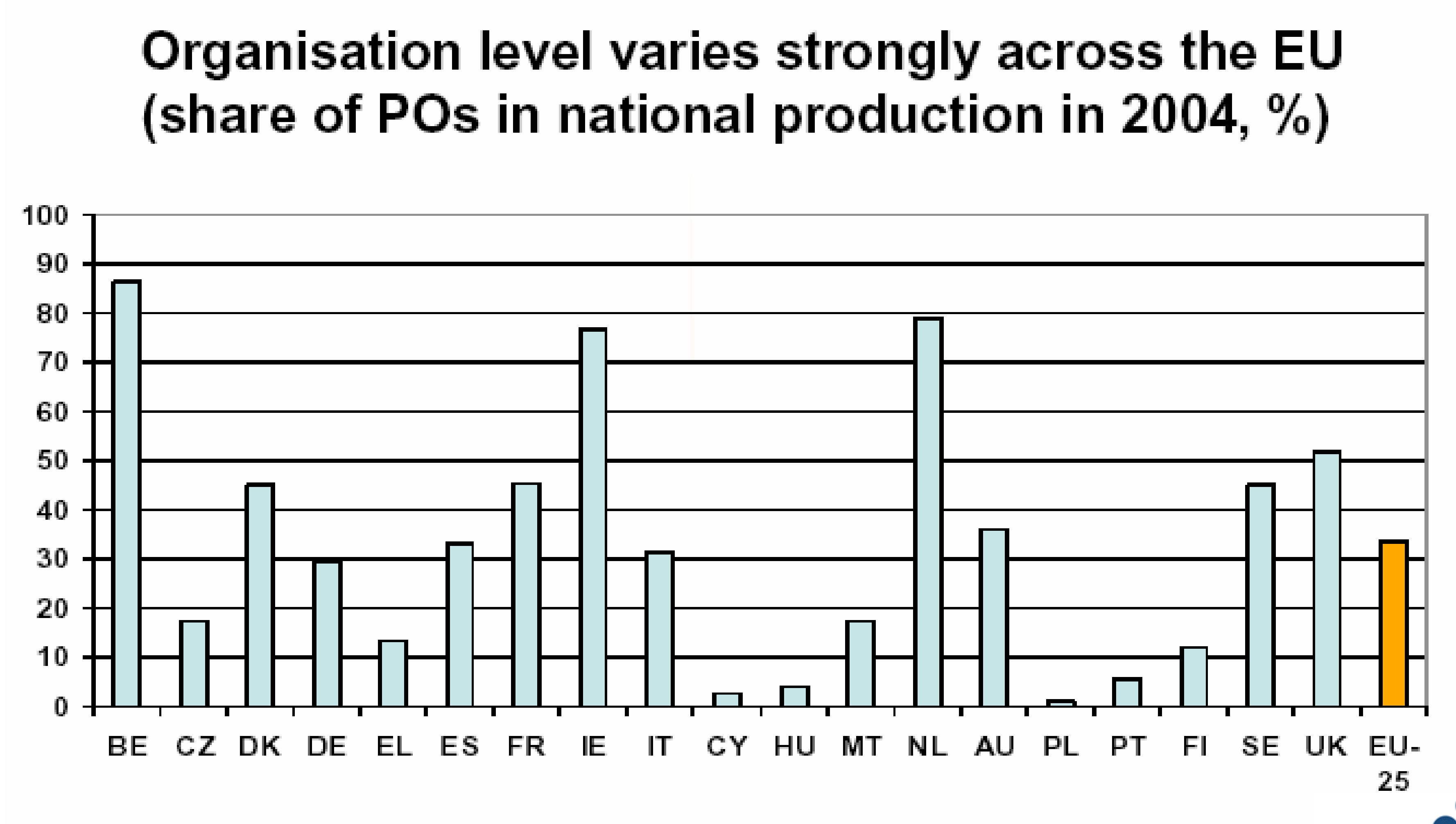
more common are producer
organisations or cooperatives

i a as a result of CMO

Number of Pos in 2004 (includes POs selling to processing industry)



Source EC 2006



Source EC 2006

Main strategies of Producer Organisations

1. In the sector of products for the processing industry, some POs were created specifically to access EU support
2. In the fresh sector, POs focusing on volume produced and cost-competitiveness, low innovation content
3. POs with strategy based on quality, but do not invest in activities beyond marketing of their products. The objective is to increase product value with differentiation and segmentation. The strategy allows to mitigate cost competitiveness disadvantages (e.g. strawberry sector in France

Main strategies of Producer Organisations

4. POs with a strategy focused on specific products with high innovative content. They invest other activities down the chain to optimise simultaneously the marketing of their products, the establishment of long-term relationships with clients and information return on consumer needs (e.g. POs producing ready-to-use salads and other fourth range products)

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Main strategies of Producer Organisations

5. POs which develop as preferred supplier of large retail chains with an obligation to supply a large array of products all year round. This strategy implies to develop vertical integration with the absorption of additional activities along the chain (wholesale, logistics, international trade)

Most POs in the EU adopt strategy 2 or 3. Strategies 4 and 5 are not common but apply to large entities.

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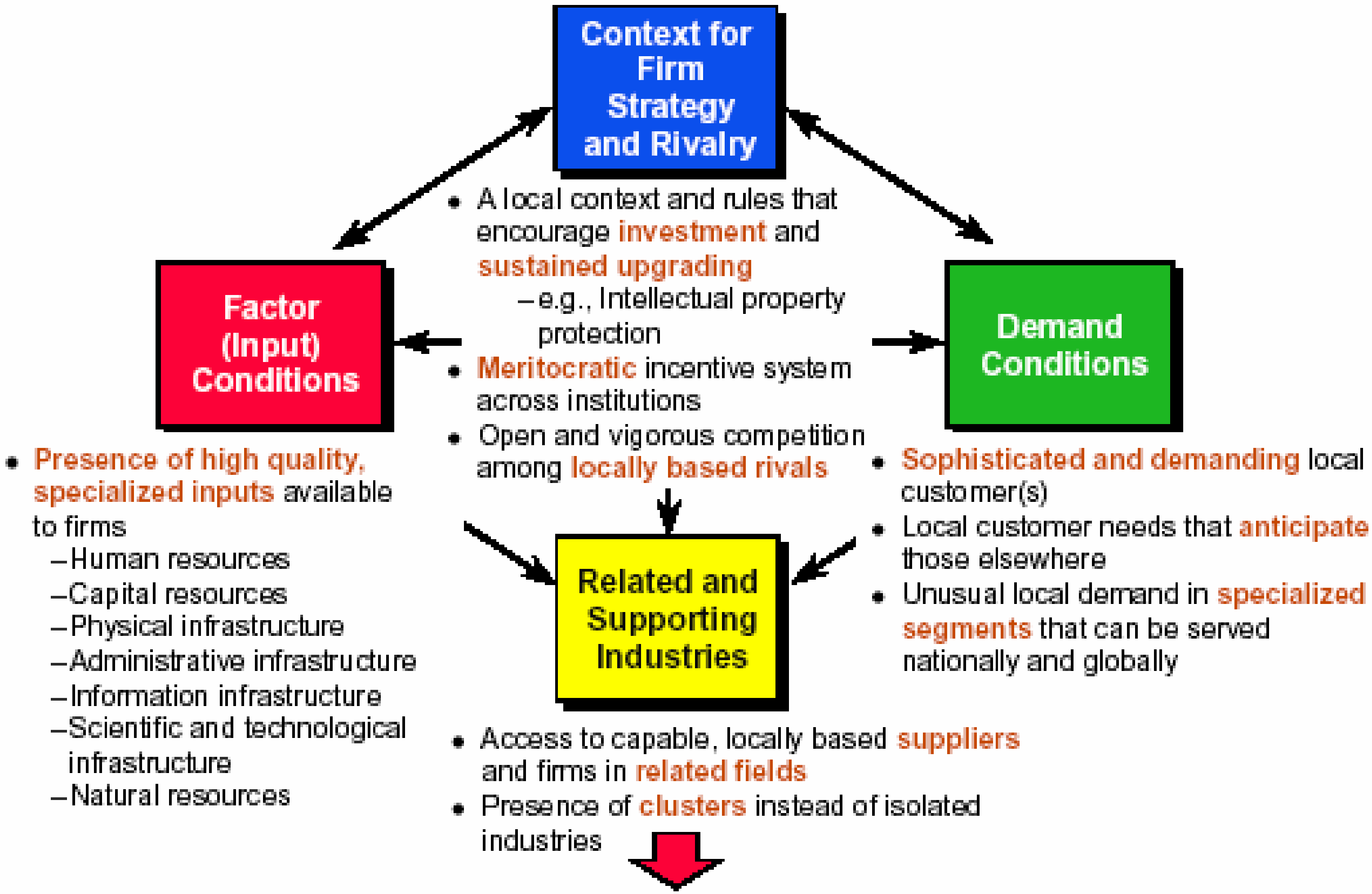
Productivity and the Business Environment



- Successful economic development is a process of successive economic upgrading, in which the business environment in a nation evolves to support and encourage increasingly sophisticated ways of competing

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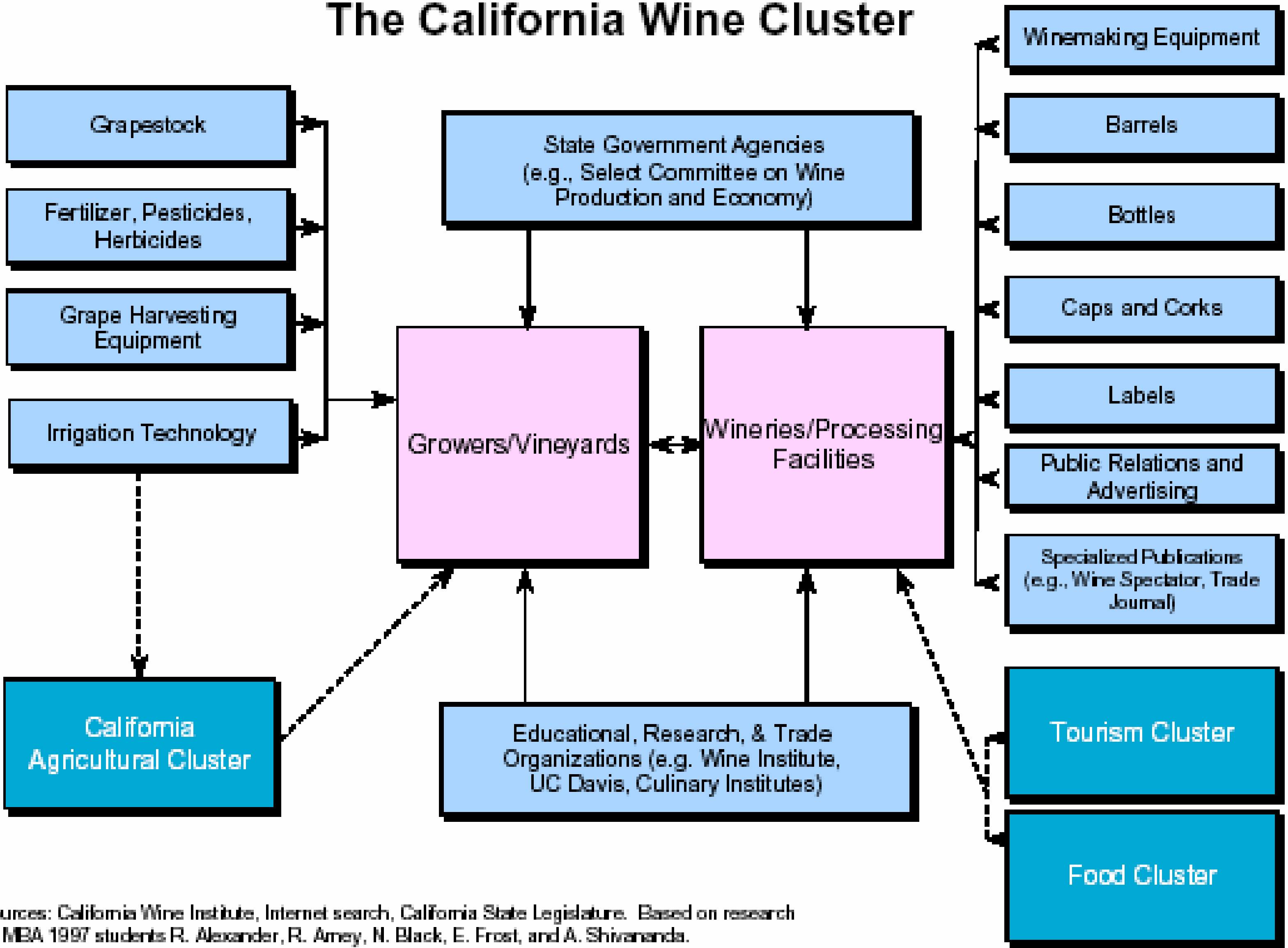
The California Wine Cluster



Sources: California Wine Institute, Internet search, California State Legislature. Based on research by MBA 1997 students R. Alexander, R. Arney, N. Black, E. Frost, and A. Shivananda.

SCOTTISH FOOD & DRINK

scottishfoodanddrink.com
website is managed and funded by Scottish Enterprise and Highlands & Islands Enterprise

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Home Page

Scotland Food & Drink Launched to Drive Industry

June 2007 represented a landmark for the industry as we launched Scotland Food & Drink, an evolution of Scottish Food & Drink.

Scotland Food & Drink is the whole supply chain coming together. It is here to provide leadership and strategic thinking, to study the markets and bring people together, to do whatever our industry needs so it can tell the world about this remarkable brand that is Scotland, land of food and drink. We want people around the world to know that when they choose Scottish products, they're choosing the best.

Scotland Food & Drink is a private/public partnership and is the industry taking charge of its own destiny. By getting everyone involved our food and drink industry will be stronger, more profitable and sustainable in years to come.

Scotland Food & Drink is about our future prosperity – individually and collectively. Can you afford not to be involved?

For more details about Scotland Food & Drink email info@scotlandfoodanddrink.org or call **01224 252102**.

Scottishfoodanddrink.com continues to be the first port of call for your information needs. Find.....

- **WHERE** to find the information
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News
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Scotland Food & Drink News

- An Introduction to David Sands Convenience Stores
- European Health & Nutrition Claims Legislation: The Need to Know Facts - Event at Dunblane
- A Treat for the Tastebuds on the Scotland Pavilion
- Highlands & Islands Food & Drink Awards Shortlist Announced
- Meet the Markets - Explore Opportunities in Germany and Belgium
- French Seafood Supply Chain Learning Journey - Sign Up Now
- Tickets Available for Highlands & Islands Food & Drink Awards Dinner
- Megabites - September 2007
- The 'Magnificent Seven' Food Trends to 2013

Hot Topics

Lessons from Scottish Food and Drink

- Long process (10 years)
- Open and inclusive (no narrow scope)
- Agree on a vision
- Decide a strategy (revise it regularly)
- Identify champions (role models)
- Identify your competitors and benchmark against the best
- Provide leadership (Triple Helix)
- Provide practical information (markets etc)
- Focus on value added

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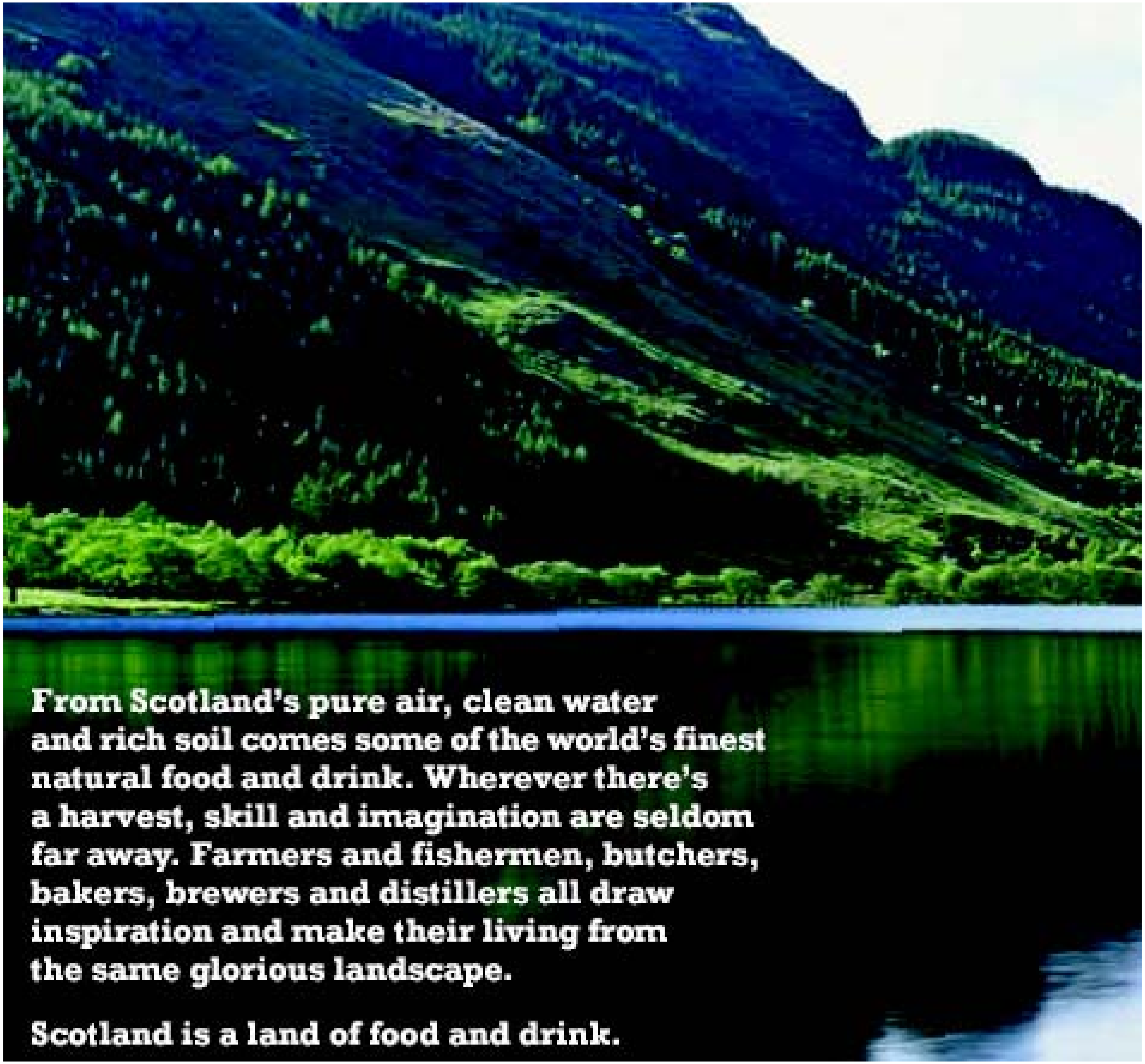

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We'll help you to be heard by your retail and foodservice customers. We'll bring processors and researchers together to encourage innovation and a healthy flow of Research & Development funding. We'll speak out on your behalf to government and media. And we'll help to ensure there's a well-trained workforce for the future.

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Scotland Food and Drink Vision

A VISION OF FOOD AND DRINK FROM SCOTLAND, 2010

"In 2010 Food and Drink from Scotland is now thriving internationally. The country has built an unrivalled reputation in food, drinks and in related products and services. They are perceived as natural, high quality, and completely in tune with today's world and consumer tastes.

By 2010 Scotland has succeeded. Perceptions have altered, and the changes go deep. Organisations linked to food have changed in a very real sense and operate in an environment of trust and mutual respect.

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Scotland Food and Drink Strategy

•We need to work differently- cluster development
•We need to prioritise - excellence in *raw materials* and developing *value added meal components*

•Six key action areas

1. develop and grow leadingsuppliers and processors of food and drink
2 . to build our reputation as suppliers to the premium sophisticated retail and food servicemarkets in UK and Europe

Scotland Food and Drink Strategy cont.

3. To grow advantage through innovation
4. To build on our leading standards in quality, service and food safety
5. To develop en efficient, responsivee infrastructure and enhanced customer service
6. To develop the capabilities of our people working together, active in local and global networks

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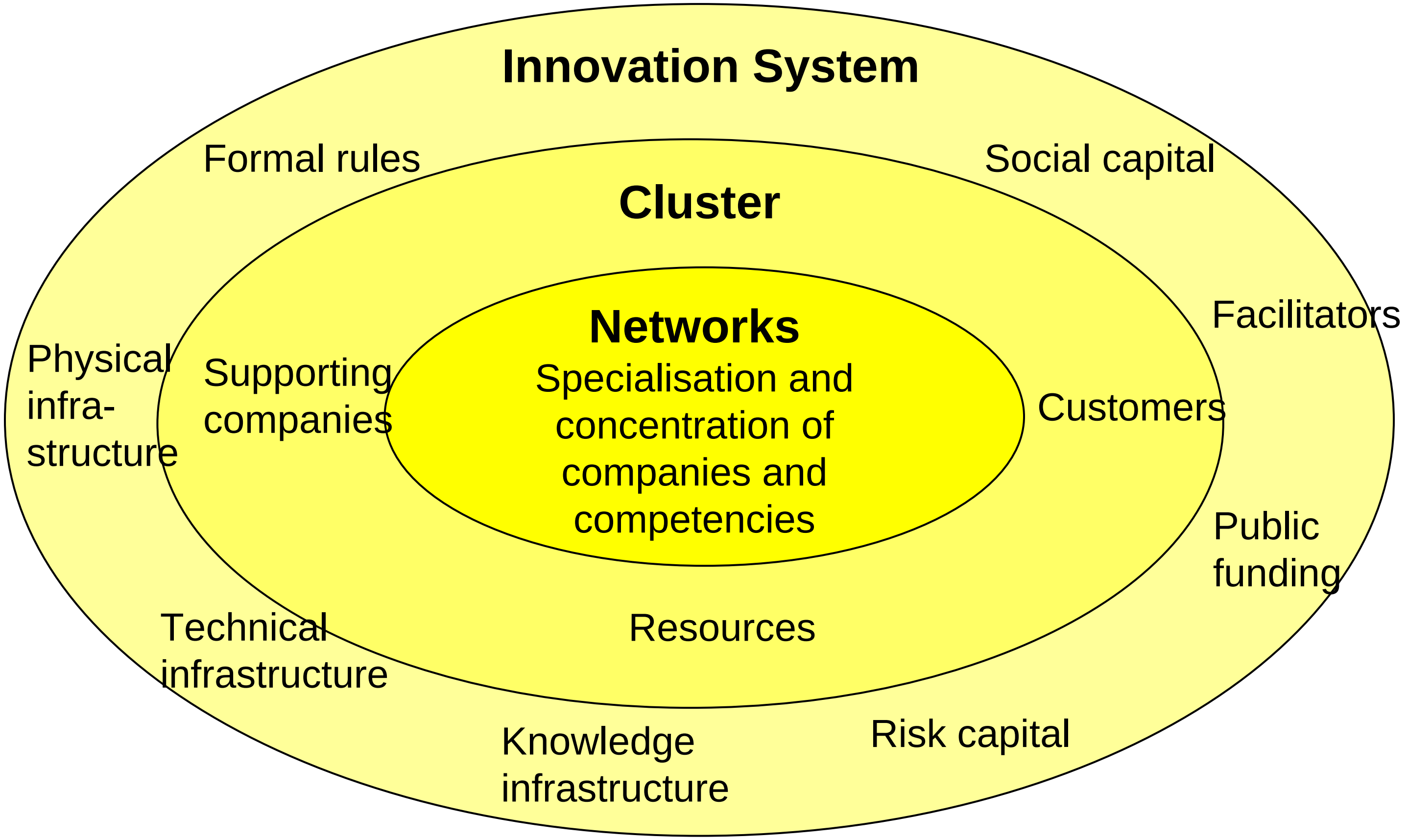
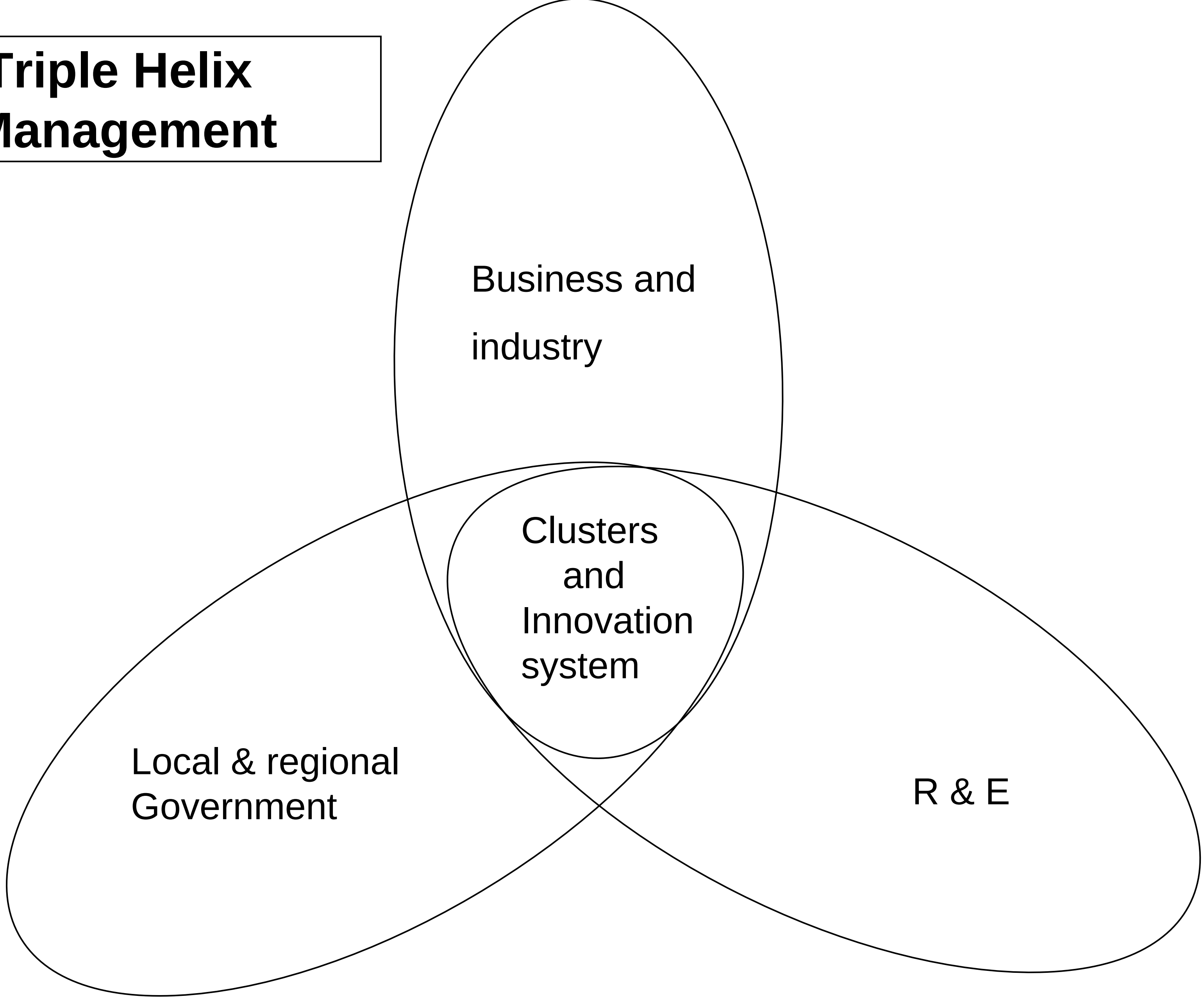
The Cluster concept



Adapted from A Eriksson

Triple Helix Management



A typical clustering process

Formulation of a vision and a strategic idea	Endorsement from local actors	Mobilization and organization	Realization
•Market analysis •Regional SWOT - analysis •Identifying the actors	•"Storytelling" •Financial support •Commitment to the process	•Forming leadership •Recruiting process leaders •Training of management	•Milestones •Benchmarking •Indicators •Value added

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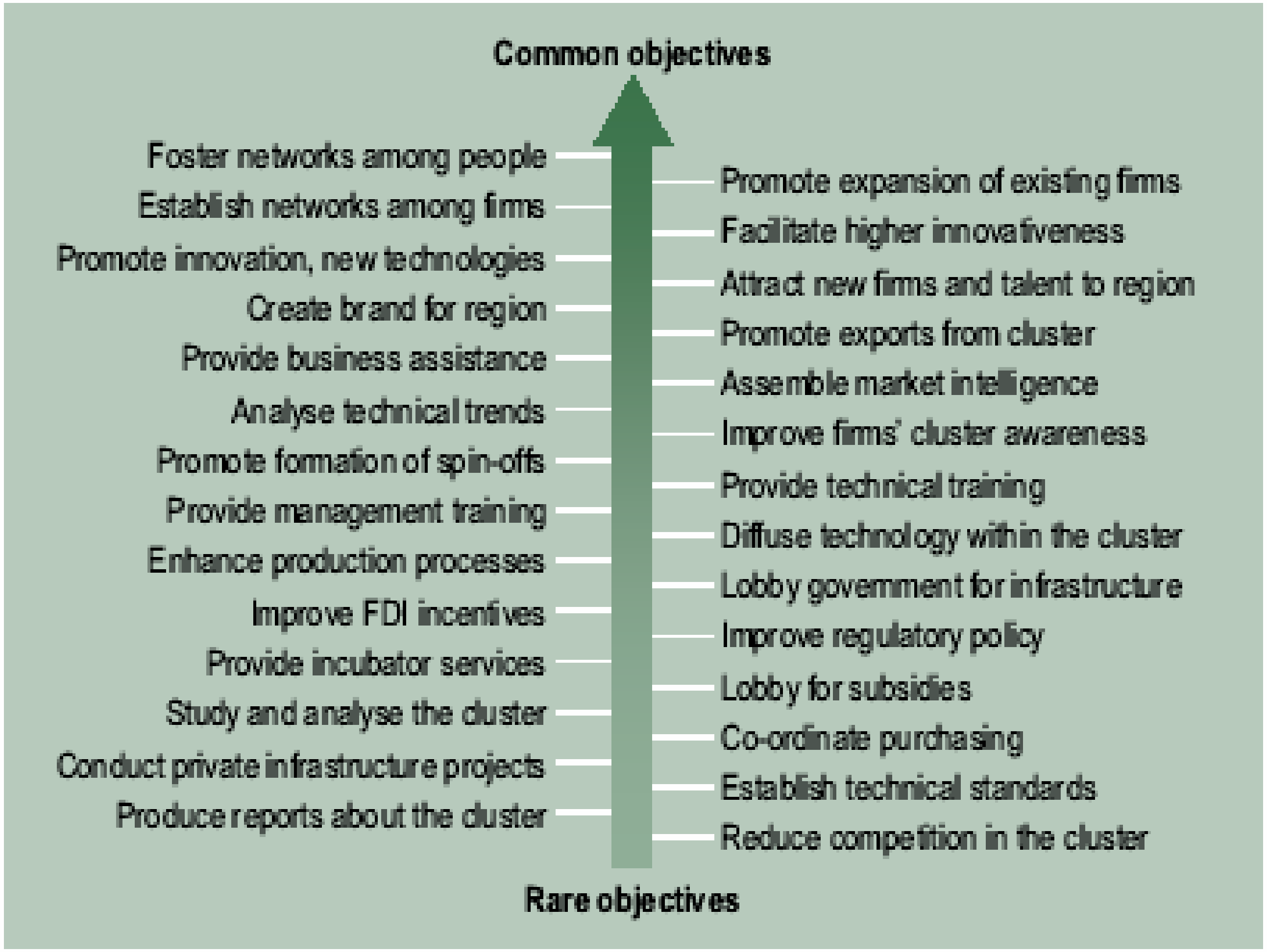
Cluster initiatives objectives



Listed in order of frequency
Source: GCIS 2003

What you can´t do without

Facilitators	Networking
Initial financing	Commitment
Front figures	Meeting places
Training	Vision and strategy

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Why do cluster initiatives fail ?

Relationship between various factors and disappointing CI performance
Source: GCIS 2003

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