# Internationalisation of European Farmer Cooperatives : a Resource-based Approach

**By:**
**Raymond Guillouzo**
**Université de Rennes 2, Laboratoire LESSOR, France**

**and**

**Philippe Ruffio**
**Pôle d'enseignement supérieur agronomique de Rennes, Département Economie Rurale et Gestion, France**

**Paper presented at the Conference**
***Vertical Markets and Cooperative Hierarchies:***
***The Role of Cooperatives in the International Agri-Food Industry***
**Bad Herrenalb, Germany, 12-16 June 2003**

This publication is based (partly) on the presentations made at the European Research Conference (EURESCO) on "Vertical Markets and Cooperative Hierarchies: The Role of Cooperatives in the International Agri-Food Industry - A EuroConference on Agri-Food Cooperatives in the New Millenium: Competition & Organisation" (Bad Herrenalb, Germany, 12-16 June 2003) organised by the European Science Foundation and supported by the European Commission, Research DG, Human Potential Programme, High-Level Scientific Conferences, Contract HPCF-CT-2000-00172. This information is the sole responsibility of the author(s) and does not reflect the ESF or Community's opinion. The ESF and the Community are not responsible for any use that might be made of data appearing in this publication.

**Conference Site:**
http://www.esf.org/esf_euresco_conference.php?language=0&domain=4&conference=171&meeting=1
**Proceedings:** http://www.flec.kvl.dk/kok/coop03/

**Abstract :**

Ongoing changes in the agrifood industry question the ability of agricultural cooperatives to adapt to new challenges and define new market strategies to confront stronger competition on domestic, European and world markets. Internationalisation of production and marketing is one of the main answers to these challenges.

Based on an empirical analysis of more than 30 European dairy cooperatives, the aim of this paper was to describe the diversity of strategies used by cooperatives on the international scene and to investigate possible specificities by comparison with investor-owned firms. In particular, an issue to be raised is that of perpetuating reference to the cooperative model and principles for cross-border business.

Using an evolutionist perspective (resource-based-view) it proposes a clustering of international strategies and shows that many cooperatives are confronted by an internationalisation process (either at milk collection, processing or marketing levels) taking advantage of various specific assets. Partnerships may play a key role as a resource multiplier. Most international strategies do not refer to the cooperative model as a business organisation. Nevertheless, some examples may be identified, where the cooperative model remains the reference coming out onto the emergence of European transnational cooperatives.

Ongoing changes in the agrifood industry (liberalisation of agricultural trade, CAP reform, slow growth or even stagnation of demand, qualitative changes of consumer attitudes, demographic factors, concentration of retailer sector, etc.) question the ability of farmer cooperatives to adapt to new challenges and define new market strategies to confront stronger competition on domestic, European and world markets.

Internationalisation of production and marketing is one of the main answers to these challenges. Most investor-owned firms (IOF) and many cooperatives have been implementing this strategy, despite the limitations imposed on the latter.

The aim of this paper was to describe the diversity of strategies used by cooperatives on the international scene and to investigate possible specificities by comparison with investor-owned firms. In particular, an issue to be raised is that of perpetuating reference to the cooperative model and principles for cross-border business.

The dairy cooperatives in Europe are seen as a good example for that purpose. On the one hand, the dairy industry is globally facing an internationalisation process. In a context of international trade liberalisation and of a predicted unbalance of the world's milk market, the current trend towards developing dairy product exchanges should continue in the mid-term. The volume of these exchanges has increased 3-folds since 1970, whereas the world's overall milk production only increased by 50%, from 392 million to 579 million tonnes between 1970 and 2000 (global trade from 24 to 72 million tonnes) (Rouyer, 2002). This industry is probably among the most concentrated businesses of the food sector. At the global level, the recent waves of intense acquisitions, mergers and alliances (almost half of which were international) have contributed to redefining the corporate landscape of the sector. Between 1998 and 2002, 70 % of transactions involved the European continent (Zwanenberg, 2002).

On the other hand, cooperatives play a key role in the dairy industries of most countries in Europe and around the world (Van Bekkum & Van Dijk, 1997). European cooperatives handle 25 % of the activity of the World's first 25 dairy companies and represent 5 of the first 10 dairy cooperatives worldwide. Even if they are highly heterogeneous in their structures and strategies, (Bijman, 1998 - Van Bekkum and Nilsson, 2000), in most countries cooperatives are on the defensive and have to brace themselves to retain their market shares and their brand renown against their non-cooperative competitors (Bessey et al., 2000).

Internationalisation now appears to the largest companies in the sector as an unavoidable strategy (Bremmers and Zuurbier, 1997) motivated by the need to reduce costs (labour, equipment and raw material), to find new openings in a market that has reached maturity in western countries, to maintain and secure their market shares and strengthen their market power, to diversify risks by distributing activities over several distinct areas, to by-pass trade barriers in certain countries or to improve access to capital.

Within an evolutionist perspective (resource-based-view) and after describing our analytical framework (part 1), we show that a number of cooperatives are confronted with an internationalisation process (either at milk collection, processing or marketing levels) and we empirically identify six main strategies (part 2). Finally, we show that they take advantage of their various skills and competencies to fit with corporate business where market opportunities and specific asset exploitation are the priority. Partnerships may play a key role as a means to multiply resources. Most international strategies do not take the cooperative organisation as a model of reference for business (part 3). This study was based on an empirical analysis of a sample of 30+ European dairy cooperatives from various countries (Belgium, France, Germany, The Netherlands, Italy, Portugal, Spain).

## I – Analytical framework

Development is often seen as a prerequisite to firm survival and in a context of economic mondialisation, cross-border business comes out as the preferred, even inevitable way of achieving that development. Recent approaches to firm theories and strategic analysis (including internationalisation) have emphasised resource organisation and no longer focus exclusively on markets.

Further in this document, we take advantage of the complementarity between resource model and Dunning's international production model (1988) to try and better conceptualize the internationalisation strategies of European cooperatives. The issue of resources, their organisation, their mobilisation and their ownership is the gist of current cooperative transformation in a context of increased competition on the food markets, when cooperatives are increasingly compelled to implement market-driven strategies (Nilsson and Van Dijk, 1997 - Nilsson, 1998). Indeed, cooperatives face several limitations due to their ownership / financing / managing structure, especially for foreign investments and international trade, which often demand mid- and long-term strategic or managerial prospects and expansion of financial means.

Since the mid- '80s, a number of studies have used the resource model approach, as initiated by Penrose in 1959, to analyse the dynamics of a firm. Instead of focusing on transaction costs, market power, etc., that approach breaks down a firm as a unique collection of resources and competencies that makes it different from its competitors. It focuses on the creative, procedural and proactive dimensions of the firm and puts learning, innovation and initiative potential at the heart of its concerns.

Under such conditions, a firm can be considered as more effective than the market at integrating and coordinating knowledge, special know-how, tangible assets and immaterial ones[1]. Firm analysis then involves the conditions under which those resources are built-up, created or developed. Firm-specific advantages are not only based on information asymmetry but on their resources and competencies that are the driving force of firm development (Quélin, 1996). Thus we go from an allocative vision of a firm to a problem of resource building.

Resources, construed in a rather broad meaning (including organisational skills and dynamic capabilities) constitute specific assets which are either detained or controlled by the firm and made up by material, financial, human, organisational, technological assets and its reputation (Grant, 1991). A discrimination is made between tangible resources, which can generally be found and acquired on the market, and intangible resources that can hardly be emulated or appropriated and produce competitive advantages and rent.

Core competencies correspond to a unique mosaic of knowledge, know-how and experience, taking a long time to build up and difficult to emulate. They have direct influence on the firm's performance.

In that approach, each firm follows a specific trajectory (Nelson & Winter, 1982) set by tangible and intangible, codifiable and tacit assets as acquired by the company. The organisation's development unfolds through the exploitation and valorisation of assets owned and the development of new resources and competencies (Wernelfelt, 1984).

Then internationalisation can be envisaged as a preferred way to valorise and build up the resource and skill portfolio of a firm.

Regarding firm internationalisation, the OLI model (Dunning, 1988) comes out as one of the most complete theory. It appears as a synthesis of earlier theoretical contributions and

[1] According to the evolutionist theory, firm organisations are the consequence of individuals' cognitive limitations, not those of market failures or transaction costs.

combines economic bases with strategic prescriptions. The resource notion is at the core of the Dunning approach, highlighting three advantages of engaging in international production :

- The ownership advantage (O), linked to the detention by the company of a specific advantage on its competitors,
- The location-specific advantage (L), linked to the company's implantation in a foreign country,
- The internalisation-specific advantage (I) resulting from the company's own mastering of the internationalisation process.

According to Dunning, holding an ownership advantage is a prerequisite to any internationalisation move. Without such a specific advantage, resulting from resources or skills exclusively held by the firm (technological advance, know-how, managerial competence, brand name, renown, etc.), any internationally oriented strategy is bound to fail.

The degree or modalities of a firm's international commitment are directly linked to the L and I advantages. Exploitation of possible localisation (input price and quality, freight cost reduction, etc.) and internalisation advantages (lower transaction costs, market control, etc.) also depends on the resources and skills that the company is able to mobilise : financial and human resources, managerial skills for activities abroad, etc.

The difficulty to master all the necessary resources and competencies explains why firms are often led to contracting alliances, with local companies in particular (joint venture, …). Partnerships make it possible to merge complementary resources – e.g. one providing the technology and the other providing market knowledge – while repeated interaction between partners facilitates new skill acquisition, even tacit knowledge, through organisational learning in particular. Through contact with its partner, a company builds up its competence portfolio and may later expect to detach itself from its ally and manage its overseas operations by itself.

In the following study, we set out to propose an analytical grid for the various ways of tackling farmer cooperative internationalisation. We identify the resources used and the way they were mobilised, in an attempt to describe the rationale behind cooperative international motivations. International commitment will be envisaged according to three main approaches : commercial exchange (franchise included), shareholding and alliances, and full ownership subsidiaries.

## II – International strategies of European dairy cooperatives

This study[2] was conducted in 2001 and 2002 as part of a monographic undertaking, based on collection of documentary data and surveys/polls with expert professionals and managers of dairy cooperatives in various European countries (Guillouzo & Ruffio, 2003). Five countries were retained for analysis according to their capability to express very different structural settings with regard to the overall situation of the dairy sector and to the European cooperative organisation. In each of those countries, the main cooperatives were surveyed : Belgium (four cooperatives), Spain (9), France (5), Northern Italy (6), the Netherlands (4), Portugal (1) (Table 1).

Analysing the strategic behaviour of European dairy cooperatives in terms of internationalisation of procurement and industrial and commercial activities revealed a true involvement of those entities on foreign markets, even if their presence abroad remains restricted and selective, except for a few major groups. Internationalisation modalities are highly variable.

Six main strategies to internationalisation were identified :

**1 – Raw material procurement**

**- Procurement abroad (1.a)**

This is a group of cooperatives with few openings abroad and whose concerns are their raw material procurement outside of their national borders. Their aim is to ensure and optimise their procurement by resorting to foreign resources for reasons relating to raw material rates or insufficient domestic production (e.g., Italy).

Italian cooperative Granarolo, for instance, exports very few foodstuffs (3-4% of its turnover at most), has no subsidiary abroad but imports 42% of its total milk procurement from Germany, Austria and France.

**- Raw material supply to foreign companies (1.b)**

Conversely to the previous example, a number of small cooperatives that historically haven't developed any significant industrial capacities, organised collection activities[3] to supply larger dairy groups, either cooperatives or other. These milk fluxes often pertain to cross-border proximity trade, but not exclusively. That strategy applies to Belgium (e.g., Cheoux Dairy Cooperative), Spain, Austria and Portugal.

In Spain, some goat milk ventures are based on mutual (national and foreign) capital investments to set up processing capacities. Andalusian cooperatives Sierra de Grazalema, Las Cabezas and Trebujena in 1990 created Fromandal, a common subsidiary shared with Eurial Poitouraine ; 70 % of its output goes to the procurement of the latter's French units.

Andalusian second tier cooperative Caprina de Almeria (cooperatives La Pastora and Los Filabres) operates on a similar partnership model with the Lactalis group, whereby they equally invested in 1995 in a frozen curdled goat milk plant to supply the group's processing units in France.

---

[2] It was subsidised by the Regional authorities of Britanny (Conseil Régional de Bretagne), the federation of Western France farmer cooperatives (Confédération des Coopératives Agricoles de l'Ouest de la France) et Unigrains Paris.

**2 – Foreign market diversification**

**- Seeking foreign market openings for products of consumption (2.a)**

This is a basic strategy in many dairy cooperatives with strictly domestic implantations, which have taken on exports markets to find growth outlets for their products and make up for the saturation of their traditional domestic markets. Often, those cooperatives have recently tackled the exports niche to turn it into a steady business turnover as part of a deliberate development strategy.

Some cooperatives do reach important exports turnovers, like for instance the large German cooperatives which, after a restructuring period, are now tackling foreign markets : Nordmilch, Bayerische Milch Industrie get 27% and 33% of their turnover, respectively, on the export market ; Humana Milch Union (13%) has established more than one hundred trading subsidiaries abroad. In France, Laïta does 25 % of its turnover on exports and in the recent past has instated trading subsidiaries in Germany, Italy and the United Kingdom.

**- Seeking foreign market openings for labelled products (2.b)**

Unlike the previous example, this strategy involves cooperatives that specialise in specific character foodstuffs. Engaging in cross-border business is a progressive process which pertains to an increasingly voluntarist strategy in pursuance of traditionally more opportunistic approaches. Product characteristics and production rules exclude any other modalities than direct export sales.

The cooperatives that properly illustrate that strategy are the Northern Italy cheesemaking cooperatives, localised in the production areas of PDO[4] labelled products Grana Padano and Parmiggiano Reggiano. In a saturated Italian market, Latteria Soresina, Consorzio Latterie Sociali Mantovane and Unigrana have for a few years only conducted an active policy of

---

[3] In general, these are heat-treated milk in bulk although in certain cases the product may have undergone first-step processing.
[4] PDO : Protected Designation of Origin.

exports to markets where the Parmiggiano image could be exploited. They haven't yet invested in specific commercial infrastructures.

In France, the Isigny-Sainte-Mère cooperative gets 40 % of its turnover from exporting top-of-the-range PDO and otherwise protected products (cream, butter, Camember, Pont l'Evêque).

**3 – Taking advantage abroad of a commercial asset or know-how**

The aim of this strategy is to take advantage, on a foreign market through franchise agreements, of a commercial success initially achieved on the domestic market.

A characteristic example of that approach is the Sodiaal group, one of the first agrifood companies in Europe to develop, in 1969, an original formula which combines production, marketing and sales support. Its Yoplait subsidiary has franchised partners in about fifty countries. The franchise system currently represents its first growth input and Yoplait is the second brand name of fresh dairy products world-wide. Its other subsidiary Candia has been gradually developing its international activities since 1977 and is present in Africa, in the Middle-East and in Asia.

Swiss cooperative group Emmi, whose six plants are in Switzerland, has also expanded abroad (Europe, North America, Asia) through licence agreements exploiting the Emmi brand name and know-how.

**4 – Activity oriented leadership**

This category differs greatly from the previous ones, even if its international access modalities are not specific (industrial or sale subsidiaries, milk collection). It includes cooperatives that chose a leadership strategy based on a defined activity where an international dimension is required (critical activity threshold, market power, access to resources, etc.). That strategy does not preclude keeping more traditional activities, possibly with their own internationalisation approaches (e.g., exports).

The strategic priority of French group Eurial Poitouraine is to develop its goat milk processing activities on the European scale and take the leadership of the sector. The group developed industrial, commercial and raw material procurement activities in Andalusia (the first goat-breeding region in Europe) in partnership with three local cooperatives. Eurial Poitouraine is following there a triple strategy of additional procurement for its French processing plants (about 1/3 of its French collection), local goat cheese production and development of a 100% goat milk cheese market in Spain.

Belgomilk, to a lesser extent, can fall in the same category through their ice cream activities. This priority development axis, thanks to its Ysco subsidiary, now ensures 20% of the group's turnover. Eighty-seven per cent of that production are exported within Europe, where it ranks with the leaders of private label products manufacturers. Ysco currently operates from three industrial units in Belgium, the Netherlands and France.

**5 – Extending the domestic market to Europe**

Cooperatives in that group have engaged in ambitious cross-border strategies which consist in taking positions on neighbouring European markets whose geographic and economic characteristics are such that they can be assimilated to extensions of their domestic market.

The geographic areas covered (industrially, commercially and procurement) are included in a global strategy aimed at a high level of business rationalisation, especially in the industrial domain where plants no longer match the local market requirements but are more specially designed to fit with the company's more global policy.

There are two different approaches according to the degree of reference to the cooperative model.

**- « cooperative » strategy to the European market (5.a)**

Cooperatives in this category engaged in that strategy by exporting their cooperative organisation model. They aim at creating European cooperatives with members from countries with similar rights and duties.

That approach is best characterised by Dutch cooperative Campina. For twenty years it has followed an ambitious external growth strategy on Dutch territory and abroad alike. The Belgian and German markets in particular have been the focus of its attention, where an original policy of foreign producer integration has been applied. It now ensures 37% of its turnover in Germany, 30% in the Netherlands and 7% in Belgium.

In Germany, it conducted a dual strategy : acquisition of, or capital sharing with dairy companies ; partnerships, for instance with the Milchwerke Köln Wuppertal (MKW) cooperative. That partnership gave rise to an original setup in 2001, when MKW was integrated as a special member of Campina. The same deal was cut with the producers of Belgian cooperative De Verbroedering.

Austrian Berglandmilch (alliance in 1999 with Bavarian cooperative Rottaler Milchwerk) and German Milchunion Hocheifel (MUH) are also part of this category. They particularly developed cross-border milk collection from producers who also are their members.

**- « group / subsidiary» approach to the European market (5.b)**

Cooperatives in this group follow identical strategies but they renounce their cooperative specificity when tackling a new area. They engage in new countries through non-cooperative subsidiaries (IOF) or partnerships, a way which is not fundamentally different from the international expansion modalities of IOF.

French Cooperative Alliance Agro Alimentaire (3A) is a good example of that strategy. The cooperative engaged an Iberic Peninsula strategy in the early '90s, in particular by taking control of Spanish industrial facilities through take-overs or capital sharing. 3A owns four plants in Spain and collects approximately 400 M litres over there. It has become Spain's no. 5 dairy operator and the Spanish market weights just as much as the French one for that cooperative.

Portugese Lactogal also fit in that type of strategy, but to a lesser extent. It exports products to Spain and is planning to strengthen its position there by developing industrial activities.

### 6 – The multinationalisation approach

This group illustrates the multinationalisation strategies adopted by major cooperatives of the sector. These companies extended their business over the five continents where they control industrial and commercial subsidiaries. There is then no longer any difference with non-cooperative dairy multinational companies. They process high-added-value products (including ingredients) and base their development on their intangible assets (brand names and innovation potentials).

Friesland Coberco is one of the best illustration of that category. It achieves 60% of its total turnover outside of Holland, including 50% in Europe, 15% in Asia, 8% in Africa and the Middle East and 4% in the USA. It owns more than a dozen factories abroad and about twenty in Holland. It has about thirty commercial subsidiaries in more than twenty countries plus a dozen industrial subsidiaries.

Glanbia (Irl) and Arla Foods (DK / S) also fall in that category, albeit on a smaller scale.

## III – Internationalisation, resource raising and cooperative identity

Analysing the strategic choices of European dairy cooperatives in relation to internationalisation reveals that there is a definite involvement of those entities on foreign markets, even if their presence abroad remains selective and restricted, except in a few major groups.

The objectives pursued by dairy cooperatives on the international scene are many and do not merely amount to the market share issue. Product-oriented and capital-oriented approaches do not account fully for such strategies which should also be worth analysing more broadly with regard to resource or specific assets finding or exploiting in an international framework.

Table 2 displays the various strategic groups previously identified and tries to highlight the main resources onto which each category leans to engage for its international strategy. These resources vary widely, being tangible, intangible, financial or organisational:

- Group 1 strategy relies mainly on raw material resources linked to a discrepancy between industrial capacity and the market potential.
- Group 2 is also within a prospect of physical resource valorisation, where companies seek to resolve the imbalance between their production capacity and their domestic openings. Group 2b in addition exploits intangible assets linked to recognised technical know-how and rules to produce foodstuffs having a specific character (e.g. in a given geographical area).
- Conversely, group 3 mainly relies on intangible assets linked to the ownership of a brand name, technical know-how and organisational skills within a franchise agreement. The stakes consist in voluntarily granting the right of usage to reiterate a commercial success.
- In group 4, the issue is to exploit and sustain the competitive advantages acquired in a defined activity, i.e., know-how, innovation potential or a certain market power. Unlike the proceeding categories, the assets mobilised can be of various types because they depend on the activity concerned (re. previously cited examples).
- Group 5 also makes use of a variety of resources linked to the extension and quality of its product portfolio, its industrial efficiency, brand reputation and innovation potential. Group 5a relies on a strong cooperative identity and organisational resources that allow it to plan an original strategy of gradual membership internationalisation.

- Lastly, the ultimate category includes companies that exploit the various components of their market power and above all their capability to innovate in Research & Development activity, which will enable them to take positions on the world markets with low-cost, (price competitiveness), good quality and innovating products (including ingredients). The success of their strategy also depends on their capacity to raise the necessary financial and organisational resources (financial engineering, industrial and financial partnerships, etc.).

All in all, this analysis especially raises two types of issues relating to the degree of resource control on the one hand, and to the valorisation of cooperative experience (identity) within those strategies, on the other hand.

The first issue refers in particular to the problem of resource sharing and mutualisation. Partnerships are now restructuring cooperative strategies. They make up for structural deficiencies and help providing leverage effect on resources (Ruffio et al., 2001). They also play a crucial role in accompanying cooperative internationalisation. Deeper analysis of the alliance portfolios and fully-owned subsidiaries of 14 of the dairy cooperatives analysed reveals different practices:

- The cooperatives which widely use alliances to prop up their international ventures are already the most internationalised. These partnerships pertain mainly to an outside of Europe commercial rationale and rarely result in joint companies. They are established with partners selected outside of the cooperative sphere. Fully-owned subsidiaries abroad pertain to an industrial rationale within Europe.
- Other companies display a more balanced profile with a mix of alliances and fully-owned subsidiaries. Partnerships are signed mainly with partners from the cooperative world. They are restricted to the European level and their vocation is mainly commercial and industrial.

Owned subsidiary implantation is also widely practised for processing implemented out of Europe.

- The cooperatives which are less committed to international business and favour the European dimension prefer strong alliances (joint companies) with partners not necessarily belonging to the cooperative world.
- Lastly, little internationalised cooperatives with no foreign subsidiaries sign agreements mainly with other European cooperatives for raw material procurement.

Regarding the second issue, the above analysis shows that little reference is made to the cooperative model in those strategies and that most identified approaches pertain to strategies or modalities shared with Investor Owned Firms. The cooperative identity and organisational assets are hardly used in the international context. The only exception involves the cooperative strategy to European development as an extension of domestic markets (group 5.a) with the prospect to create transeuropean cooperatives with foreign members. The raw material rationale of group 1b is also a cooperative specificity because it follows the classic model of bargaining cooperatives designed for collective organisation of producers to influence the market structure and behaviour of buyers and / or suppliers. In contrast, groups 2 and 3 by nature rule out that possibility as long as options are open for groups 4 or even 6.

Nevertheless, transeuropean cooperatives are being established and various organisational models have been identified, which reveal a gradual evolution towards full integration of producers from different countries (Guillouzo and Ruffio, 2003). That ongoing reality gives substance to the European Cooperative Society statute project drafted by the European Commission and which will undoubtedly lead to a multiplication of such initiatives. However, the fact that geographic proximity remains an essential factor in this type of initiative may question the reality of the internationalisation process within the European area. Indeed, the ongoing process could also be seen more simply as a move to adapt on a different scale to a new « domestic » market already instated by the EU. Europe could be considered as a new strategic area in a highly concentrated sector with very little room to manoeuvre, in certain countries in particular. From this point of view, most of the initiatives analysed probably participate in a continuous restructuring process that has been ongoing for several decades, with a change of scale (from local to regional, regional to national, national to European interregional, etc.) rather than in radical strategic breaking.

**Conclusion:**

In many industries, and in the dairy sector in particular, the process of cooperative internationalisation is already well under way as regards marketing, industrial production and procurement. The strategies pursued and the modalities applied vary according to the resources available to companies, from which they can expect some competitive advantages. Alliances generate a leverage effect on resources and make it possible to follow several strategies concomitantly. The cooperative identity and organisational model do not appear to be of much use in that context. The initiatives aimed at creating transnational European cooperatives pertain more to a restructuring process within a newly created domestic market rather than to actual internationalisation of activities.

Independently of the various aspects described in this paper, cross-border business for cooperatives which favour this strategy for their own development have consequences on their functioning and lead to managerial and organisational changes. In particular, it raises such issues as long-term decision-horizon, the capability to raise the human and financial means required and for members to keep control of increasingly complex and decentralised organisations. The move is also accompanied by a change in territorial scale, leading to a new conceptualisation of and relation to the very notion of territory.

## References


Bessey M., Allsop P., Wilson B. (2001). *Europe's dairy industry 2001/2002*, Dairy industry Newsletter, Eden Publishing Company, 205 pages.

Bijman W.J.J. (1998). *Internationalisation of european Dairy companies : strategies and restrictions*, in : G.W. Ziggers, J.H. Trienekens, P.J.P. Zuurbier (eds). Proceedings of the third international conference on chain management in Agribusiness and the food industry, Wageningen Agricultural University, Management studies group, pp. 769-779.

Bremmers H, Zuurbier P.J.P. (1997). *Globalisation in the Dairy Industry*, in : Loader R.J., Neneson S.J., Trail W.B. (Ed) - *Globalisation of the Food Industry : policy implications*, Proceedings of the international conference, Reading, Department of Agricultural and Food Economics, University of Reading, p. 445-463.

Dunning J.H. (1988). *Explaining International Production*, Unwyn Hyman, London.

Grant R. (1991). The resource based theory of competitive advantage : implications for strategy formulation, *California Management review,* 33, p. 114–135.

Guillouzo R., Ruffio Ph. (2003). *L'internationalisation des coopératives laitières européennes : modalités et stratégies*, Observatoire des Industries Agroalimentaires de Bretagne, CS 74223, F – 35042 Rennes, 243 pages.

Nilsson J. (1998). The emergence of new organizational models for agricultural cooperatives, *Swedish Journal of Agricultural research*, 28, p. 39-47.

Nilsson J., Van Dijk G. (eds) (1997). *Strategies and structures in the agro-food industries*, Van Gorcum, Assen, 277 p.

Penrose E. (1959). *The Theory of the growth of the firm*, Basil Blackwell.

Quelin B. (1996). *Coopération interentreprise et création de ressources*, in : RAVIX J.L., *Coopération entre les entreprises et organisation industrielle*, CNRS éditions, Paris, p. 111-139.

Rouyer B. (2002). *Internationalisation, pourquoi, quand, où, comment ?*, IDF Congress Congrilait, Paris septembre 2002, 9 pages.

Ruffio Ph., Guillouzo R., Perrot P. (2001). Stratégies d'alliances et nouvelles frontières de la coopérative agro-alimentaire, *Economie Rurale*, n°264 – 265, juillet – octobre, p. 76–88.

Van Bekkum O.F., Nilsson J. (2000). *Liberalization of international dairy markets and the structural reform of European dairy cooperatives*, Agribusiness Forum of the international food and agribusiness management association – IAMA, Chicago, June 24-28, 10 pages.

Van Bekkum O.F., Van Dijk G. (1997). Agricultural cooperatives in the european Union. Trends and issues on the eve of the 21st century, Van Gorcum, Assen.

Wernerfelt B. (1984). A resource-based view of the firm, *Strategic Management Journal*, vol. 5, n°1.

Zwanenberg A. (2002). *Internationalisation : consequences for cooperatives and non cooperatives*, IDF Congress Congrilait, Paris, septembre 2002, 6 pages.

## Table 1: Main features of the analysed dairy co-operatives

| Cooperatives | Countries | Milk intake* | Members or suppliers | Export (% total turn over) | Industrial subsidaries abroad | Sales subsidiaries abroad |
|---|---|---|---|---|---|---|
| Berglandmilch | Austria | 1160** | 22000 | 30% | X | X |
| *Belgomilk* | Belgium | 590 | 4000 | 72% | X | X |
| *Belgische Zuivel Unie* | - | 290 | 1100 | | | |
| *Laiterie coop de Chéoux* | - | 210 | 1100 | | | |
| Arla Foods | DK/S | 7200 | 17500 | 47% | X | X |
| *Alliance Agro-Alimentaire* | France | 1150 | 4700 | 34% | X | X |
| *Eurial Poitouraine* | - | 820 | 3700 | 15% | X | X |
| *Laïta* | - | 1730 | 6800 | 25% | | X |
| *Sodiaal* | - | 2300 | 14300 | 38% (Yoplait) 13% (Candia) | X | X |
| *Coop Isigny Sainte Mère* | - | 180 | 870 | 40% | | |
| Bayerische Milch Industrie | Germany | 1400 | | 33% | X | X |
| Nordmilch | - | 4200 | 17000 | 27% | | |
| Humana | - | 2450 | | 13% | | X |
| Glanbia | Ireland | 2450 | 18700 | | X | X |
| *CLS Mantovane* | Italy | 1000 | 3000 | 8% | | |
| *Cooperlat* | - | 140 | 1500 | 5% | X | |
| *Granarolo* | - | 500 | 8000 | 4% | | |
| *Latteria Soresina* | - | 200 | 160 | 10% | | |
| *Latteria Friulane* | - | 1 | | weak | | |
| *Unigrana* | - | 240 | 1600 | 8% | | |
| *Lactogal* | Portugal | 1200 | 26000 | 15% | X | X |
| *Cadi* | Spain | 65 | 200 | >25% (cheese) | | |
| *Capsa* | - | 800 | 3250 | <5% | X | |
| *Caprina de Almeria (goat milk)* | - | 26 | | 90% | | |
| *Copireneo* | - | 55 | 80 | 15% | | |
| *Covap* | - | 200 | 510 | weak | | |
| *Fromandal (goat milk)**** | - | 30 | 600 | 90% | | |
| *Iparlat* | - | 340 | 3100 | weak | X | |
| Emmi | Switzerland | 361 | 4000 | 20% | X | X |
| *Campina* | Netherlands | 5750 | 17000 | 70% | X | X |
| *CONO Kaasmakers* | - | 260 | 520 | 50% | | |
| *DOC Kaas* | - | 600 | 750 | 66% (cheese) | | |
| *Friesland Coberco (FCDF)* | - | 5600 | 14200 | 61% | X | X |

Source : various (2000 and 2001 data). in italic : visited co-operatives
* million liters
** included Germany
*** Cooperatives Grazalema, Las Cabezas, Trebujena and Eurial Poitouraine (F)

## Table 2: Main dairy cooperatives international strategies

| | 1a | 1b | 2a | 2b | 3 | 4 | 5a | 5b | 6 |
|---|---|---|---|---|---|---|---|---|---|
| **Main strategies** | **Raw milk supplying** | | **Market diversification** | | **Commercial asset** | **Activity oriented leadership** | **European expansion of national market** | | **Multinatio-nalisation** |
| | Buying | Supplying | Basic product | Labelled products | Franchise | | Cooperative strategy | Group / subsidiary | |
| Area concerned | Frontier zone | Frontier zone | Europe / world | Europe / world | World | Europe | Frontier zone | Frontier zone | World |
| Type of products | Raw milk | Raw milk | Basic products | Basic products | Basic products | Basic products | Basic products | Basic products | Basics & Ingredients |
| Industrial subsidiaries abroad | -- | | | -- | | ++ | ++ | ++ | +++ |
| Sales subsidiaries abroad | | - | ++ | ++ | + | ++ | ++ | ++ | +++ |
| **MOBILISED RESOURCES** | | | | | | | | | |
| Quantitative raw milk resource | -- | ++ | ++ | | | - | | | |
| Qualitative raw milk resource | - | + | | ++ | | - | | | |
| Extent of product portfolio | | - | + | -- | + | | ++ | ++ | ++ |
| Product quality | | | ++ | ++ | + | + | ++ | ++ | + |
| Product price | | | ++ | | | + | | | + |
| Industrial capacities | ++ | -- | ++ | | | | + | + | + |
| Financial resources | | | | | - | | - | + | ++ |
| Brand | | | + | | ++ | + | ++ | ++ | + |
| Collective quality signs (protected labels) | | | | ++ | | | | | |
| Technical knowledge | | | | ++ | ++ | ++ | ++ | ++ | ++ |
| R&D capacities | | | + | | + | + | + | + | ++ |
| National market potential | ++ | - | -- | - | | | | | |
| Foreign market potential | | | ++ | + | + | ++ | + | + | ++ |
| Organisational asset | + | | | + | ++ | | ++ | | + |
| Cooperative identity | | + | | | | | ++ | | |
| **Exemples** | Granarolo (I) | Mainly small coops (E, D, Au) | Nordmilch Humana MU, BMI (D), Laïta (F) | Latt. Soresina, CLSM, Unigrana (I), Isigny (F) | Sodiaal (F) Emmi (CH) | Eurial Poitouraine (F) Belgomilk (B) | Campina (NL) Berglandmilch (Au), MUH (D) | 3A (F) Lactogal (P) | Friesland Coberco (NL) |