

*Using a Brands Strategy for Scaling Business Development Services:*

## A Case Study of the Appalachian Center for Economic Networks

### Introduction

Microentrepreneurs know intuitively that their path to business success depends on growing their markets. For many of them, that path has meant moving from very local markets to more regional and even national markets. It means finding new channels to reach customers face-

to-face, virtually or through intermediaries. Microenterprise development organizations (MDOs) have long worked to help entrepreneurs master their marketing challenges. An early demonstration on access to markets strategies, funded by the Charles Stewart Mott Foundation, found that MDOs work to connect entrepreneurs (the supply side) with more customers (the demand side) using three broad strategies.

### About this Research

This case study is part of an ongoing research project by FIELD that examines how U.S. microenterprise development organizations (MDOs) can scale up their Business Development Services (BDS) in order to serve many more microentrepreneurs, and to serve them effectively. In this project, BDS is defined as non-financial resources, including, but not limited to, training and technical assistance, which microenterprise organizations provide to help entrepreneurs start and grow their businesses.

This BDS research project is supported with funding from the U.S. Small Business Administration's PRIME (Program for Investment in Micro-entrepreneurs) program, as well as with funding provided by the C. S. Mott Foundation and Citi Foundation in support of FIELD's Scale Academy for Microenterprise Development.

- ▶ They work to create or improve the *capacity* of the entrepreneurs or suppliers by helping them overcome key barriers that restrict their access to the larger marketplace. They provide training on basic marketing concepts and help entrepreneurs develop marketing plans. They help them understand and meet regulatory requirements, especially with respect to health and safety issues. They offer guidance on product development and, in some cases, through incubators, provide space and equipment for efficient production.
- ▶ They work to create *venues* where entrepreneurs and customers can meet. They develop and support farmers' markets and other marketplaces where clients can display and sell their wares. They help set up and operate trade show booths. They have helped clients set up e-commerce

websites. They have created printed and virtual directories of client businesses and implemented “buy local” campaigns to create greater awareness of client products and services, and to make connections easier.

- ▶ They create *transactions* directly by taking on the responsibility of generating and consummating sales. They operate retail outlets and e-commerce sites that sell products. They have produced product lines, with the products made by clients to their specifications and sold under a shared name. They have acted as marketing or sales representatives for independent microentrepreneurs, brokering between retailers and producers.<sup>1</sup>

In all these ways and more, MDOs have worked to help disadvantaged entrepreneurs increase their market share. One overarching strategy that a number of MDOs have used is a “brands” strategy, under which they have worked on capacity issues, found or created venues to increase sales, and sometimes attempted to manage transactions themselves. In recent years, these brands strategies have been more the purview of rural MDOs, where distance and lack of population density may make market connections more challenging.

What is a brands strategy? At its simplest, it is a program intervention that creates and fosters the use of a brand name to increase market awareness of a set of products and/or services, and leads to increased sales for the entrepreneurs that operate under the brand name. In its implementation, it is more complex as the success of the brand, as in all commercial enterprises, depends on a number of critical elements, most notably product quality and consistency, adequate availability (which requires capacity to produce or deliver the service to meet demand and timely delivery), and a business model that produces value to consumers

and a positive return to those participating in the brand. Getting multiple independent producers to operate effectively together to achieve these elements is no easy matter. Given these challenges, can a brands strategy be used by an MDO to achieve successful outcomes for a large number of microentrepreneurs? Can this strategy work to help an organization scale its services, or is it too costly and demanding such that it can only work for a limited number?

## Focus of this Case Study

This case study profiles an MDO that has developed three brands and experimented with various roles and program components in its efforts to make each a strong engine for economic opportunity in its region, serving large numbers of entrepreneurs. The Appalachian Center for Economic Networks (ACEnet), as its name implies, believes in the power of networked entrepreneurs, and supporters, to improve the economic well-being of the individuals and communities it serves. Over the course of its history, it has been most identified with its work in the packaged specialty foods sector, but it has also supported artisans and craftspeople, food producers, restaurateurs and others in the hospitality industry.

This document will review its experience and lessons with three brands:

- ▶ *Food We Love*, its umbrella brand for specialty foods produced by entrepreneurs using its kitchen incubator and product development services. Products selling under this umbrella include: Vino de Milo Sauces; Integration Acres Pawpaw Sauces and Chutneys; Crumbs Bakery breads and pastas; Herbal Sage Teas; Shag Bark Seed and Mill’s chips, crackers, dried beans and flour; and Snowville Creamery’s milk,

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<sup>1</sup> Karen Doyle Grossman with Amy Kays Blair and Tamra Thetford, *Connectors and Conduits: Reaching Competitive Markets from the Ground Up*. The Access to Markets Demonstration Final Report (Washington, D.C.: The Aspen Institute/FIELD, 2002), 12-14.

yogurt and cheeses. Each retains its own unique brand identity as well. In total, there are 52 entrepreneurs operating under this brand now.

- ▶ *Art of Ohio*, its umbrella brand for artisans. Producers operating under this brand included: the Nelsonville Pottery, Gemelli Contemporary Crafts, Tom Bennett Woodworking, Starbrick Gallery and Sunflower Glass. The brand served as the umbrella for products sold via a specially-dedicated e-commerce site, and incorporated galleries and small shops as well. The brand is still used as a marketing tool by artisans, but the website is currently defunct.
- ▶ *The 30 Mile Meal*, a brand that it is supporting in conjunction with the Athens County Convention and Visitors Bureau. This is the newest brand, and, under its umbrella, it seeks to foster local and tourist interest in locally grown and produced foods and restaurants serving menus based on them. Hotels and bed and breakfast establishments, and small retail shops selling products made with local foods also participate in, and benefit from, this brand. The 30 Mile Meal brand is a variant of a rural development strategy called “regional flavor,” which seeks to support economic development by building on the local character of a region, and coalescing food producers, hospitality entrepreneurs, recreational and historical/cultural providers under one marketing identity.<sup>2</sup>

What follows is a brief discussion of ACEnet’s goals with respect to each brand, their evolution and current status. The balance of the case study will focus on implications for practitioners.



## Food We Love

Food We Love (FWL) is ACEnet’s oldest and longest-lived brand. It was developed in 2000 and has operated continuously since that time.<sup>3</sup> The established brand, backed by ACEnet’s stellar reputation in its region, has developed strong name recognition among local retailers and food entrepreneurs. FWL has achieved a notable set of successes including:

- ▶ Increasing Athens’ consumers’ access to local foods;
- ▶ Developing a working model that allowed Athens food retailers to obtain and feature local, high-quality food products; and
- ▶ Delineating a path and providing successful models for food entrepreneurs wanting to bring their products to local, regional and even national markets.

ACEnet started its work with local food producers in the 1980s and, after doing a study on branding in 1999, launched FWL. This move was in response to its kitchen incubator clients who were looking for assistance growing their markets locally and regionally, and needed help getting retailers to open their doors to local producers. Between 2000 and 2003, ACEnet staff worked to build demand for local foods on the part of both consumers and retailers. They convinced large-scale retailers, including Wild Oats (bought

<sup>2</sup> The Association for Enterprise Opportunity, with the support of the W. K. Kellogg Foundation, supported MDOs engaged in regional flavor work. AEO defined it as follows: “Regional flavor centers on a region’s places, heritage, recreational resources, food, culture, lodging, goods and services. These homegrown ingredients (attributes) contribute to a single recipe (experience) where each makes a unique contribution to conveying a sense of place.” Examples of initiatives supported by AEO include: one focused on the Concord Grape belt in New York and Pennsylvania and centered on its wines, jams, juices and other products, and one focused on the Arkansas Delta region, focused on its rich music heritage, African American and Native American cultures, and Civil War history. Natalie Woodrooffe and others, *Small Towns, Big Steps: Microenterprise in Rural America* (Washington, D.C.: Association for Enterprise Opportunity, 2008), 39.

<sup>3</sup> The development and early work on Food We Love was documented by FIELD in the Access to Markets multisite demonstration pilot funded by the Charles Stewart Mott Foundation from 1998 to 2001. Mary McVay and Madi Hirschland, *Making the Connection: Appalachian Center for Economic Networks (ACEnet)* (Washington, D.C.: FIELD, 2000).

**Frog Ranch**  
Salsas and Pickles is one of ACEnet's biggest success stories.



Starting in 1994, owners Craig Cornett and Kristi Hewitt worked with ACEnet on everything from product engineering to label design. They started by selling their salsa to friends and family and at the Athens farmers' market. They were early members of the Food We Love brand, and their products were among the first local products included in the Athens Kroger. They went on to have regional distribution through Kroger and have become a \$1 million annual business.

by Whole Foods) and Kroger, and smaller local markets, such as the Undercover Market, to carry new, specialty foods under the FWL brand. In-store food demos, store signage and branding materials blitzes were key parts of the work in the early days. FWL also responded to the call from area retailers to provide consumer education and marketing materials to generate demand for the products. It was very important to the retailers that the product lines be shelved and marketed together to help retail customers differentiate these products from national competitors. And the work paid off. By 2004, FWL had its own aisle in Kroger and went from offering FWL products in three to four local stores to 30 regional stores. The exposure provided by this penetration of the brand across the region led to substantial growth for some of the larger incubator tenants, including Frog Ranch Salsas, a company that made the leap to regional and national markets.

Frog Ranch sells their product line through all divisions of Kroger, "selling a line of wholesome, high quality, great tasting All-Natural Salsas and Pickles that sell at a rate of one jar per minute in grocery and specialty food stores throughout the country. These efforts have not gone unnoticed; Frog Ranch has received both regional and national media attention, and has won multiple prestigious awards."<sup>4</sup> In 2010, 47 producers had wholesale sales of an estimated \$6.34 million. Included in these aggregate figures are substantial returns to a few very large producers. Most members generated more modest revenues from wholesaling. The median was \$7,500, but it should be noted that many producers also had direct sales in addition to what was gained from wholesale operations. And as some producers were experiencing big gains, greater numbers of producers were attracted to FWL – increasing from 34 participating producers in 2008 to 52 by 2011.

It is important to emphasize that the program components behind the Food We Love brand are more than messaging and marketing. In fact, the elements that have made the brand work reflect ACEnet's deep engagement in the food sector and are grounded in its understanding of how the value chain operates in the region. This type of analysis enables them to see the gaps in the larger system in which their food producers operate and, strategically, where ACEnet should move to provide support or find others able to provide that support.<sup>5</sup> To that end, the brands work has required ACEnet to successfully offer these services:

- ▶ **Product development.** ACEnet assistance in developing recipes and production processes that meet national standards has helped convert personal or family specialties into viable product lines.

<sup>4</sup> Frog Ranch website, <http://frogranch.com/our-story-i-7.html?osCsid=80d825f7e57b251eb878c4a249fd34b5> (accessed August 1, 2011).

<sup>5</sup> See <http://www.youtube.com/watch?v=suLxLZsmTVk> for a video of Leslie Schaller explaining ACEnet's sectoral analysis of the local food supply chain, including the roles ACEnet and other community partners play along the chain.



A key part of the brands strategy was creating markets among food retailers. Enthusiastic supporters of ACEnet and purveyors of Food We Love products include national and regional grocery stores such as Whole Foods and Kroger, as well as 14 local venues, such as the Undercover Market and Busy Day Market. The retailers all pointed to ACEnet's value in providing top-quality local products – highly-demanded by customers – provided by entrepreneurs capable of keeping the shelves stocked.

► **Product placement.** Opening doors to the commercial marketplace in local and regional wholesale markets remains a major prong of the brands work. Having saturated southeastern Ohio, ACEnet has now extended its product placement efforts to larger urban centers. Designating the FWL products with the tagline, “from the Ohio Hills,” ACEnet is connecting product lines produced in its rural market to urban markets in the Columbus area, which has both Kroger and Whole Foods, as well as Giant/Eagle grocery stores.

► **Marketing and consumer education.**

Creating knowledge in the marketplace leads to the desire and demand for local foods. ACEnet was at the forefront of the now well-established local foods movement. In the beginning, the educational work was essential and innovative. Now that the appreciation of local food has gone fairly mainstream, ACEnet's work here is to reinforce the positive connections between that value and the producers it supports through its programs. In addition, ACEnet also attempted to serve as distributor for the products under the brand and sought to earn revenue for its efforts, but this component was discarded as too challenging for the organization. (More on this point will be discussed in the section on Lessons below.)

► **Quality control.** This has emerged as the key value of the FWL brand, especially for retailers. ACEnet rigorously vets all food products and only those that have met ACEnet's standards for quality and consistent production capacity obtain the Food We Love label.

In fact, quality control has become the highest value of the brand to participating retailers. ACEnet is recognized as the pre-eminent organization with regard to the specialty food sector, with the experience to “vet” product quality for supermarkets and other retailers. Now, some of the larger producers feel less need for the umbrella brand of FWL, since their products have gained individual recognition in the marketplace. For example, Vino de Milo's sauces and toppings are now in five

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*“It's definitely easy to work with Food We Love customers. They understand what's involved in selling a product. (The market) gets others who haven't had that support and don't know what to do to make a legally produced product ... so I send them to ACEnet.”*

Christine Hughes, Undercover Market

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international markets in addition to being nationally distributed, and Herbal Sage Teas is now distributed in 29 regional markets through Whole Foods. Still, it was their original positioning under Food We Love that helped them get their first foothold into the larger marketplace.

## Art of Ohio

Art of Ohio was launched in 2004 and, in many ways, was a departure for ACEnet from its comfort zone in foods into another sector of the economy: arts, crafts and home furnishings. As with Food We Love, the brand was intended to provide a marketing tool for disparate producers, create a channel to a broader consumer market, and shift the tasks of marketing and sales from producers to ACEnet and a set of galleries accustomed to those tasks.



Jennifer L'Heureux owns Nelsonville Pottery and was active on the Art of Ohio website. In addition to her own pottery, and offering classes in the shop, she features pottery and artwork from over 60 local southeastern Ohio artists.

By 2007, at the website's height, there were 156 artists participating. Over \$90,000 in product sales occurred in three years through the e-commerce site. And, a partnership was developed with Hocking College to provide "The Business of Art" training to area artisans, developing their basic business skills and, thereby, strengthening their capacity to

successfully participate in producing and selling under the brand label. This relationship with Hocking yielded lasting results. Hocking College increased its capacity to run gallery shows and collaborate with local artists and galleries to promote local artisans. And, ACEnet strengthened its relationship with the College in support of other local initiatives.

ACEnet's initial vision of this brand, as with the Food We Love brand, was that it would serve as a banner that would increase the profile of artisans in the local and regional marketplace, thereby building a larger awareness and, consequently, greater demand for their products. Like FWL, it incorporated a "vetting" function, and products selected for inclusion in the brand were chosen by crafts experts who could accurately assess quality. It differed in that, rather than work to "break into" many local retail venues, ACEnet created a new, common market channel, in this case, a common web mall made feasible by the clustering of a critical mass of producers under the brand. The web mall was intended to increase the market range of producers and offer an easy way for consumers to view, select and purchase a range of products that reflected the culture of Appalachian Ohio. In addition, the program was envisioned to include a limited fulfillment function through participating galleries. ACEnet incorporated local galleries that could manage fulfillment for some artisans, although artisans not connected to a gallery would still have to fulfill orders on their own.

Similar to FWL, ACEnet envisioned that its work in promoting the brand could be financed through earned revenues, in this case, by a fee on sales generated through the site. In fact, this did not happen to any great extent due to challenges faced in ascribing sales to ACEnet's promotional efforts. (As with ACEnet's experience attempting to generate revenues under FWL, more on this will be discussed in the section on Lessons below.)

ACEnet also found that its understanding of the arts sector – and how producers function in

this sector – was not as deep as its understanding of the food sector. Staff found that assumptions regarding the levels of consistency that could be achieved in production and delivery were not correct. In the end, ACEnet chose to reduce its focus on this brand and has encouraged some local retailers engaged in the sector to play some of the roles it hoped it could play under the brand. Since the Art of Ohio website has gone offline, many of the artisans have redirected their energies to marketing their own works using Facebook and hiring ACEnet’s web designer client businesses to update their existing websites or create new ones.

### 30 Mile Meal

30 Mile Meal (30MM), launched in September 2010, is the newest brand in which ACEnet is engaged. It was developed collaboratively with, and is staffed by, the Athens Visitors Bureau. The brand is designed to serve different segments of the local food ecosystem than the Food We Love brand. While Food We Love is about specialty foods manufactured by local producers, the 30 Mile Meal emphasizes locally grown food and the values that this food evokes of quality, value and health. The brand seeks to create awareness first for local farmers and restaurants growing and sourcing local fresh food, and secondarily for specialty foods producers that use local ingredients. It is not a retail store brand, but a marketing tool to encourage people to buy more from local farmers’ markets, to patronize local restaurants that feature menus created from local ingredients, and to generate tourism around visits to Athens and its surroundings focused



on tours, food festivals and other promotions. As with the previous two brands, the Athens Visitors Bureau plays a vetting role, ensuring that producers participating in the brand are indeed within the geographic target range of 30 miles and that the restaurateurs are offering at least one special menu focused on using these local products. The majority of the work related to the brand centers on marketing, and creating and managing a number of public events.

Currently, over 130 participants are utilizing the 30 Mile Meal brand in some format: farmers, food retailers, restaurants, caterers, farmers’ markets, bed and breakfasts and gift retailers. July 2011 marked the first 30 Mile Meal month in which 20 restaurant partners developed specials and new menu items from locally sourced ingredients. 30 Mile Meal month includes Ohio Brew Week and 30 Mile Meal Restaurant week, as well as public events designed to celebrate local foods and those who grow, make, sell and serve them. As of this writing, over 20 farmers and producers have reported increased sales from restaurant ordering. Social media has been a key in the success of the brand promotion. These early outcomes are

promising, but, as the brand is quite new, longer-term outcomes are still to be determined.

## Lessons and Implications for Practice

ACEnet offers a rich body of experience for practitioners interested in the potential of this strategy for impact and scale.

### Can a brand strategy help an organization scale?

The answer is maybe. ACEnet is one of the largest MDOs in the United States. In 2010, it served 1,279 clients across a largely rural region. It reported an increase in clients each year since 2006 and has grown 121 percent over that time period. These clients work with ACEnet in a variety of initiatives, all receiving substantive training and technical assistance services. But, only 52 are “wholesale ready” and considered formal participants in the Food We Love brand. To date, the 133 who participate in the 30 Mile Meal are all ACEnet clients. And, 54 Art of Ohio clients still accessed training or technical assistance from ACEnet in 2010. This means that 18 percent of ACEnet’s clients in 2010 were actually brand participants.

On the other hand, ACEnet staff has noted the following about the value of the brands to scale:

- ▶ Before the Food We Love brand, ACEnet’s kitchen incubator served many disparate food producers, but each acted on his or her own to create a profile and build a market. The brand allowed ACEnet to convert individuals into a network with visibility and force. It created another reason for producers to remain connected to the organization and to each other, and to work together to create a stronger

economy around food manufacturing.

- ▶ The Food We Love brand now has a high profile in ACEnet’s markets and has helped create an image of Athens as a foods center. This has led to media attention and provided a focus for their writing. Food We Love has sparked interest by *Edible Columbus*, a community-based publication devoted to connecting readers to their local food communities.<sup>6</sup> In addition, it has been featured in an episode of *Our Ohio* and included in *Taste of America* on the Travel Channel.
- ▶ Food We Love has attracted aspiring food entrepreneurs who come to ACEnet to participate in the brand. The brand is a hook for its Retail Ready training and its more intensive technical assistance on product development, as it shows entrepreneurs the potential for reaching a commercial market. Even when not ready for formal participation in the brand, a connection with ACEnet is a door to a network of food-related producers, vendors and supporters that is seen as valuable in its own right.
- ▶ Similarly, the 30 Mile Meal has become a vehicle to both attract and serve a broader array of local food producers: farmers, dairy and poultry producers, and so on. Related to this banner, ACEnet has fostered local farmers’ markets, connected these producers with restaurateurs, and developed training content that coaches producers in how to use these venues to increase their market share.
- ▶ The two food-related brands strategies have increased ACEnet’s connections with retailers and restaurants, increasing its value to potential clients who aspire to making similar connections.

<sup>6</sup> *Edible Columbus*, Summer 2011, [http://onlinedigeditions.com/display\\_article.php?id=745328](http://onlinedigeditions.com/display_article.php?id=745328) (accessed July 21, 2011).



So, although a brand in itself may not have thousands of members, it can be the lever that attracts clients and builds a long-term and engaged community of entrepreneurs around it.

### Which roles should an MDO play if focused on both impact and scale?

As discussed above, for a brand to be successful, it requires that producers associated with it produce quality products in sufficient quantity to meet market demand, and do both consistently. It also demands that effective distribution channels exist to link producers to a growing number of retail outlets. ACEnet has worked intensively in each of these areas to:

- ▶ provide detailed guidance on market ready product development;
- ▶ offer facilities for safe food manufacture in quantities that match the needs of most small- to medium-size producers in its market;<sup>7</sup>
- ▶ engage as a marketer and consumer educator, implementing campaigns around both Food We Love and the 30 Mile Meal;
- ▶ play the role of broker, opening the door to regional supermarkets and other retail locations for producers;
- ▶ distribute, buy, transport and stock shelves for a fee; and
- ▶ work as a retailer in e-commerce, managing orders and establishing a rudimentary fulfillment process for artists and craftspeople.

With its small staff, the organization has found it challenging to manage all these roles and, even as they and their clients decry the absence of a solid distribution system for the foods and specialty products being created by these communities of entrepreneurs, has recognized that it cannot now serve in the role of distributor. However, it is clear that engagement in all these

roles has not only deepened staff knowledge of the sectors in which they worked, but also created confidence on the part of retailers in taking on the products of very small producers. On the other hand, does it mean that other MDOs need to follow in its footsteps and try their hands at each of these functions? ACEnet's retail partners appear to particularly value its role as vetter and endorser of products. However imperfectly, the food producers have found a way to manage fulfillment on their own, albeit not without struggles. ACEnet staff see their



“Getting pawpaws to the people.” That’s how Integration Acres describes the start of its story. An early ACEnet client, Integration Acres’ husband and wife team, Chris Chmiel and Michelle Gorman, received assistance around the creation of their pickled and jarred pawpaws. Gorman says, “ACEnet was super involved with the product development and the food science part ... developing a tasty product that was shelf-stable. We wouldn’t have done it on our own, we needed someone with the food science skills.” Integration Acres participated early on in FWL and now actively participates in the 30 Mile Meal brand, including leading a “Pawpaw, goats, and cheese farm tour” during 30 Mile Meal Month.

<sup>7</sup> Although some large producers may be outgrowing the kitchen incubator, there is no obvious step-up facility for these businesses.

strengths in product development, consumer education, and marketing, and these roles may be easier for other MDOs to consider as well.

### **How broadly or narrowly should an MDO focus its brands work?**

There are two issues here: how many types of producers and products can a brand have? And, how many brands can one MDO support?

When ACEnet developed the Food We Love brand, it was attempting to create a banner under which a wide variety of its clients could fly: specialty food producers of all types, dairy and grain farmers, poultry producers, and so on. The brand had to work for retailers as well as direct sales outlets like farmers' markets and community-supported agriculture programs. Food We Love is a brand that was intended to cover the whole local food system and convey those positive notions of local goodness. This was a very different strategy from what most brands strategists would recommend, namely, a more narrow focus on a specific product line. ACEnet staff called it "worse practice" compared to what is commonly prescribed. Nevertheless, it worked well enough for a long time, and it seemed to especially work well for the specialty food producers that were able to use it as a wedge to enter grocery stores and other retail establishments.

However, over time, issues emerged around the brand. Restaurants did not want the Food We Love logo on their menus, saying "that's a grocery store thing." Farmers also saw it as a grocery store brand and felt it did not help them crack the local restaurant market. Even some of the more successful specialty food producers, who benefitted the most from it, feel that it is less relevant now that they have built their own brand identity. Yet, the brand still plays two important roles in the marketplace:

- ▶ The brand remains a seal of quality for grocery stores. Management has come to

depend on ACEnet's vetting of products and will take a chance on those that have been accepted into this brand.

- ▶ The brand remains a tool for consumer education and, with the addition of the tagline, "From the Ohio Hills," and the use of posters, brochures, signs in stores, shelf labels and other messaging, continues to reinforce the notion that a local food community centered around Athens is worth supporting.

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*"The third-party verification component is very important. It's very important that everyone is on the up and up. We don't want it to be greenwashing, we want to be authentic."*

Michelle Gorman, Integration Acres

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These issues led ACEnet to cooperate with the Visitor's Bureau to create the 30 Mile Meal brand, which, as discussed above, spoke more on behalf of agricultural producers and linked them to consumers directly through farmers' markets and indirectly through connections to local chefs and restaurants. In addition, it offered a marketing tool that was attractive for tourism. Once again, the brand depends on deep local knowledge and the ability to connect the supply and demand sides of this market to each other, capacities that ACEnet has in full. And, once again, it depends on a vetting mechanism that assures consumers that, indeed, when they seek out a "30 Mile Meal" or foods to create their own, the foods sold under this label match the description. Producers also see the value of this verification process: that the success of the brand depends on its integrity. In this instance, the Visitor's Bureau is playing this role.

ACEnet's addition of the 30 Mile Meal brand to the Food We Love brand has created a palpable sense of new energy around the

locavore movement, firmly rooted in Athens. But, what about its move into Art of Ohio? Here ACEnet saw the opportunity to serve hundreds of producers in arts, crafts, furniture and home goods. But, its experience was less successful, and the contrast with its experience with the food brands suggests several reasons why:

- ▶ ACEnet’s deep knowledge of the food sector was not matched by the same deep knowledge in the arts and crafts markets. Its understanding of the value chain was not as developed, nor did it have as intimate contacts with, and knowledge of, the individual producers in this marketplace as it did in foods. As it began to work in this sector, it found that potters and other artisans were much less responsive to notions of consistency in production and timeliness in fulfillment than the food producers. Many saw themselves as artists and had difficulty producing, or even with the notion of producing, the same (or similar) pieces over and over again, which made e-commerce marketing challenging.
- ▶ ACEnet had less bench strength for this work, and when one key staff person left, there was no backup capacity to keep the operations going. Other staff had neither the expertise nor the passion for this line of work.
- ▶ The economic shocks that began in 2008 challenged the artisan market in a way that the food sector did not experience. Arts and crafts tend to be discretionary purchases, and, while specialty foods may also struggle in hard times (compared to staple items), consumers still tend



to purchase foods for their perceived values. And, a jar of salsa is a small discretionary purchase compared to a fine crafts item.

Other MDOs that have supported artisans through e-commerce sites and fixed establishments have faced similar challenges the last few years, underscoring the inherent difficulties of working in this sector. Nevertheless, the ACEnet experience also makes clear that a successful brands strategy needs staff with substantial knowledge of the sector and its actors, as well as sustained capacity.

### Can a brands strategy earn revenue?

This has proved to be challenging. ACEnet attempted to play the broker role as part of its work under Food We Love and Art of Ohio. In neither case is it earning any money from these efforts now.

ACEnet’s brand strategies have generated limited income for the program through an upfront assessment fee and a commission or distribution fee. Art of Ohio charged \$25 for an initial intake and assessment; Food We Love had a similar \$35 intake and assessment fee. After a client was accepted and placed on the Art of Ohio website, there was a 30 percent commission paid to ACEnet for any sales through the website and a 15 percent commission on any sales made by galleries listed on the site. When Food We Love included a distribution service, there was a 15 percent brokerage fee for all sales through the brand. A client would sell cases to ACEnet at a 15 percent discount, and then ACEnet was responsible for working with the retailer and stocking and re-stocking the retailers’ shelves.

A critical challenge in collecting commissions from the Art of Ohio website was that many site visitors previewed the artwork online, but purchased it directly from the source after viewing it in person. The Food We Love brokering and distribution activities declined in the face of reduced staff struggling to manage all of ACEnet’s

activities, resulting in the decision to focus on other areas that generated revenues in greater amounts or more easily. These include ACEnet's kitchen incubators and its successful and well-regarded training and consulting work. While ACEnet had been hopeful that a local food entrepreneur would step in to provide distribution services to FWL clients, this arrangement did not come to fruition, and, as of yet, no one else has filled this niche.

ACEnet staff indicated that if they were starting FWL or Art of Ohio all over again, they would have built in more of a participation fee from the very beginning. However, even with the potential of revenue-generating opportunities, including screening fees, a licensing or participation fee, and broker fees, there is a crucial need for MDOs to be able to cost out their services and analyze them in relationship to the revenues they can potentially generate as well as the subsidy they can raise, because ACEnet's experience suggests that they will need both.

### **Where should an MDO start?**

ACEnet staff report that, from their perspective, the Food We Love brand required the kitchen incubator, which allowed them to create a critical mass of market-ready producers. With that network in place, staff could then move to developing the consumer education and marketing piece, which would help increase demand for the products being created out of the incubator, and give them a unified image in the minds of retailers and the public. The incubator also provided the mechanism for ensuring quality and the capacity to produce in quantity.

In similar fashion, the 30 Mile Meal brand required a critical mass of agriculture producers engaging with ACEnet and each other, first around farmers' markets. That experience has now been built on in this new effort that links them with restaurants and the Athens Visitors Bureau. It may well be that ACEnet's challenge with the artisan

community was that this network building, and the development of a common understanding, did not precede the launch of the Art of Ohio brand. If there is not a deep agreement between producers and the gatekeepers to the markets with respect to core operating principles that a brand requires, such as quality, consistency and timely fulfillment, then a brand will surely falter. To that end, it suggests that other MDOs looking to use a brand strategy need to think first about how well its potential members have captured core principles and envision themselves as accountable to the larger community of entrepreneurs connected through the brand.

### **What might an MDO expect as a brand moves through time?**

No brand can remain static. It needs continual nurturing and refreshing from time to time to ensure that it continues to convey its message clearly and have relevance to its target markets. As ACEnet has worked on and watched the evolution of the Food We Love brand, staff has observed some interesting things:

- ▶ There's a limit to what one brand can convey. So, as discussed above, although staff initially envisioned Food We Love as a cover for a very broad range of entrepreneurs connected to the foods sector, agricultural producers felt left out. Restaurateurs also saw it as a retail store brand and not something for them.
- ▶ As mentioned above, some of the first producers to access markets under the brand no longer think it relevant to their operations. In essence, as they have gained a growing foothold in marketplaces beyond Athens and its surroundings, the brand has less value to them. With their growth, they feel that their own brand is sufficiently strong to connect with consumers. On the other hand, new producers, ready for wholesale, have moved into the FWL

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*"I got involved because there was the promise of getting us into stores. And it was somebody else getting us into stores. Being an entrepreneur, you do everything, and it was nice to think that there was someone else who was going to help ... (FWL) also provided us an opportunity to get into our local Kroger. And it helped create some credibility ... We built our own brand now. We're working on it all the time: branding, branding, branding. It's my mantra."*

Maureen Burns Hooker, Herbal Sage Teas

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brand, including Shagbark Seed and Mill and Bebo Organics, indicating the brand continues to serve as a calling card for young businesses.

- ▶ Food We Love was also introduced at a very early stage of the local foods movement and certainly drove the ideas embedded in that movement to higher consciousness in ACEnet's region. And, it gave consumers an easy way to act on their interest in local foods. But, now that this has taken hold in the marketplace, there are other brands that have emerged that may compete with Food We Love. Ohio Proud, the Ohio Department of Agriculture's marketing program to identify and promote food products made and grown in Ohio, has products that are also capturing shelf space in the same area of the supermarket as Food We Love. Is this synergy or competition? How should Food We Love evolve so that it continues to be distinctive?
- ▶ There also seems to be more energy locally around the 30 Mile Meal brand. Is this simply because it is new? Is it because it fosters connections between elements of supply and demand that were not well-served before? How should an MDO think about the life cycle of a brand and what it needs to keep its value high? MDOs invest copious amounts of time and resources developing and launching a successful brand, and need to treat the brand

as an investment, an asset to the organization. The market will change, and, in order for a brand to remain an asset, MDOs must work to keep the brand relevant. This necessitates a brand being flexible enough to accommodate changes and new "product" lines, while keeping everything rooted deeply in the original brand. ACEnet's experience with FWL over a decade also points to the need to be clear with brand participants what the current incarnation of the brand involves, especially as the organization experiments with picking up and dropping



Vino de Milo produces wine-infused sauces and got its start at ACEnet with assistance running the gamut from label design to recipe development. And, even as Vino de Milo has its products distributed nationally and in five countries beyond the United States, it is still an ACEnet kitchen incubator client. But, while it is considered part of the FWL brand, Jonathan Milo Leal, the founder of Milo's, no longer feels that inclusion in the brand is necessary to expanding his sales, having achieved international distribution of his products.

program components over time. If the brand does not stay relevant to brand “veterans,” there must be both a graduation mechanism as well as a clear pipeline of new brand participants, or the brand will not survive.

### **How ultimately should the success of a brand be evaluated?**

At the beginning of this report, a brands strategy was defined as a program intervention that creates and fosters the use of a brand name to increase market awareness of a set of products and/or services, and leads to increased sales for the entrepreneurs that operate under the

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*“We have to present a [healthy foods] alternative and make it affordable... . Because Athens has been doing this for so long, we can be a model.”*

Michelle Ajamian, Shagbark Seed and Mill Co.

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brand name. And, it was further noted, that for MDOs, the success of the brand demanded many elements to work well together. Clearly, the name, messaging and marketing have to be compelling to targeted consumers to accomplish the desired end of achieving uptake in demand. But, long-term success also depends on several underlying factors. There must be:

1. product quality and consistency;
2. adequate availability of product to meet demand; and
3. a business model that produces value to consumers and a positive return to those participating in the brand.

An evaluation of ACEnet’s food brands on these factors suggests that the community of producers working with ACEnet and its partners have been able to master the tasks related to larger-scale production and distribution, albeit not without some challenges in terms of distribution. The number of producers associated with FWL grew from 34 in 2008 to 52 in 2011, indicating that ACEnet was continuing to identify producers who could meet the demands of the commercial marketplace. And, from the perspective of the producers and the retailers, the financial returns are positive as well, with aggregate wholesale sales figures for the producers topping more than \$6 million. Yet, for ACEnet, a business model that can support its ongoing engagement in the work of brand development, product selection, marketing and consumer education does not exist. And, as its most successful producers outgrow the current brand, ACEnet faces issues determining how it should invest resources to serve a new pipeline of food entrepreneurs and how to pay for that work.

The Art of Ohio brand did not succeed with respect to any of these indicators, and so, as the narrative above described, ACEnet has closed the website and shifted its resources back almost completely to the food sector. There is enough goodwill still invested in the Art of Ohio brand, however, that ACEnet and local artists are interested in reinvigorating it so that it would function more similarly to the Food We Love brand. This may provide a real boost to artists, but ACEnet must clearly identify the costs of supporting any reinvigorated work on the Art of Ohio brand and what revenue can be generated to offset the additional expenses.

From a scale perspective, the contribution of a brands strategy to attracting and serving

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*“People wouldn’t think of Athens as a local food network without the brand that ties them together.”*

Christine Hughes, Undercover Market

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an increasing number of clients is not totally clear. Although the brand may serve as a carrot attracting aspiring entrepreneurs to ACEnet, the scarcity of staff resources and budget constrain how responsive ACEnet can be to the demand that its brands may generate. In fact, ACEnet reports that it will serve fewer entrepreneurs in 2011 as it has moved away from providing free technical assistance to everyone who wants it. The dip is expected to be somewhat offset by the high number of entrepreneurs being served through more cost- and time-effective group trainings. But, overall, ACEnet’s client base will decline somewhat. Unless an institution can either raise increasing subsidy or develop a business model that generates revenue growth

in proportion to client growth, the brand as an attraction strategy may be counterproductive.

On the other hand, all respondents interviewed for this Progress Note point to an observable increase in interest, demand and supply for local food products. ACEnet has clearly assisted local entrepreneurs in growing nascent businesses into durable, employment-generating businesses, rooted in the local community and pumping money back into the local economy by sourcing locally as much as possible. While the brands strategy has not created thousands of businesses, it has been an important tool in showing nascent entrepreneurs with the will to grow a path forward. Staff believe that the organization’s network-centric approach to entrepreneurial development is widening the circle of committed food producers and partners working together to strengthen the region’s economy. In the context of that work, the brands strategies have been crucial, a rallying cry and organizing principle for its community, and something that still feels unique to participants and consumers.

*Progress Notes from FIELD* offer case-study examples of innovation and advances in the practice of business development services. These Notes document practice as it is evolving and point to promising initiatives from which others can learn.

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### For More Information:

Readers interested in learning more about brands strategies are invited to visit a resource page on the FIELD website at: <http://fieldus.org/Projects/Brands.html>.

Additional resources developed or identified by FIELD are included on the FIELD website, [www.fieldus.org](http://www.fieldus.org). Other relevant material is included on ACEnet's website, [www.acenetworks.org](http://www.acenetworks.org). Some of these include:

### *Entrepreneurship with a Regional Flavor*

This report written by ACEnet explores the development of "regional flavor," a kind of economy based on creative industries, product innovation and a sense of place. The report explores ACEnet's role in developing regional flavor initiatives, as well as implications for others looking to adopt the regional flavor approach in their own communities. <http://www.acenetworks.org/warehouse/Regional%20Flavor%20June.pdf>

### *Making the Connection: Appalachian Center for Economic Networks (ACEnet) (2000)*

This case study features innovative marketing approaches emerging from the Access to Markets (ATM) national demonstration. This publication takes an in-depth look at how ACEnet is helping low-income entrepreneurs link their products to the rapidly growing specialty and natural food sectors. <http://fieldus.org/Publications/ACEnet.pdf>

### *Connectors and Conduits: Reaching Competitive Markets from the Ground Up (2002)*

This report presents findings from the multiyear Access to Markets demonstration project, which explored innovative ways for microenterprise programs to help entrepreneurs place their products in more lucrative markets. The authors look across programs and highlight for readers the innovations adopted, the implementation challenges that emerged and the lessons learned. <http://fieldus.org/Publications/ATMFinalReport.pdf>

### *FIELD forum Issue 21 - Building Sustainability by Increasing Earned Revenue (2008)*

The third forum in FIELD's sustainability series explores how ACEnet is using earned income as a strategy to achieve greater sustainability. ACEnet has long earned income from its business incubation activities. This forum describes how, after the organization experienced the loss of a long-term source of grant funding, it added other earned-income streams – including regional brands and consulting services – in an effort to achieve more stable and sustainable sources of revenue. The publication also notes that building these revenue streams requires thoughtful investment of organizational capital and staff resources. <http://fieldus.org/Publications/FieldForum21.pdf>

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