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## **From Confrontation to Partnerships: The Role of a Dutch Non-Governmental Organization in Co-Creating a Market to Address the Issue of Animal Welfare**

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### **Abstract**

Firms can play an important role in addressing the issue of animal welfare by creating markets for animal friendly products. This essay analyses the co-creation of a market for animal friendly meat products by the joint effort of a Dutch NGO and the meat industry. The different stages of the process, from opposition to alignment, are analyzed and general implications are derived. The process follows four stages: (1) adopting a strategy to cooperate in order to overcome a legitimacy crisis, (2) adopting a moderate conflict model and imposing limiting conditions into the negotiations with businesses. The limiting conditions provide a basis for a co-creation process, (3) aligning business for co-creating a new product brand, and (4) broadening the scope towards market creation for animal friendly products. The phases of the issue-life-cycle show that interventions are dependent on the nature of the interaction and the existence of a business model. In case this does not exist, collaboration between an NGO and a number of firms can help in creating a market for latent demand into a market-oriented solution to a wicked problem.

**Keywords:** animal welfare, wicked problem, market creation, the Dutch Society for the Protection of Animals, stakeholder engagement.

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## Introduction

Animal welfare increasingly receives attention from policy makers, civil society and market parties. Firms are playing an especially important role in addressing the issue of animal welfare by creating markets for animal friendly products. Traditionally, market creation has been approached in two different ways: firms can either fulfill a latent need by developing a new technology (Narver et al. 2004; Chandy and Tellis 1998; Sood and Tellis 2005) or firms can strategically put effort in gaining acceptance for their products or industry from society (Humphreys 2010). Animal welfare, like other sustainability issues such as climate change, can be characterized as an intractable problem (Lazarus 2008; Levin et al. 2012), with multiple frames depending on the stakeholder (Rittel and Webber 1973; Conklin 2006). Therefore, an either/or approach to market creation seems unsuitable (Camillus 2008). It calls for an alternative approach in which the two dimensions – technology development and societal acceptance – have to be combined at the same time through multi-stakeholder engagement (Dentoni et al. 2012).

This paper explores such an alternative approach of multi-stakeholder engagement introduced by an influential NGO in the Netherlands, the Dutch Society for the Protection of Animals (DSPA). The DSPA's strategy has been to engage policy makers, researchers and firms in the meat supply chain in order to co-create a new product brand. Rather than continued confrontation, they decided to participate in a process of engagement and co-creation, which ended up in a shared approach to the wicked problem. This paper aims at deriving lessons that pertain to managing a process of co-creation in multi-stakeholder networks (Peterson 2009; Roloff 2008; Bäckstrand 2006) from the perspective of an NGO. The structure of the paper follows the logic of an issue life cycle, that runs from a triggering event and stages of confrontation, followed (or not) by the adoption of new business models (Van Tulder and Van der Zwart 2006). Data were collected by desk research on research reports and public expressions (websites) of the actors involved. The researchers conducted an in-depth interview with a representative of the DSPA (senior policy maker livestock production).

### Setting the Scene: A Series of Triggering Events (1997–2000)

The outbreak of Swine Flu in 1997 triggered a legitimacy crisis in the Dutch livestock sector. The pig sector came under attack from society not only because the way animals were kept, but also because this was coupled with economic losses. Consequently, the Dutch government decided to intervene with rules and regulations. To avoid a comparable situation in the poultry sector, the minister of Agriculture urged the poultry sector to come up with their own solutions. Hence, a public debate was held on the reconstruction of the poultry sector. The debate specifically addressed the high mortality rate of broiler chicken and the permanent hunger of broiler chicken breed (Commission Alders 1999).

A possible solution coming from the debate was to develop an 'intermediary' product that has more welfare quality than the current broilers but less than organic broilers (Horne 2000). Such an intermediary product was recognized as a market opportunity by two seemingly opposing stakeholders: a feed company and the DSPA. Their shared mission – although initially not made

explicit – became to overcome the legitimacy crisis in the livestock sector by developing a new product brand that included animal welfare attributes.

The DSPA is one of the oldest and most prestigious NGOs in the Dutch scene for animal protection, and opposes the senseless killing and harm inflicted on animals. The DSPA is a typical movement related to the upcoming civil society following the industrial revolution. It has the mission is to protect each individual animal by providing emergency assistance, inspection services and by influencing society (DSPA 2011b). Although the DSPA traditionally framed the meat industry as ‘part of the problem’, the crisis in the livestock sector created a momentum for the DSPA to incorporate production animals as a new policy domain. Therefore, the DSPA changed its identity from a ‘protest’ and ‘watchdog’ NGO into a ‘partnership oriented’ NGO (Van Tulder et al. 2004). Accordingly, the DSPA needed to convince its donors and members that developing an intermediary meat product could also be ‘part of the solution’.

### **Co-Creating a Product Brand (2000–2007)**

The process of co-creation essentially consisted of two stages. The first stage involved scientific research (2000 –2003) in order to validate the criteria for a new product brand that positions itself on both animal welfare and price. The insights from the research served as an input for the second stage (2003–2007) that pertained to the DSPA and private companies (mainly supermarkets) negotiating a new product brand.

The outcome of the societal debate induced the DSPA, a feed company and two supermarket chains to participate in a three year research project carried out by animal scientist from Wageningen University. The research focused on the limiting conditions for broiler chicken welfare in novel husbandry systems, such as broiler breed, feed, the amount of (outdoor) space, and lifetime before slaughtering (Horne et al. 2000; Van Harn and Middelkoop 2001). Furthermore, test panels investigated the taste of the chicken meat. By the end of the project, the participating stakeholders acknowledged the animal welfare and cost price conditions coming from the research (Horne 2002; 2003). A cost accounting model provided the basis for discussions and further alignment of stakeholders in the meat supply chain.

To spark the interest of supermarkets, the DSPA and the feed company teamed up to organize several workshops on the different brand scenarios. Furthermore, they went on a company tour to actually involve the interested supermarket chains. In the subsequent round table discussions, supermarkets mainly focused on product price (their bottom line was 20 per cent above the mainstream product price) and the visibility of animal welfare attributes on the packaging (e.g. an outdoor space for broiler chicken could easily be communicated to consumers). The discussions between the DSPA, the feed company and the supermarkets created a new type of interaction (Hospes et al. 2012; Roloff 2008) because, as the representative of the DSPA stated: ‘when a private company deals with a supermarket, then this is purely driven by profit, whereas the presence and expertise of an animal interest group created an new undertone focusing on the animal welfare issue at hand’.

In 2006, four supermarket chains confirmed to adopt the (niche) product brand in their assortments by signing a memorandum of understanding. In 2007, the product brand was

introduced. The DSPA clearly communicated its involvement by placing one of its logos on the packages. Moreover, the DSPA positively communicated in the media about the brand initiative and considered supermarkets as partners in improving the life of as many animals as possible. In order to engage private companies into the co-creation of a market for animal friendly meat products, the moderate conflict model proved useful. In this model, the DSPA took the approach of constructive criticism towards private companies. These companies were (still) not convinced to incorporate the animal welfare issue in their business model. The approach implied, however, a prolonged process in which the DSPA could only take small steps. As the literature on stakeholder engagement would predict (Van Tulder et al. 2004), an important role in this interaction was also played by more radical (Animal Liberation Front- type of) NGO's. The newly introduced product brand offered an acceptable 'solution', not in the least, because a more radical NGO challenged it as not being (sufficiently) animal friendly. This helped the DSPA to enforce corporate commitment to incremental improvement of animal welfare.

### **Broadening the Scope (2007–2012)**

The successful introduction of the new product brand convinced the DSPA to pursue new opportunities with private companies from a wider range of livestock production sectors. Between 2007 and 2009, the DSPA developed criteria for the welfare of pigs, calves, cows and laying hens. These criteria were translated into a hallmark for products and launched as the *Better Life Hallmark* (DSPA 2011a). Businesses in the meat and egg supply chain may use the Better Life Hallmark to strengthen the image of a new or existing product brand. The Better Life Hallmark identifies the level of animal welfare in animal production systems at an early stage of the supply chain. Between 2009 and 2011, the demand for products with the Better Life Hallmark significantly increased, because the largest national supermarket chain decided to replace their mainstream pork assortment with a pork brand that meets at least the minimum conditions of the DSPA (DSPA 2013).

The growth of the Better Life Hallmark urged the DSPA to professionalize its activities by establishing a foundation and an accompanying business model. As of 2012, farmers applying for the hallmark are asked to pay for the certification services. The foundation independently takes care of the audit and control procedure of the hallmark in an accountable manner. Therefore, the DSPA is still able to perform its role as an animal interest group through communication and education.

### **Discussion**

The description of the role(s) played by the DSPA in addressing the wicked problem of animal welfare can be summarized in four lessons learned. First, the DSPA, as a traditional watchdog NGO, adopted a strategy to cooperate in order to overcome a legitimacy crisis. The DSPA acknowledged the interests of their business partners and decided to use a moderate conflict model. Second, the DSPA introduced limiting conditions into the negotiations with businesses. These conditions allowed balancing the different interests of business and animal welfare objectively, thus providing a basis for a co-creation process. Third, the DSPA took the lead in aligning businesses for co-creating a new product brand. This implied, however, a prolonged

process in which the DSPA could only take small steps. Fourth, the successful introduction of a new product brand created an incentive for the DSPA to replicate and extend their approach in co-creating a market to address the issue of animal welfare.

The current study has focused on the role of one NGO in relation to one sustainability issue in one supply chain. The phases of the issue-life-cycle show that interventions are dependent on the nature of the interaction and the existence of a business model. In case this does not exist, collaboration between an NGO and a number of firms can help in creating a market for latent demand into a market-oriented solution to a wicked problem. It is important to note, however, that in the dynamics of wicked problems, the newly introduced product only offers a 'solution' because a more radical NGO challenges it as being not (sufficiently) animal friendly. Further research may broaden the scope on the issue by encompassing the perceptions, attitudes and evaluations of more stakeholders.

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