

AN ANALYSIS OF STRATEGIC
RESOURCES IN STRUCTURALLY
DIVERSIFIED SMALL FARM
BUSINESSES

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ABSTRACT

The purpose of this thesis is to explore strategic resources with the potential to improve the competitiveness of farm businesses. The study was explored within the rural context of structurally diversified farms in Scotland. This purpose is based on the assumption of the resource-based perspectives' that present strategic resources as value-creating resources with the potential to sustainably improve firm viability (Barney, 2011; Teece, 2014).

Following a review of rural farm business and resource-based literature, it became evident that opportunities exist for exploiting the growth in local food consumption and that a resource-based approach complements existing studies that are aimed at identifying these opportunities from an entrepreneurial perspective. However, the resource-based approach was limited by its narrow focus on value creation and as such was combined with a market-orientation approach to fully realise the study's purpose. Correspondingly, a suitable combined framework was adapted for the qualitative analysis of the examined farm businesses (n18) and their customers (n20).

The main findings of this study identified the strategic resources with the potential to sustainably improve the competitiveness of structurally diversified farm businesses. Also, market segments were identified for farm business customers based on the values that motivate their buying behaviour. The major contribution of the study extends the theoretical scope of value-creation in the resource-based perspectives by incorporating the customer in the value-creation process. Other theoretical contributions were also presented in the concluding section of the study and the implications of the findings are outlined for farm businesses.

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CHAPTER 1: THESIS INTRODUCTION: AN OVERVIEW

1.0 Introduction

The viability of farm businesses in Scotland has been argued to be under threat due to its poor competitiveness (Phelan and Sharpley, 2012; Scottish Government, 2019a). Yet farm businesses are considered to be central to the health of rural economies and rural communities (Phelan and Sharpley, 2011). To assure their business viability, many farm businesses have adopted structural diversification practices as an approach to improve their incomes and competitiveness (Turner *et al.*, 2003; Tonner and Wilson, 2015; Slocum and Curtis, 2017). This thesis explores the competitive potential of structurally diversified farm businesses in rural economies and the strategic resources they require to realise this potential.

This chapter introduces the research background and literature gaps. Further, it highlights the research aims and objectives. Following this, the thesis contributions are discussed and the chapter finally concludes with an outline of each of the thesis chapters.

1.1 Research background and literature gaps

The farming sector is a critical sector for food security and provides income to rural economies (Tsolakis and Srari, 2017; Brunori *et al.*, 2020). In the UK, the sector provides around 60% of its consumed food and employs a workforce, of direct and indirect workers, in excess of 3.5 million workers (NFU, 2017). However, the viability

of farm businesses in the sector is threatened by declining profitability since its peak in the 1970s (Phelan and Sharples, 2012).

As rural enterprises, farm businesses generate income for rural economies which accounts for around 98% of Scotland's landmass (ScotGov, 2021). Despite the substantial number of registered farm businesses in rural Scotland, the sector only accounts for 4% of the Gross Value Added (GVA) to the rural economy while manufacturing accounts for around 15% (Klienert *et al.*, 2018). It is argued that the decline in farm business incomes may be due to the reduced value of agricultural products (Scottish Government, 2016). Data on Scottish farm businesses suggest that cheap agricultural imports may have reduced the overall value of agricultural products, explaining the decrease in overall Scottish farm incomes by about 55% since 2011 (Scottish Government, 2016).

However, the high regulatory business environment of farm businesses and their family business structure may also be factors that adversely impact the viability of their business. In sum, high regulations in the sector limit the opportunities that are available to farm businesses through market shocks (Alvarez and Barney, 2020) while the preponderance of family farm businesses limits the ability of these firms to take risks in order to realise non-pecuniary goals like the intergenerational transfer of the business (Chiswell, 2018).

Nevertheless, the growing trend in local food consumption in the UK presents an opportunity that may be exploited by farm businesses to improve their viability (Aprile, Caputo and Nayga, 2015). The controversy around the universal definition of local food has encouraged the exploration of this concept via the notion of proximity

(Chicoine, Rodier and Durif, 2022). In this approach, local food may be explored along 3 dimensions i.e., geographic, relational and values of proximity dimensions. Extant works have explored this trend from the geographic and relation dimensions which are concerned with the spatial and relational aspects of local food (Eriksen, 2013). However, the values of proximity dimension which is concerned with the values that actors attribute to local foods have had limited exploration (Eriksen, 2013). This represents a gap in the literature that is further explored in this thesis.

In order to exploit the opportunity presented by the local food context, many farm businesses have adopted structural diversification practices like value-adding activities through farm shops and farmers' markets (Carey *et al.*, 2011; Slocum and Curtis, 2017). Structural diversification practices describe diversified farming activities that are geared outwards from the farm and towards the market (Ilbery, 1991a).

Correspondingly, research works have examined the strategies that farm businesses employ in these diversified activities. These examinations have been undertaken via the entrepreneurial theoretical lens and have focused on how farm businesses identify entrepreneurial opportunities in these markets (Phelan and Sharpley, 2012; Tonner and Wilson, 2015; Radicic, Bennett and Newton, 2017). However, the strategies and strategic resources required to exploit these opportunities have also had limited exploration (Walley, Custance and Smith, 2011); thereby presenting a further gap in the literature.

These strategic resources are the value-creating resources of firms (Barney, Ketchen and Wright, 2011) that can be deployed to improve the viability of these farm businesses. As such, this research explores this complementary approach via the

resource-based theoretical lens and focuses on the ability of farm businesses to exploit opportunities in these markets through the deployment of strategic resources.

1.2 Research aims and objectives

The thesis aims “to explore the strategic resources of structurally diversified farm businesses that can potentially create value through opportunity exploitation as well as examine the factors that sustain the value-creating potential of farm businesses”.

To realise this aim, three research objectives were developed:

RO1: To identify the attributes that highlight the benefits customers perceive in the offerings of structurally diversified farm businesses.

RO2: To identify the strategic resources that embed attributes in the offerings of structurally diversified farm businesses.

RO3: To identify the sustaining factors associated with the strategic resources of structurally diversified farm businesses.

The first objective examines the diversified markets where these farm businesses offer their local offerings. This exploration enables the identification of those attributes that provide benefits to customers in these markets. The identified attributes signal the strategic resources that underly their delivery. Thereby, enabling the identification of the strategic resources that can be deployed in these markets as explored through research objective 2. Concurrently, research objective three examines the

sustainability of the value-creating potentials of the identified strategic resources, to ensure that the viability of structurally farm businesses may be indefinitely sustained.

1.3 Thesis contributions

Overall, this thesis makes four contributions to knowledge. The first contribution extends the empirical scope of the local food dimensions. As noted, extant studies on the local food context have empirically explored the geographic and relational dimensions of local food and have not explored the values of proximity dimension i.e., the dimension that explores the values that motivate local food consumers. In this study, these values are found to be hedonism, security, benevolence, universalism, and stimulation. An understanding of these values enables farm businesses to effectively target local food customers, improve their viability, and improve the viability of rural economies.

The second contribution extends the theoretical scope of the resource-based perspective. The review in chapter 3 notes that the 'value' character of strategic resources, which was a central character in the value creation process of the perspective, was conceptually delineated as created-value and as captured-value (Bowman and Ambrosini, 2000). It was established that created value refers to the value delivered to customers while captured-value refers to the value captured by firms. This establishes the customer's role as arbiters of created value and emphasised the limitations of resource-based frameworks in the empirical examination of created value. This work, however, bridges this gap by incorporating the customer in the determination of strategic resources. Thereby extending the theoretical scope of the

resource-based perspective from the sole exploration of captured-value to include created-value. This extended scope, which accommodates demand side narratives, identifies a wider range of opportunities that may be exploited by structurally diversified farm businesses.

The third contribution extends the scope of value delivery from a resource-based perspective. Proponents of the resource-based perspective argue that businesses deliver value to customers in three dimensions i.e., managerial, technical, and marketing (Zubac, Hubbard and Johnson, 2010). The findings here suggest that value may also be delivered on the relational dimension thereby extending the scope of value delivery in the resource-based perspective. For structurally diversified farm businesses, their ability to create value may be enhanced through the development of strategic resources in these relational areas.

The final contribution identified a hierarchical dimension in the customer perception of agricultural offerings. Proponents of the resource-based perspective suggest that benefits are delivered to customers linearly in the following order 1) benefits embedded in the product & services, 2) benefits delivered at the time of use and 3) benefits delivered after use (Zubac, Hubbard and Johnson, 2010). However, this linear delivery of benefits does not explain the relational dimension of value delivery. In this dimension, benefits are not embedded in the offerings of farm businesses but are perceived from the relationships customers forge with these farm businesses. The findings suggest that the benefits in this relational dimension were prepotent for consumers of agricultural food offerings in the examined markets, as such are perceived as higher-level benefits. Therefore, farm businesses may exploit this

knowledge of higher-level benefits in relational areas to design their benefit delivery to future customers in these diversified markets.

1.4 Outline of the thesis

The thesis comprises seven chapters. Chapter 1, here, presents an overview of the thesis. In chapter 2, the literature review explored the viability of farm businesses within the rural context. This exploration examined the constraints of farm businesses and the diversification strategies they employ to assure their viability. The review highlighted the resource-based perspective as a complementary approach to examining the structural diversified activities of farm businesses. The limited employment of this approach was identified as a gap in the literature and the aim of the thesis was developed.

In chapter three, the literature review affirmed the complementary role of the resource-based perspectives in examining the structural diversified activities of farm businesses. The chapter also explores the theoretical foundations of perspective and characterised strategic resources within the resource-based view (RBV). The review facilitated the development of the research framework and research objectives.

In chapter 4, the research's philosophical positioning is determined. This determination guided the identification of the research methodology and the research design that is appropriate for the inquiry. The chapter also details the research methods, sampling strategies, the recruitment approach, and the data collection & analysis that are employed for the empirical phases of the research.

Chapters 5 & 6 present the findings of the empirical phases of the research. Chapter 5 addresses research objective 1 and explores the attributes that motivate customers to patronise farm shops and farmers' markets. The identified attributes are a crucial input for the analysis in chapter 6 which concurrently addresses research objectives 2 and 3. Here, the strategic resources deployed in these markets and their sustaining factors are identified.

In chapter 7, the contributions of the thesis are elaborated. Also, the implications of the research findings were discussed. Finally, the chapter highlights the research limitations and areas for further research.

CHAPTER 2: RURAL BUSINESS STRATEGIES AND FARM BUSINESSES.

2.0 Introduction

The success of farm businesses depends on their ability to effectively compete in the market. To assure success, farm businesses must explore their capacity to participate in markets where they have a competitive advantage (Arias-Vargas *et al.*, 2022). In Scotland, the poor competitiveness of farm businesses within the global food market threatens the viability of these businesses (Phelan and Sharpley, 2012; Scottish Government, 2019a). It has been suggested that the poor competitiveness may result from their inability to effectively compete against cheap agricultural products that are sourced from global markets (Bosworth and McElwee, 2010). The goal of this chapter is to explore farm diversification as a strategy to enhance the viability of farm businesses in the Scottish rural economy. The chapter discusses farm businesses as rural enterprises and entrepreneurial businesses. Then it highlights the limitations of the peculiar environment in which these farms operate. Further, the chapter explores the government interventions and the growing local food context that may positively impact the fortunes of these firms. Finally, the diversification strategies of farm businesses are explored to identify a gap in how these strategies have been analysed by extant works.

2.1 Rural enterprises and farm businesses

Rural enterprises are employers of local people that use and provide local services to generate income flow to the rural environment (Henry and McElwee, 2014). There is

no universal definition of rural enterprises; however, in the UK, it is defined as businesses that are registered at an address defined as rural (DEFRA, 2004). The term 'rural' has been defined in different ways. Government bodies have considered population density in their definition of rural areas (Census Bureau, 2010; ScotGov, 2021). The argument is that rural areas have a significantly lower population when compared to urban areas. In one study, the distance from an urban area was considered as part of their definition of rurality (Ilbery *et al.*, 1996). Thus, rural areas were described as areas that are 20 km from an urban area (Ilbery *et al.*, 1996). Other factors like demographic composition have also been used to define rurality. Another approach, noted in the US, is based on the assumption that rural areas, unlike urban areas, are racially homogenous and composed of older residents (Bennett *et al.*, 2019). However, this approach has been challenged as an inaccurate representation of rurality (Bennett *et al.*, 2019). In Scotland, the Scottish government defines rural as settlements with a population of less than 3000 (Klienert *et al.*, 2018; ScotGov, 2021). Based on that definition rural Scotland accounts for around 98% of Scotland's landmass (ScotGov, 2021). In this view, farm businesses represent a substantial number of registered rural businesses and are the largest employer in rural Scotland (ScotGov, 2021). As such, the threat to the viability of the farming sector presents a significant threat to the rural economy of Scotland.

Worryingly, the agricultural sector has shown the weakest growth in rural Scotland and only accounts for 4% of the Gross Value Added (GVA) of its rural economy while manufacturing accounts for around 15% (Klienert *et al.*, 2018). This is despite the claim that rural enterprises in the UK have the potential to display significant strength both socially and economically (DEFRA, 2005). The social and economic benefits

associated with rural environments include better quality of life, good labour relations, low wages and low rental and business costs (Henry and McElwee, 2014). From a customer perspective, the benefits of rural enterprises, like farm businesses, include the availability of food supplies (Marshall, Dawson and Nisbet, 2018) and assured access to locally produced agricultural products (Dangerfield *et al.*, 2021). It was noted that other Scottish rural enterprises appear to have realised these benefits of their rural location in the last 4 years through an increase in their business opening rates and increased incomes (ScotGov, 2018, 2021); however, the farming sector does not appear to be realising these benefits. In 2020, farm business income decreased by 36% and negatively impacted the Scottish rural economy and the overall Scottish GDP (ScotGov, 2020). This has encouraged proposal for the revitalisation of farm businesses as discussed below.

2.2 Rural entrepreneurship and farming

An approach proposed for the revitalisation of farm businesses and rural economies is rural entrepreneurship (Gorbuntsova, Dobson and Palmer, 2018). Many definitions have been proposed for rural entrepreneurship (Wortman, 1990; McElwee and Smith, 2014; Korsgaard and Tanvig, 2015; Galvão *et al.*, 2020). Wortman (1990), for instance, defined rural entrepreneurship as "the creation of a new organization that introduces a new product, serves or creates a new market, or uses a new technology in a rural setting" (Wortman, 1990, p. 330). A more contemporary definition by Korsgaard and Tanvig (2015) looks beyond the economic activities of rural enterprises and emphasises the embeddedness of the rural entrepreneur. Korsgaard and Tanvig

(2015 p. 13) defined rural entrepreneurship as the creation of “new combinations of place-based or localised rural resources that create value not solely for the entrepreneur but also for the rural place”. Embedded, here, refer to a situation where entrepreneurs become part of the rural structure (Jack and Anderson, 2002). Korsgaard and Tanvig (2015) argue that rural entrepreneurs are embedded in their rural settings not only through the use of rural resources but also through social and cultural interactions. Thereby suggesting that the embeddedness of rural entrepreneurship distinguishes it from ‘entrepreneurship in rural areas’ - which is practised by many rural enterprises (Korsgaard and Tanvig, 2015). The claim is that entrepreneurship in rural areas focuses on the economic advantages that are enjoyed by firms located in rural areas. Some of these advantages include low labour and business cost, availability of emerging and niche markets, greater staff stability and loyalty etc. (Keeble and Tyler, 1995; Pallares-Barbera, Tulla and Vera, 2004; Meccheri and Pelloni, 2006; Müller and Korsgaard, 2017). Whereas rural entrepreneurship focuses on wealth creation by embedded firms that utilize the natural resources in rural areas, such as farm businesses (Galvão *et al.*, 2020). Thus, unlike rural entrepreneurship, entrepreneurship in rural areas can uproot and leave when the disadvantages of their rural settings threaten their profits (Korsgaard and Tanvig, 2015). Perhaps, this may explain why non-farm enterprises record a higher closure rate (11%) as compared to rural enterprises like farm businesses (8%) in Scotland (ScotGov, 2021).

In this view, farm businesses are mainly equated with rural entrepreneurship (Fortunato, 2014; Galvão *et al.*, 2020). This is because farm businesses are embedded in rural communities through their use of land resources. Hence, farm entrepreneurship helps diversify the rural economy by creating new markets while providing rural

populations with employment and new skills that also support rural economies (McElwee and Atherton, 2021). Although it has been suggested that farmers may not be entrepreneurial (Yoshida, Yagi and Garrod, 2019), other authors have argued that their ability to engage in various innovative value-adding activities is highly entrepreneurial (Yang and An, 2002; Fortunato, 2014). Nevertheless, it has been noted that the entrepreneurial activities of farm businesses are constrained by high regulations in their business environment (Díaz-Pichardo *et al.*, 2012) and the peculiar structure of the farm businesses. These constraints are discussed further below.

2.3 Peculiarities of the agricultural business environment in the UK.

In the farming sector, certain peculiarities may be constraining the development of effective entrepreneurial strategies and, in turn, limit the competitive strategies that can be effectively employed in the sector. These peculiarities include the agricultural industry's highly regulated business environment and the preponderance of family-farm businesses in the sector.

2.3.1 High regulatory business environment and entrepreneurial minimization

The crucial functions of the agricultural sector have mandated commitments from government agencies and third-sector organisations to ensure the survival of farm businesses (Scottish Government, 2015a). This commitment is also strengthened by the embeddedness of agricultural businesses in rural communities (Schmidt, 2019; Wilson and Tonner, 2020), as they serve to sustain the economic viability of these

communities (Phelan, 2014). In addition, to their economic and social relevance, concern about food and environmental safety ensures that the business environment of the farming sector is highly regulated (Cardwell and Smith, 2018; Downing and Coe, 2018). However, such high regulation imposes constraints on the strategies used by these firms because it minimises the opportunities that occur in the markets they operate. For instance, policies like the common agricultural policy (CAP) have sought to enhance farm profitability but invariably have also minimised entrepreneurial activities.

Since the founding of the European Union (EU) common market area in 1962, the Common Agricultural Policy (CAP) has directed the policies of institutional organisations that seek to improve the profitability of farm businesses in Europe (Marsh & Swanney 1980). In the UK, the CAP directed policies from the mid-seventies until the UK's exit from the EU in 2020 (European Union Committee, 2017). In that period the CAP advanced payments to UK farmers which subsidized their farm incomes (Marsh & Swanney 1980). It is suggested that these policies and payments have led to an increased reliance on subsidies for the sustainability of farm businesses (Petetin and Dobbs, 2021). Notwithstanding, CAP payments have been subjected to consistent reforms to align with the economic realities of European economies and changing global order. This changing order oversees a global agricultural market where competition is increasingly based on price (Benton and Bailey, 2019). This competitive environment has reduced the value of agricultural products while increasing demands for cheaper offerings (Bosworth & Mcelwee 2010). In Scotland, farm business incomes have decreased by about 55%, on average since 2011, due to the reduced value of agricultural products (ScotGov 2016 p. 2). Correspondingly,

subsidy payments have been increased to assure the survival of UK farm businesses (ScotGov, 2016a). In 2015, CAP payments accounted for over half of farm business incomes in Scotland (ScotGov, 2016a). This suggests that farm businesses now rely on these payments to assure their viability as opposed to developing their innovative abilities. It should be noted that innovativeness has been noted as an entrepreneurial orientation that assures business success (Bosworth and Mcelwee, 2010). Thus, the stifling of innovation may become a concern for the viability of farm businesses. Furthermore, the continuity of these subsidy payments is now threatened by Brexit and ongoing UK trade negotiations (Downing and Coe, 2018; Petetin and Dobbs, 2021). Expectedly, policy focus in the UK will have to be revised to reflect the Brexit reality; however, farm businesses also need to reflect on their strategies beyond reliance on institutional organisations for their viability.

2.3.2 Family business structure and entrepreneurial minimization

Another factor that impacts the entrepreneurial tendencies of farm businesses is their family farm structure. It has been noted that a vast majority of farm businesses are family businesses (Meert *et al.*, 2005; Tonner and Wilson, 2015; Lowder, Sánchez and Bertini, 2019). Family farm businesses are farm businesses that are owned, managed, and funded by principals who are related by kinship or marriage (Calus and Van Huylenbroeck, 2010). It is posited that the ‘family’ and ‘business’ components of family businesses place particular demands on the management of these businesses to ensure that the family and business systems are not compromised in their management processes (Frank *et al.*, 2018; Wilson and Tonner, 2020). These family & business demands have been noted to impact these firms' strategic trajectory (Key and Roberts, 2009) because it encourages an aversion to risk, which minimizes entrepreneurial

activities. For instance, the family component encourages an aversion to risks in farm businesses because they seek to realise their non-pecuniary goals. Non-pecuniary goals like the intergenerational transfer of a farm business are aimed at ensuring that the ownership and control of the business are transferred from one generation to the next (Errington, 2002; Chiswell, 2018). The pursuit of this goal has been noted to encourage an aversion to risky opportunities that may threaten the continuity of the farm businesses (Key and Roberts, 2009; Leonard *et al.*, 2017). This aversion to risk-taking has resulted in a situation where older farmers, who are more risk-averse, continue to retain ownership and control of the businesses until their death to avoid transferring ownership to younger farmers who are considered to be more daring in their business outlook (Leonard *et al.*, 2017). As such, the adoption of entrepreneurial activities may be minimal in family farm businesses. This emphasises the need to explore strategies that accommodate this concern to improve the competitiveness of farm businesses.

2.4 Strategies that enhance rural entrepreneurship

Rural entrepreneurship as discussed above has not resulted in increased income for farm businesses in Scotland and UK (ScotGov, 2020). Hence farm businesses in rural areas need to identify new opportunities and strategies that are suited to their sector. Recent studies suggest that opportunities may exist for farm businesses in the growing trend concerning the consumption of local agricultural produce (Denver *et al.*, 2019; Jensen *et al.*, 2019; Kumar, Murphy, *et al.*, 2021). This complements studies within the last 20 years that have shown a continued drive for farms to continuously seek diversification strategies that exploit this area for their continued growth (Turner *et al.*,

2003; Tonner and Wilson, 2015; Radicic, Bennett and Newton, 2017). Since diversification has been noted as a strategy that has been employed to assure growth and ensure the viability of farm businesses (Ilbery *et al.*, 1996; Tonner and Wilson, 2015; De Rosa, McElwee and Smith, 2019), the diversification strategies that attend to local food consumers may have the capacity to enhance the entrepreneurial activities of farm businesses. As well as offer the potential for improved competitiveness as discussed in subsequent sections.

2.4.1 The Local food context

In the UK, the consumption of local food is one of the fastest-growing trends (Aprile, Caputo and Nayga, 2015). It has been noted that rural farm businesses may exploit the growing consumption of local agricultural products because the rapid rise of local food movements may provide economic development opportunities for entrepreneurial firms (Farris *et al.*, 2019; Meyerding, Trajer and Lehberger, 2019). Consumers in this movement are identified by their desire to consume local food (Skallerud and Wien, 2019) and are described as educated, high-income buyers with a perception of quality food (Zepeda and Nie, 2012). However, there has been no universal definition for the concept of local foods (Feldmann and Hamm, 2015; Zhang, Grunert and Zhou, 2020). The controversy is centred on a unified meaning for the term 'local' which is often framed as a concrete geographic area as well as a relative social construct (Farris *et al.*, 2019; Chicoine, Rodier and Durif, 2022). Thereby, implying that local food may mean different things to different people (Chicoine, Rodier and Durif, 2022). Nevertheless, the notion of proximity offers a way to capture the various meanings of local foods (Eriksen, 2013) to highlight the motives of local food consumers. In this view, proximity refers to being close to something on a certain dimension (Knoben

and Oerlemans, 2006). Eriksen (2013) proposes three dimensions of proximity that influence local food consumers i.e., 1) geographic proximity, 2) relational proximity, and 3) values of proximity. The first two dimensions have been extensively explored by researchers; however, the third dimension has received little attention in the exploration of local food consumers.

Geographic proximity is by far the most frequently employed dimension of local food consumers (Knoben and Oerlemans, 2006; Blake, Mellor and Crane, 2010; Feldmann and Hamm, 2015). This dimension is concerned with the spatial, physical and geographic distance between the customer and producer (Eriksen, 2013) i.e., the distance food travels from farm to fork (Chicoine, Rodier and Durif, 2022). In this view, studies have suggested that local foods are agricultural offerings that are produced and consumed within a 100-mile (Onozaka, Gretchen and McFadden, 2010; Korhonen *et al.*, 2017) and other boundaries including administrative areas, states or counties, and countries (Darby *et al.*, 2008; Conner *et al.*, 2009; Meyerding, Trajer and Lehberger, 2019). These proposed distances allow for the designation of agricultural offerings produced in rural areas to be considered as local products by both rural and urban customers.

It is argued that resistance to the globalisation of food supply chains underly the motives of local food consumers in this dimension (Wenzig and Gruchmann, 2018). These consumers base their buying behaviours on the intrinsic qualities of agricultural products (Zepeda and Nie, 2012) i.e., on product features like taste, freshness, appearance, nutrition, etc., (Weatherell, Tregear and Allinson, 2003). The argument here is that globalisation and standardisation of food systems have impacted the quality of agricultural offerings (Murdoch and Miele, 1999). That is because global food

networks have based their supply and distribution chains on the logic of efficiency; which maximizes outputs at the expense of quality (Holloway *et al.*, 2007). Consequently, the agricultural offerings of global food networks (also referred to as conventional offerings) are perceived as being of lower quality by local food consumers.

Local food producers provide an alternative to these conventional networks because they are based on the logic of quality (Holloway *et al.*, 2007). Farm businesses that adhere to this logic are characterised by shorter links between the producer and consumer (Mastronardi *et al.*, 2019). Local food consumers consider these alternative food networks (AFNs) as sources of local food and perceive their offerings as being of higher quality in terms of taste, freshness, appearance etc. (Dunne *et al.*, 2011). They also consider local food to be more nutritious and beneficial to their health when compared to conventional offerings (Abbots *et al.*, 2013; Chicoine, Rodier and Durif, 2022). The geographic proximity dimension highlights the quality perceptions of local food consumers; however, it has been noted that consumers perceive local food beyond quality i.e. in relational areas (Eriksen, 2013).

Relational proximity dimension explores local food beyond product quality (Eriksen, 2013). It explores those extrinsic factors that sustain the relationship between local customers that are reconnected by the practices of alternative food networks (Chicoine, Rodier and Durif, 2022). This relationship is based on the perceived ethical and sustainable practices that local food consumers associate with local food producers. In this view, it is suggested that a heightened sense of eco- and moral- consciousness motivates the consumption practices of local food consumers (Kumar, Murphy, *et al.*, 2021). The motives that underly customer behaviour in this dimension are based on

the affective or immaterial qualities customers associate with local food producers like trust, attachment, experience, etc., (Labbé-Pinlon, Lombart and Louis, 2016; Chicoine, Rodier and Durif, 2022). These motives encourage consumers to support local food producers with their patronage to ensure their social and environmental goals are realised (Zepeda and Nie, 2012). It is also argued that customers may even harbour a moral motive for supporting their local producers towards this end (Banerjee and Quinn, 2022).

Crucially, local food consumers in this dimension consider factors like production techniques and farm size to be crucial indicators for the definition of local food. For instance, organic producers are considered to be local food producers because the absence of chemicals in their production techniques is perceived as beneficial to the environment (Jensen *et al.*, 2019; Skallerud and Wien, 2019). Also, small farm businesses are often considered to be key producers of local food because their activities are perceived to be ethically aligned to the production techniques accepted by local food consumers (Autio *et al.*, 2013).

In the UK agricultural sector, farm business sizes are classified into three categories i.e., small, medium, and large. This classification is based on the amount of labour that is employed by the farm businesses. The labour is measured in Full-Time Equivalent (FTE) which refers to the number of hours worked by farmers based on a 39-hour workweek (DEFRA, 2014). FTEs standardise the seasonal labour patterns of farm businesses to align with work hours outside the farming sector. In this classification, small farm businesses are businesses that employ up to two FTE workers; medium businesses between two and four FTEs; while large employ above four FTEs and are not limited in the number of workers they can employ. It is implied that the recognition

of small farm businesses as local food producers is a factor that has encouraged support from policymakers seeking to improve local economies (Feldmann and Hamm, 2015). For local food consumers, however, it is the belief that small farm businesses employ ethical standards in their business activities that have encouraged their support for these businesses (Autio *et al.*, 2013). In sum, the relational proximity dimension explores the extrinsic motives of local food consumers; however, Eriksen (2013) argues that local food consumers may also be motivated by their values.

The values of proximity dimension of local food are concerned with the values actors attribute to local foods (Eriksen, 2013) i.e., the values shared by consumers and producers (Chicoine, Rodier and Durif, 2022). Values, here, describe the conceptions of desirable factors that guide the behaviour of social actors (Schwartz, 1999; Eriksen, 2013). It is suggested that these values motivate actions and justify the solutions that align with those actions (Schwartz, 1999). For local food consumers, Eriksen (2013) notes that these values are enhanced by geographic and relational factors but may be different for different across actors. Nevertheless, this dimension of local food perception has had limited exploration in contemporary research work and thereby presents a gap in the exploration of local food consumption. Rather, the limited works that have employed the proximity dimensions to explore local food consumption have focused on the geographic and relational dimensions (Labbé-Pinlon, Lombart and Louis, 2016; Farris *et al.*, 2019). For instance, Farris *et al.*'s (2019) work focused on wine producers in the US and found that geographic proximity may have a limited impact on customer valuation of local wine while the relationship with producers was more valued by customers. Further, Labbé-Pinlon, Lombart and Louis, (2016) presented a similar finding for rural local food customers' in convenience stores in France;

however, they found that urban consumers placed the same weight on how they valued the geographic and relational factors around local food. Furthermore, their works suggest that other behavioural consequences of proximity should be explored by future researchers. To that end, the values dimensions of proximity are explored in this work. In all, local food consumption presents an opportunity for rural farm businesses to improve their viability. Farm businesses appear to have recognised the growing trend of local food consumption and have attempted to position their business strategies to exploit markets where local foods are offered like in farm shops and farmers' markets (Feldmann and Hamm, 2015). Extent studies suggest that farm businesses have employed farm diversification to this end (McInerney, Turner and Hollingham, 1989; Turner *et al.*, 2003). The development of their strategic approach is discussed below.

2.5. Farm diversification typologies.

From the preceding section, it has been suggested that diversification aimed at exploiting local food markets may be an appropriate strategic approach for rural farm businesses seeking to exploit the local food consumption trend. McInerney *et al.*'s (1989) report presented one of the early discourses on-farm diversification in the UK. In their work, they define farm diversification as the diversion of farm resources to other income-earning activities to produce non-traditional agricultural outputs (McInerney *et al.* 1989 p. 8). It was assumed that income earned from the sale of non-traditional agricultural outputs and other income-earning activities (e.g. tourism) will increase the profitability of farm businesses. Non-traditional agricultural products are synonymous with local food and describe crops & livestock products that are not the

outputs of conventional agricultural activities in the UK. The activities that realise these outcomes include the production of deer, snails and fish as well as processes like organic farming. Their typology classified farm diversification into 5 categories (see table below)

Table 2.1: McInerney et al.s’ typology of farm diversification

Diversified activity	Description
Speciality products	comprising all unconventional agricultural activities and processes e.g., organic farming
Services	comprising a broad range of farm-based activities e.g. accommodation services
Contracting	comprising the leasing of farm machinery outside the farm e.g., contract harvesting
Processing & Sales	comprising all value-added activities on the farm e.g., product processing and retailing.
Miscellaneous diversification	comprising all diversified activities that could not be adequately categorised in the preceding classes e.g., secretarial services.

2.5.1 Diversification strategies and farm business size

McInerney et. al, (1989) observed a relationship between the size of farm businesses and their diversification strategies. McInerney et al. (1989) noted an increasing trend in the strategic options for diversification based on farm size. This is based on their findings that larger farm businesses have a greater ability to diversify because they have more resources than small farms. It was explained that larger firms, endowed with more resources, had more options for diversification as opposed to smaller farms. It may be argued that the larger resource endowment of larger farms presents more options for diversification. For instance, large farm businesses may have enough land and financial resources to engage in diversified activities like tourism or

accommodation. Whereas small farm businesses are limited in these options due to their narrow resource basis to diversify their businesses.

Further, McInerney et al (1989) also noted a relationship between farm size and the strategic intentions for diversification. They suggest that the strategic intentions that motivate farm business were growth intentions and survival intentions. They then argue that large farm businesses diversified to satisfy growth intentions while firms in the smaller sectors diversified with survival intentions. Again, the large resource endowment of large firms may explain their need for growth while small farm businesses, with constrained resources, can only focus their strategies on survival.

Later discourses on-farm diversification have been influenced by McInerney et al.s' (1989) work. Bosworth & McElwee (2010), for instance, wholly adopted and extended McInerney's typology of farm diversification to develop their farm diversification typology. Bosworth & McElwee's (2010) typology, based on a definition of farm diversification initially presented by Woods (2005), describes farms diversification as activities that seek "to reduce the dependency of farm households on agricultural production so that farms remain viable as an economic and social unit, even as production is decreased" (Woods 2005, cited in Bosworth & McElwee 2010 p. 821). In this view, diversified activities include all income-generating activities outside farming including pluriactivity - which concerns the employment of farmers outside farming-related activities (Radicic, Bennett and Newton, 2017). Although, pluriactivity was not considered to be a diversification strategy in McInerney et al.s' (1989) typology.

Bosworth & McElwee's (2010) eventual typology classified farm diversification into five categories 1) Diversified activities that reduce farm holdings e.g. sale of farm

assets; 2) Diversified activities that manage or develop farm assets e.g. renting or leasing of farm assets; 3) Diversified activities that establish new businesses not related to farming e.g. tourist and accommodation activities; 4) Diversified activities that establish a new business that is related to the farm business e.g. value-added activities and; 5) Diversified activities that involve sourcing income from another business e.g. taking up paid employment. In sum, Bosworth & McElwee's (2010) typology expanded the discourse on farm diversification to include pluriactivity or paid work which was an addition to McInerney et. al, (1989) typology.

Bosworth & McElwee (2010), like McInerney et al. (1989), also presented findings to affirm the view that large farms possessing more business resources were more diversified than the smaller farms. Their findings were based on the same justification that suggests the larger resource endowment of large firms allows for more diversification options.

In all, McInerney et al.'s (1989) work was instrumental in framing farm diversification discourse in the UK. Their typology identified and categorised the diversified activities of farm businesses in the UK; while their observation of the relationship between farm size and the diversification strategies of farm businesses have become major themes in farm diversification literature. Their work as well as subsequent works have helped to develop those typologies that laid the foundation for further discussions on the diversification strategies that can be employed by farm businesses as discussed below.

2.5.2 Diversification strategies and market proximity

Another view of UK farm diversification considered the impact of market proximity on the effectiveness of diversification strategies (Ilbery 1991, 1996, Griffith 1987). In this view, the geographic location of a farm, in relation to its market is considered to

be the major factor impacting farm business diversification. The view is embodied in the geographic proximity dimension of local food consumption that was discussed above (Eriksen, 2013). In Ilbery's (1991) articulation of this view, he adopted Griffith's (1987) description of farm diversification as "any farm-based activities not directly concerned with producing crops or livestock, and which involves marketing contact outside the agricultural industry" (Ilbery 1991 p. 209 quoting Griffith 1987). Based on this background Ilbery developed a typology that emphasised a farm's geographic proximity to markets as a crucial factor for its diversification strategies. This typology conceptualised farm diversification in two broad categories i.e., structural and agricultural diversification (Griffith 1987; Ilbery 1991). Structural diversification was described as diversified activities that are geared outwards from the farm i.e., toward the market. These activities include farm retailing and services. Correspondingly, agriculture diversification was described as diversification activities that are geared toward the farm (Ilbery 1991 p. 209); involving activities like organic farming. In contrast to Griffith (1987), who excluded agricultural diversification as a diversified activity, Ilbery (1991) argued for its inclusion. Griffith (1987) argued that agricultural diversification is directly concerned with the production of livestock and crop and thus cannot be considered a diversified activity. However, Ilbery (1991), reasoned that farm resources that are diverted to produce unconventional agricultural products should qualify as a diversified activity since they may not be servicing the conventional agricultural markets. Ilbery (1991 p. 209) cited the example of unconventional crops that are produced for medicinal purposes to affirm his argument.

Ilbery's (1991) eventual typology was a fusion of Griffith's (1987) classification of diversification & McInerney et al.'s (1989) typology. Ilbery (1991) employed

Griffith's (1987) structural diversification and agricultural diversification activities as a meta-classification for McInerney et al's (1989) typology (see table below).

Table 2:2:Ilbery's typology of farm diversification

Structural Diversification	Agricultural Diversification
Tourism (<i>Services</i>) i.Accommodation & recreation ii.Combined holiday activities	Unconventional enterprise (<i>Specialist production</i>) i.Unconventional crops & animal farming
Value-adding (<i>Processing & Sales</i>) i.Farm retailing ii.Processing & Packaging	Farming woodland (<i>Miscellaneous</i>) Wildlife conservation Energy, forestry & timber
Passive diversification (<i>Contracting</i>) i.Leasing of land & buildings ii.Leasing of machinery	Agricultural contracting (<i>Contracting</i>) Contract work for agricultural & non-agricultural organisations

Sources; Ilbery (1991 p. 210) and McInerney et al. (1989).

Ilbery's (1991) strategic view of farm diversification did not explore farm size as an impacting factor for diversification strategies. Instead, the proximity of markets determined the strategic options and intentions of firms. Ilbery's works suggest that the strategic options for farm businesses are determined by the market opportunities available for these firms; while the strategic intentions of farms were determined by their ability to grow based on their ability to exploit market opportunities (Ilbery, 1991, 1996). Thereby taking a different view of the survival and growth dichotomy expressed by McInerney et al (1989). In this view, survival and growth are dependent on market access as opposed to resource endowment. To explain this, Ilbery (1991) categorised diversified farms by their location and productivity to arrive at three classifications. The first was urban-fringe farms, which were described as farms

located near urban areas. The second was prosperous agricultural-lowland farms, described as very productive farms in rural areas. And the third was marginal-fringe farms, which were described as less productive farms; typically, in rural areas. Ilbery then hypothesised that the geographical location, as well as the physical qualities of these farms, may determine the diversification strategies that will ensure profitability (1991, 1996). Thus, urban fringe farms are advised to adopt structural diversification strategies to exploit opportunities presented by the large markets in their proximity. Prosperous agricultural lowland farms in rural should adopt agricultural diversification strategies to exploit opportunities occasioned by their highly productive lands. Marginal fringe farms may adopt either option depending on their individual context i.e., distance to urban area and degree of farm productivity. It was suggested that marginal farms with access to urban markets should adopt structural diversification activities like farm tourism, accommodation, and other recreation activities (Ilbery 1991 p. 211); while those in rural should adopt agricultural production activities. Ilbery's (1991) view may have implications for the success of farm businesses in rural areas since their viability may not be solely dependent on rural markets but may be enhanced by access to urban markets. As such, urban markets are considered in this research.

In all, these typologies of farm diversification have been widely adopted by authors researching the diversification strategies of farm businesses as they seek to improve their profitability (Carter 1999; McElwee & Smith 2012; Meert et al. 2005; Vernimmen et al. 2002; DEFRA 2002; Tonner & Wilson 2015; Carter 2001; Vesala & Vesala 2010). Also, the discussed typologies have been employed to investigate farm business diversification strategies. However, contemporary works appear to have

advanced Ilbery's (1991, 1996) views. These works have employed entrepreneurial theories to explore the diversification strategies of farms by investigating how farms discover and exploit opportunities in their markets.

2.6 The Entrepreneurial strategies

From the preceding discourse on the historical development of farm business diversification, Ilbery's (1991) opportunistic view of farm business strategy appears to have more impact on contemporary studies of farm businesses. In contemporary studies, farm diversification strategies have been explored through the concept of entrepreneurship. McElwee and Smith (2012) justify this move by suggesting that the strategic intentions for farm-diversification, in the UK, may be advancing toward growth motives from survival motives as farmers become more entrepreneurial. This view is reflected in the increased focus in management and entrepreneurial literature that examine farm diversification as a source of business growth. Some of these research works include entrepreneurial motivations (Tonner and Wilson, 2015; Hansson *et al.*, 2013); entrepreneurial skills and competencies (McElwee, 2005; Phelan and Sharpley, 2012; Phelan 2014); entrepreneurial orientations (Carter, 2001; Grande, Madsen and Borch, 2011); portfolio entrepreneurship (Carter, 1999; Alsos, Carter and Ljunggren, 2014) and strategic entrepreneurship (Walley, Custance and Smith, 2011; De Rosa, McElwee and Smith, 2019). The major theme in these works concerns the ability of farm businesses to discover and exploit opportunities in their markets to gain a competitive advantage. These works can broadly be categorised into works that explore how firms discover opportunities (Tonner and Wilson, 2015;

Radicić, Bennett and Newton, 2017); and those that explore how firms exploit opportunities (Walley, Custance and Smith, 2011; De Rosa, McElwee and Smith, 2019). The former category represents a vast majority of farm business literature on diversification while the latter has received very little attention. Respectively, these categories are here referred to as the Kirzernian approach and the Resource-based approach as discussed below.

2.6.1 Entrepreneurial discovery: The Kirzernian approach

The entrepreneurial discovery approach is theoretically guided by the works of Kirzner (1997, 1999). Kirzner's works considered the entrepreneur from the perspective of the individual. In that view, the entrepreneur is presented as an alert individual that is acutely perceptive at discovering opportunities in markets (Kirzner, 1997, 1999). Kirzner argues that entrepreneurs are apt to discover existing disequilibrium in markets which may be turned into opportunities for businesses seeking to grow. In this view, entrepreneurship is defined as the process by which opportunities, to create future goods and services, are first discovered, evaluated, and eventually exploited (Shane and Venkataraman 2000). Extant studies that subscribe to this view of entrepreneurship have explored the capabilities of the individual farmer and their ability to discover opportunities in markets.

Phelan & Sharpley's (2012) work appears to be aligned with this view of entrepreneurship because they consider the farmer to be at the centre of opportunity discovery. They advanced the work of Bosworth & McElwee (2010) by exploring the range of entrepreneurial skills that are necessary for successful structural diversification. Success, here, was based on the possession of entrepreneurial skills, like negotiation and marketing skills, that position farmers in a favourable place to

exploit opportunities in their markets. Although their work acknowledges the importance of these skills, their conclusions suggest that the identified entrepreneurial skills may be limited in assuring the success of diversified farm businesses because farmers were constrained in their environmental scanning abilities. They describe environmental scanning abilities as the 'ability to recognise and exploit market opportunities' (Phelan and Sharpley, 2012 p. 114). They note that this environmental scanning ability, which is a necessary ability for success, was absent in the self-assessed UK farmers they examined in their work. As such, limiting their chances of successful diversification. This limitation may be because high regulations, in the business environment of these firms, have impacted their ability to sense changes in their environment. It may also signal an unwillingness to explore changes due to their aversion to risk.

In any case, their conclusion is in line with Kirzner's (1997, 1999) perception of entrepreneurship which suggests that the ability to discover opportunities is a crucial element for entrepreneurial success. Without this, the entrepreneurial capabilities of diversifying firms may be limited. Nevertheless, Phelan & Sharpley's (2012) work identified some relevant entrepreneurial skills that are necessary for the exploitation of market opportunities. Other studies, however, have gone further to explore the motivation of farmers seeking to discover opportunities (Tonner and Wilson, 2015).

For instance, Tonner and Wilson's (2015) work, which also appears to be aligned with the Kirzernian view of entrepreneurship, explored farmer motivations to this end. Their work adopts Fernández-Olmos and Díez-Vial's (2013) position that diversification allows firms to use their valuable resources to exploit different market opportunities to improve their competitive positions. They were guided by arguments

that the entrepreneurial skills of farmers may not be sufficient for successful structural diversification without the appropriate entrepreneurial orientation to motivate them (Bosworth and McElwee, 2010). Tonner & Wilson (2015) further explored the entrepreneurial orientations, proposed by Bosworth and McElwee (2010), which suggest that entrepreneurs are risk-takers, growth-oriented and innovators. Risk-taking was described as the ability to calculate economic risk while being aware of uncertainties that may lead to failure; growth orientation was described as an orientation towards continuous business expansion and; innovativeness was described as the search and development of new products, markets, methods etc. (Bosworth and McElwee, 2010). In their exploration of structurally diversified farm businesses in the UK, Tonner and Wilson (2015) found that farm businesses with these orientations were more efficient at discovering and exploiting market opportunities than those without. Their work suggests that risk-taking was a crucial entrepreneurial tendency for successful structural diversification. Their observation of farmers in farm shops and farmers' markets, revealed that farmers that diversify in farmers' markets suppressed their risk-taking abilities and, invariably, limited their ability to exploit market opportunities. It was suggested that these risk-averse farmers could not unlock other entrepreneurial characteristics that lead to successful diversification. In contrast, farmers that diversified to farm shops were reported as being more successful in their diversified activities. Their success was linked to the risk-taking abilities that allow them to exploit market opportunities while simultaneously unlocking entrepreneurial characteristics like innovativeness that allows for further exploitation of opportunities. These successful entrepreneurial farmers were described as having a 'dynamic and competitive economic striving, in continuing pursuit of opportunity' (McElwee and

Bosworth 2010, p 827 quoted in Tonner & Wilson 2015). This work explored family farm businesses, and as noted in the preceding section, the non-pecuniary goals of family farm businesses may have impacted their ability to take on risky ventures. Thereby explaining their aversion to risk. This risk-averse view of family farms is in alignment with other works that have found family firms to be reluctant to take on new ventures (Kellermanns and Eddleston, 2006; Gomez *et al.*, 2010; Yoshida, Yagi and Garrod, 2019).

In all, Tonner & Wilson's (2015) work suggests that the ability to evaluate and take risks was a crucial criterion for successful farm diversification since risk-taking allows for entrepreneurial alertness that enables successful farmers to apprehend their changing environment as well as induce the appropriate entrepreneurial behaviours for success (Gaglio and Katz, 2001; Bosworth and McElwee, 2010). This view affirms the central role of opportunity discovery in this entrepreneurial approach. Nevertheless, it has been suggested that the ownership of multiple businesses may minimize the risk to farm businesses while enhancing opportunity discovery (Carter, 2001; Radicic, Bennett and Newton, 2017).

In Radicic, Bennett and Newton's (2017) historical review of farm diversification, they explored the determinants of successful farm diversification in the UK via the concept of portfolio entrepreneurship. The concept had been explored by Carter (1999) to argue for the inclusion of multiple business ownership as a measure of business growth and diversification success in the farming sector. Carter (1999) suggests that conventional measures that explore the growth of firms through discrete stages from inception to maturity may not be suitable to measure the growth of agricultural businesses because of the peculiarities of the sector. With this background, Carter

(1999) challenged the assumption that small farm businesses were limited in their ability to diversify as compared to larger farms since individual small farmers were adept at the establishment of multiple businesses. These multiple business-owning farmers were described as portfolio entrepreneurs. Radicic, Bennett and Newton's (2017) considered the portfolio entrepreneur to be a subset of pluriactive farming that combines farming with other economic activities, whether on or off-farm, excluding paid employment. These portfolio activities include all the structural and agricultural diversification activities discussed in the preceding typologies. Their findings affirm Carter's (1999) argument that farm size has a limited impact on portfolio entrepreneurs and diversified activities. However, they maintain that the ownership of multiple businesses is dependent on the proximity of farm businesses to urban areas in line with Ilbery's (1991) arguments. Invariably suggesting that larger markets in urban areas allow for the discovery of entrepreneurial opportunities in line with Kirzner's (1997, 1999) framing of entrepreneurship.

Overall, the preceding works, along with a majority of farm-based research works, affirm the dominance of the entrepreneurial discovery approach in contemporary farm business diversification literature. They have effectively identified the individual skills required by farmers and highlighted the entrepreneurial orientations required for successful diversification. They have also suggested that the ownership of multiple businesses may lead to successful diversification while upholding the argument that farm size may have a limited impact on diversified activities. Notwithstanding, the emphasis has been on the individual farmer and the discovery of opportunities. However, the resource-based perspective underpins another theoretical approach that may be explored for the exploitation of entrepreneurial opportunities. This approach

considers the internal resources of farm businesses for opportunity creation and exploitation i.e., as a complementary approach to the discovery of opportunities (Alvarez and Barney, 2007; Barney, Alvarez and Anderson, 2013) as discussed below.

2.6.2 Entrepreneurial exploitation: The Resource-based approach.

The entrepreneurial exploitation approach is theoretically guided by the resource-based perspective (Alvarez and Barney, 2020) and is focused on how diversified firms harness their internal resources to create exploitable opportunities (Chirico *et al.*, 2011). This approach to entrepreneurship has been scarcely explored within rural literature and is typically employed for the exploration of large global businesses (Lockett, Thompson and Morgenstern, 2009). The fundamental argument of the resource-based perspective (RBP) is that firms can create value from their internal resources to gain a competitive advantage in their markets (Barney, 1991). These value-creating resources are called strategic resources because they possess specific characteristics that result in a competitive advantage; which may be sustained indefinitely (Peteraf, 1993; Andersén, 2011; Barney, Ketchen and Wright, 2011; Walley, Custance and Smith, 2011). It is argued that opportunities may be created through the gradual iterative development of strategic resources (Alvarez and Barney, 2007, 2020; Buenstorf, 2007; Goss and Sadler-Smith, 2018). Barney and Alvarez (2007 pg. 15) explain that in this opportunity creation process “entrepreneurs do not wait for exogenous shocks to form opportunities and then provide agency to those opportunities, they act... And in acting, they form opportunities that could not have been known without the actions taken by these entrepreneurs”. Consequently, the competitive imperfections in markets, which manifest as opportunities, are not merely discovered but may be created by the actions of entrepreneurs. Hence, opportunities

do not exist independent of entrepreneurial actions but because of them. Schumpeter's (1934, 1947) work was instrumental in developing this view of entrepreneurship. Schumpeter (1947) predicted that entrepreneurship will advance from the individualistic opportunity discoverer to the strategic entrepreneurial firm because firm entrepreneurial activities will replace individual activities. Thus, the acutely perceptive individual entrepreneur, endowed with qualities for opportunities discovery in markets, will give way to the entrepreneurial firms that will perform these functions within firms in a depersonalised and automatised way. Consequently, the discovery process becomes a creative process as firms gain greater control of the opportunities that can be exploited for value-creation (Schumpeter, 1947).

In farm business literature, the employment of the resource-based theoretical approach has been limited. From an exploration of extant works, limited studies were found to have employed the resource base approach to explore farm rural enterprises. In the UK, Walley, Custance and Smith, (2011) employed the RBP to explore diversified farm businesses. Their research examined how diversified farms can improve their rate of success. They examined six farms engaged in different diversified activities and identified six strategic resources that may be relevant for successful farm diversification in the UK. It has been noted that the possession of strategic resources is crucial for the success of diversifying farms (Peteraf, 1993; Andersén, 2011; Barney, Ketchen and Wright, 2011). However, it was difficult to determine what constitutes a strategic resource from their research since strategic resources were not characterised nor clearly defined in the work. As such, their findings that revealed employees, information, and business mentors as strategic resources presented difficulties since a consistent pattern for identifying strategic resources was not made clear in the study.

In addition, the paper explored a broad range of diversified activities that cut across the discussed typologies. This broad range makes it difficult to effectively delineate the strategic resource that applies to particular forms of diversification.

Nevertheless, their exploratory work highlights the opportunity for further exploration of farm diversification from a resource-based perspective in the UK. Furthermore, they call for exploratory research, using qualitative methods, into the subject of farm diversification from a resource-based perspective (Walley, Custance and Smith, 2011). This research has heeded that call and considers the perspective to be a suitable complementary approach for farm businesses to assure their profitability. This position is elaborated on in chapter 3.

Outside the UK, De Rosa, McElwee and Smith (2019) explored how diversified farms can harness their internal resources to create exploitable opportunities by observing how structurally diversified family farms in Italy exploit opportunities. They employ the concept of strategic entrepreneurship, which embodies entrepreneurial orientation and resource orchestration, to describe entrepreneurial actions undertaken by firms and not the individual entrepreneur. Resource orchestration was described as actions firms take to influence performance through the structuring of their resource portfolio, the bundling of their resources, and the leveraging of these resources in the marketplace (Ireland, Hitt, and Sirmon, 2003; Sirmon, Hitt, and Ireland, 2007). Their findings suggest that the inclusion of family members in the farm business provided the necessary resources that may be orchestrated to exploit opportunities. However, the research did not explore the strategic resources that can be orchestrated to provide strategic leverage for successful farm diversification. Rather, it is suggested that the family was uniquely positioned to grow the business by providing and orchestrating

strategic resources to exploit opportunities. Notwithstanding, this work highlights the relevance of entrepreneurial actions beyond the individual farmer as typical in the Kirzernian approach (Phelan and Sharpley, 2012; Tonner and Wilson, 2015; Radicic, Bennett and Newton, 2017).

In all, the limited exploration of entrepreneurial farms from a resource-based perspective suggests a need for more research on the subject. It should be recalled that Schumpeter (1947) predicted that entrepreneurial research will advance from the exploration of individualistic opportunity discovery toward the exploration of the entrepreneurial firm. Perhaps, farming literature needs to make this move by exploring farm business resources as opposed to the individual skills of the farmers. This will advance studies that explore the viability of diversified farm business especially when the resource-based perspective is employed to this end. This limited exploration from a resource-based perspective may also have implications for measuring the success of diversified farm businesses and may also present a suitable complementary strategic approach for exploring the viability of farm businesses.

2.7 The Literature gap and research aim

As noted, the extant works concerning farm diversification have explored the individual entrepreneur and their ability to discover opportunities. These works have employed the Kirzernian approach to entrepreneurship and have been instrumental in advancing farm diversification discourse. However, the resource-based approach that concerns the development of internal resources to create and exploit opportunities in the farming sector has received very little attention. Invariably, the strategic resources

that underlie this opportunity creation and exploitation process have had limited exploration in contemporary works. Rather, the emphasis has been on the exploration of those environmental scanning abilities that are required to successfully discover opportunities in markets. This neglect of opportunity exploitation via the resource-based approach presents a gap in the literature that will be addressed by this research work.

Overall, this research argues that the employment of the resource-based lens for examining the strategies of farm businesses will bring coherence to the structural diversification practices of farm businesses. That is, by minimising the adverse impact of strategies that may not fully accommodate the peculiar business environment & structure of farm businesses. It may also allow for the perpetual exploitation of opportunities in the diversified markets where these farm businesses operate. Based on these arguments, this thesis aims to explore the strategic resources of structurally diversified farm businesses with the potential to create value through opportunity exploitation as well as examine the factors that sustain the value-creating potential of these strategic resources.

2.8 Conclusion.

In this chapter, the poor competitiveness of farm businesses has been noted to be partly due to their limited abilities to effectively compete in their markets, their peculiar business environment, and their rural locations. Although opportunities to improve the viability of farm businesses may be found in their diversification practices and their ability to exploit the growing local food context; however, extant works have mainly

examined these diversification strategies of these firms based on their ability to discover entrepreneurial opportunities in their markets and not on their ability to exploit these opportunities. This presents a gap in the literature that explores the diversification strategies of farm businesses. This research argues that the ability to exploit entrepreneurial opportunities in markets may be explored through a resource-based perspective. Further, it is believed that a resource-based approach is a complementary approach to the discovery approach for ensuring farm business viability. The next chapter explores the suitability of the resources-based perspective and the characteristics of strategic resources which embody the mechanism for ensuring farm business viability.

CHAPTER 3: THE RESOURCE-BASED PERSPECTIVE AND STRATEGIC RESOURCES.

3.0 Introduction.

The previous chapter explores how diversified farm businesses have been examined from an entrepreneurial perspective in the UK. It was noted that the examination mainly focused on how firms identified opportunities in their markets rather than how these opportunities may be exploited. Further, it was observed that the examined works employed an entrepreneurial orientation that emphasises risk-taking at the centre of opportunity identification. However, this approach may not be the only way to examine farm diversification because of their particular business environment. Thus, this research employs the resource-based perspective as a complementary approach for examining the diversified activities of farm businesses. As noted in chapter 2, there is limited research on the UK farming sector from a resources-based perspective despite its potential strengths and this was considered a literature gap. Thus, this chapter will explore the suitability of the resources-based perspectives for examining diversified farm businesses in the UK. Following this, the characteristics of strategic resources are explored to aid its identification in the empirical phases of this research and to identify a suitable framework to realise the aims of the research. Finally, the research objectives will be developed to guide the empirical phase of the research.

3.1 The resource-based perspective: A complementary approach for farm business exploration

In chapter 2, a review of the literature on diversified farm business strategies presents the resource-based perspective as a complementary lens for examining farm

diversification; however, extant works have scarcely employed the perspective to explore farm businesses. While the resource-based perspective was historically proposed to explain how firms with differing resources concurrently exist within a sector; despite their resource differences (Penrose, 1959); it has since been employed as a strategic approach for enhancing firms' competitiveness based on their ability to develop and deploy value-creating resources (Wernerfelt, 1984; Barney, 2011; Teece, 2014; Nardi, Lazzarini and Cabral, 2019). These value-creating resources are considered strategic resources (Kraaijenbrink, Spender, and Groen, 2010; Walley, Custance and Smith, 2011).

Since this research is concerned with the competitiveness of diversified farm businesses in the UK, it is argued that the resource-based perspective presents an underused theoretical lens because its foundational assumptions accommodate the peculiarities of the agricultural business environment in the UK. Also, the resource-based perspective proposes a diversification approach that aligns with the activities of many diversified farm businesses in the UK agricultural sector. These assumptions and the complementary role of the resource-based perspective are discussed below.

3.1.1 Accommodating the peculiar business environment

In the last chapter, it was noted that farm businesses operate in a highly regulated environment because of their importance to food security and rural economies (Cardwell and Smith, 2018; Downing and Coe, 2018). This environmental peculiarity is accommodated by the imperfect mobility assumption of the resource-based perspectives. The imperfect mobility assumption posits that strategic resources cannot be transferred between firms without a significant diminution of their value-creating potential (Barney, 1986, 2011; Teece, 2014). As a result, it is recommended that firms

should internally develop strategic resources to ensure they retain their strategic value. Consequently, this approach allows firms to have greater control over their value-creating strategies since they internally control strategic resource development which can be deployed for opportunity exploitation. For farm businesses, this internal development of strategic resources minimises their exposure to risks from external shocks like market regulation changes, which is common in the highly regulated UK agricultural sector.

Furthermore, the heterogeneity assumptions of the resource-based perspectives can also minimize the risk posed by large farms, to small farms, within a sector. The heterogeneity assumption posits that business resources are heterogeneously distributed within an industry (Wernerfelt, 1984; Barney, 1991; Davis, 2017; Zhang *et al.*, 2020); thus, firms within an industry seeking to gain a competitive advantage have the potential to exploit their heterogeneous resources bases for value creation (Penrose, 1959; Wernerfelt, 1984; Barney, 2011). This assumption suggests that all firms possess the potential to develop strategic resources despite the size of their resource bases. Hence, the size of the resource base of farm businesses does not determine their competitive abilities; rather it is the difference (or heterogeneity) of their resource bases that determine their ability to develop strategic resources to gain a competitive advantage. This is a useful assumption for exploring the diversified strategies in the farming sector because a majority of farm businesses (52%) are small farm businesses (ScotGov, 2015). Thus, the assumption that their narrow resource bases are not a limitation in their strategy formulation, and may be a source of strength, is crucial for the adoption of such strategies. As noted in the previous chapter, large farm businesses typically have greater access to productive resources when compared to small and

medium farm businesses (DEFRA, 2014; Scottish Government, 2015c; Devlin, 2016) - which allows them to exert more control over productive resources. For instance, large farm businesses possess two-thirds of the land resources in Scotland (ScotGov, 2015); invariably limiting the access to land resources for smaller farms. Nevertheless, the heterogeneity assumption assures small farm businesses that the possession of heterogeneous resources that can be internally modified to be strategic resources, can be viewed as a source of competitive advantage and not as a limitation. Thereby moderating the competitive threat posed by larger farms in the sector.

In sum, the assumptions of the resource-based perspective affirm the possibility of internally developing strategic resources with minimal interference from competitive forces or market changes. This presents the resource-based perspective as a complementary lens to explore diversified farm businesses. These assumptions combine to minimize the risk posed to farm businesses from market changes (via regulations) or strategic actions of competing firms (eg. large farms). It should be noted that risk minimisation is relevant to all farms within the sectors, however, it is particularly important for small and medium farm businesses with narrow resource bases who represent a majority of the registered farm businesses in Scotland (ScotGov, 2015). In addition, the resource-based perspective also aligns with the diversified activities that are practised by these businesses as discussed below.

3.1.2 The Resource-based perspective and structural diversification

As a strategic approach to diversification, resource-based strategies also complement the existing structural diversification strategies that are practised by many farm businesses in the UK. Resource-based strategists have long since considered structural diversification practices as an effective diversification strategy (Walley, Custance and

Smith, 2011; Slocum and Curtis, 2017). From a resource-based perspective, structural diversified activities, like farm retailing, are considered to be related-diversified activities and are effective because farms can leverage their existing resources to create value, i.e., as opposed to requiring new resources, which may be costly, for diversifying farms (Rumelt, 1982).

In the development of this view, Penrose (1959) advanced one of the earliest discourses on this form of diversification as a counterargument to the prominent view that diversification was an inefficient use of business resources. Kaldor (1935) championed this prominent view that dismissed diversification as an inefficient use of business resources while promoting specialisation as an efficient value creation approach. Penrose advanced her counterargument with the statement:

“In the long run, the profitability, survival, and growth of a firm does not depend so much on the efficiency with which it is able to organise the production of even a widely diversified range of products as it does on the ability of the firm to establish one or more wide and relatively impregnable ‘bases’ from which it can adapt and extend its operations” (Penrose 1959 pp. 137).

Ultimately, Penrose (1959) proposed that firms employ a resource-based approach in their diversification strategies by extending their existing resource bases to new activities. Invariably, firms were advised to diversify their businesses in activities that do not entirely abandon their existing resource bases. Thus, firms retain their existing resources as foundations for diversifying into related activities (Hamel and Prahalad, 1990; Teece and Pisano, 1994b; Rahim *et al.*, 2013; Holahan, Sullivan and Markham, 2014). Related diversification bears similarities to structural diversification activities like farm retailing since farm businesses, mainly, add value to an existing product line.

Perhaps this explains why farm retailing has been classified as a value-adding activity in agricultural diversification typologies (Ilbery, 1991; Bosworth and McElwee, 2010).

Furthermore, it may be argued that diversification in related business activities also amounts to a risk-averse diversification strategy. This risk-averse approach also complements the entrepreneurial strategies that have been proposed for family farm businesses (Phelan, 2014; Tonner and Wilson, 2015). It should be recalled, from the last chapter, that family farm businesses are risk-averse because of their family element. This family element encourages family farms to prioritise non-pecuniary goals like the transfer of the farm business to family members (Errington, 2002; Chiswell, 2018). Consequently, family farms favour risk-averse strategies that do not threaten such goals. A related diversification approach, like farm retailing, assures the continuity of existing product lines and thereby assures the continuity of the business. Furthermore, the diversified activities largely remain within familiar routines which ensures that creep factors from unfamiliar activities do not lead to business failures due to overstretched resources (Dixon, 1953; Komal *et al.*, 2020). By retaining their existing product lines, farm businesses exploit entrepreneurial opportunities within their existing value networks and minimise the need for risky opportunism in uncertain or unfamiliar value networks. As noted, this is particularly relevant for family farm businesses which are a majority of farm businesses in the agriculture sector (Meert *et al.*, 2005; Tonner and Wilson, 2015; Lowder, Sánchez and Bertini, 2019).

The preceding section has elaborated on the suitability of the resource-based perspective for exploring the diversified activities of structurally diversified farm businesses. The subsequent sections explore the value-creating mechanism of the

resource-based perspective i.e., strategic resources. This exploration is aimed at characterising strategic resources and identifying a suitable framework to employ for the empirical phases of this work. Firstly, however, the theories that impacted the development of the resource-based perspectives are explored to understand the foundations that influenced the characterisation of strategic resources.

3.2 The theoretical foundations of the resource-based perspectives.

The concept of value creation is at the centre of the resource-based perspectives (Bowman and Ambrosini, 2000; Peteraf and Barney, 2003; Kraaijenbrink, Spender and Groen, 2010; Zubac, Hubbard and Johnson, 2010). In this perspective, value creation is described as the process of ensuring economic gains by providing offerings above their production cost (Peteraf, 2005). Proponents of the resource-based perspective argue that value creation is realised when firms develop and deploy strategic resources in the markets they operate (Kraaijenbrink, Spender, and Groen, 2010; Walley, Custance and Smith, 2011). Thus, it is assumed that strategic resources embody the specific characteristics that facilitate value creation. This assumption has been influenced by two theoretical schools of value creation i.e., the Neoclassical schools (Ricardo, 1817; Marx, 1867) and Schumpeterian schools (Schumpeter, 1934, 1947). These schools successively influenced the resource-based works that have conceptualised and defined the character of strategic resources (Wernerfelt, 1984; Barney, 1991; Peteraf, 1993; Teece and Pisano, 1994; Helfat and Peteraf, 2009; Teece, 2014; Hamel and Prahalad, 1990; Eden and Ackermann, 2010). The influences of these schools are discussed below.

3.3 The Neoclassical characterisations of strategic resources

Neoclassical value creation theories influenced the development of the resource-based view (Wernerfelt, 1984; Barney, 1991). Neoclassical theories assume that the customer determines the value of a firm's offering by determining its price from the utility it provides. Proponents of the resource-based view (RBV) openly acknowledge its neoclassical roots in its development (Barney, 2001b; Barney, Ketchen and Wright, 2011); affirming neoclassical theories of value have influenced strategic resource characterisation in the RBV. These neoclassical theories of value are themselves an offshoot of classical theories of value. Classical theorists broadly conceptualised the value concept that neoclassical theorists adapted to explore value creation in firms. In the 'Wealth of Nations' (Smith 1776), classical theorist Adam Smith presented one of the earliest discourses on value-creation, by highlighting the dual nature of value concerning business activities. Following his examination of manufacturers in the UK, Smith observed that:

“The word VALUE, it is to be observed, has two different meanings, and sometimes expresses the utility of some particular object, and sometimes the power of purchasing other goods which the possession of that object conveys. The one may be called 'value in use;' the other, 'value in exchange.’” (Smith 1776 pg. 41)

Smith's observation has since grown to represent the conceptualisations of value creation in business literature. In contemporary times, value-in-use has been referred to as created-value and describes the “specific qualities of the product perceived by customers in relation to their needs” (Bowman and Ambrosini, 2000 p 2); while value-in-exchange or captured-value refers to “the monetary amount realised at a single point

in time when the exchange of the good takes place” (Bowman and Ambrosini, 2000 p 2). In essence, created-value is concerned with the utility an offering provides for its beneficiaries while captured-value is concerned with the returns an offering provides for a firm from its exchange price. Neoclassical theorists adopted this dual conceptualisation of value in their value creation concepts as explained below.

3.3.1 Conceptualising value creation from a Neoclassical perspective.

Neoclassical theorists like David Ricardo and Karl Marx further examined the classical conceptualisations of value and advanced value creation concepts from a neoclassical perspective (Ricardo, 1817; Marx, 1867). Ricardo advanced the concept of scarcity & production efficiency, while Marx advanced the concept of organisation. These concepts have influenced the characterisation of strategic resources in the RBV.

3.3.1.1 Scarcity & Production efficiency

In his discourse ‘On the Principles of Political Economy and Taxation’ (Ricardo 1817), Ricardo adopts Smith's (1776) argument that suggests that the utility provided by an offering may not necessarily determine the price of that offering. Instead, Ricardo argues, that the price of an offering may depend on its exchange value. Thus, value-creation in firms may be dependent on firms' abilities to capture value from the exchange of their offerings and less on their abilities to create utility for customers. With this foundation, Ricardo examined the factors that impact the exchange value of an offering with little attention to the utility provided by the offerings. Ricardo's (1817) examination of the UK agricultural sector highlighted scarcity and production efficiency as factors that influence the captured-value of an offering. Scarcity, here,

refers to the limited supply of finite productive resources, while production efficiency relates to firms' ability to maximise their productive capacities.

As concerning scarcity, Ricardo (1817) posits that the UK's growing population would result in more demand for agricultural products and concludes that land resources for food production may become scarce as the demand for food increases. Ricardo then argued that land resource scarcity would lead to a higher exchange price for agricultural offerings since the supply of food products will be limited by land scarcity. Concerning production efficiency, Ricardo notes that the differences in land fertility amongst farmers impact the productive capacities of farm businesses and invariably impact their ability to capture value from the exchange prices of their offerings. Based on the assumption that all other productive factors are constant except land fertility, Ricardo concludes that farmers with more fertile lands will produce more agricultural products than farmers with less fertile lands. Thus, the production efficiencies of farmers with more productive lands will result in a lower production cost, overall, which impacts the exchange price of their agricultural offerings.

Essentially, Ricardo highlights scarcity and production efficiencies as factors that impact the captured-value of agricultural offerings. It is assumed that land scarcity in the UK will lead to higher prices of agricultural offerings overall, while production efficiency will lead to increased profits for efficient farm businesses in the UK. However, Ricardo did not consider the impact of globalisation on the food supply chain as noted in chapter 2. Global supply chains have extended the available land for food production beyond the borders of the UK. In addition, technology has also impacted production efficiency by significantly increasing the productive capacities of farm businesses (Ugochukwu and Phillips, 2018); i.e., beyond farm fertility. Thus,

while scarcity and production efficiency may impact the exchange price of agricultural offerings that are produced in the UK, the offerings from global supply chains have not been impacted in the same way. These imported agricultural offerings from global supply chains are cheaper than agricultural offerings produced in the UK (Scottish Government, 2016), i.e., in contrast to Ricardo's assumption that the prices of agricultural products in the UK will increase due to land scarcity.

Nevertheless, Ricardo assumed that the utility or created value of agricultural offerings is unaffected by scarcity and the production efficiency of producers. Thus, ascribing an inherent utility to productive factors like land resources and focusing on how value can be captured from the intrinsic utility they deliver to customers through offerings. This assumption was adopted by the RBV and its implications will be discussed later in this chapter. Another factor that was highlighted by neoclassical theorists as impacting captured-value is organisation as discussed in the next section.

3.2.1.2 Organisation

Karl Marx adopts Ricardo's (1817) assumptions concerning the exchange value of commodities in his 'Law of Value' (Marx 1847) and adds that exchange value can also be maximised by how firms are organised. Marx examined the manufacturing sector in the UK and observed that manufacturers of the industrial era had organised their business activities to maximise the value captured from their offerings. Marx argued that their capitalist mode of production, which encourages the possession of productive means like land, labour, and capital, allowed these firms to maximise the exchange value of their offerings due to their ability to control the supply of these offerings in the market.

Although Marx's argument bears similarities to Ricardo's scarcity concept in that it limits the availability of productive resources; Marx, however, adds that firms can also organise their activities to create a scarcity of productive factors in their industries to further maximise their ability to capture value from these productive activities. Organisation suggests an implicit knowledge of the value capturing processes of firms since firms organise their activities based on this knowledge to maximise value capture. It is this organisational possibility of strategic resources that Marx identified as a relevant factor in its characteristics.

It should be noted that Marx warned that this efficient mode of organisation might have some adverse social implications if firms do not consider the social consequences of their competitive strategies (Marx, 1867; Marx, Engels and Sweezy, 1968). For instance, it may be argued that the success of large agricultural farm businesses suggests that they have organised their activities to maximize value capture. Despite their efficient organisation, the rise of local food consumption, as discussed in chapter 2, reveals a social implication of such an organised global mode of production. This is because local food consumers have expressed a desire to purchase from alternative food suppliers that are not associated with these organised production systems (Skallerud and Wien, 2019). Perhaps because they perceive these alternative forms of production as moral (Banerjee and Quinn, 2022), hence their motivation to support local producers in their buying behaviour i.e., as opposed to large efficient global farms. This camaraderie with local producers, who are mainly small farm businesses (Autio *et al.*, 2013), may have exposed the adverse social implication that was predicted by Marx (1867). Nevertheless, the RBV adopted the assumption that organisation is a strategic resource character.

In all, neoclassical theories introduced the concepts of scarcity, production efficiency, and organisation to the value-creation discourse that impacted the resource-based perspectives (See figure 3.1 for the summary). The assumption of these neoclassical theories that were adopted by the RBV is discussed below.

Neoclassical concepts of value creation.

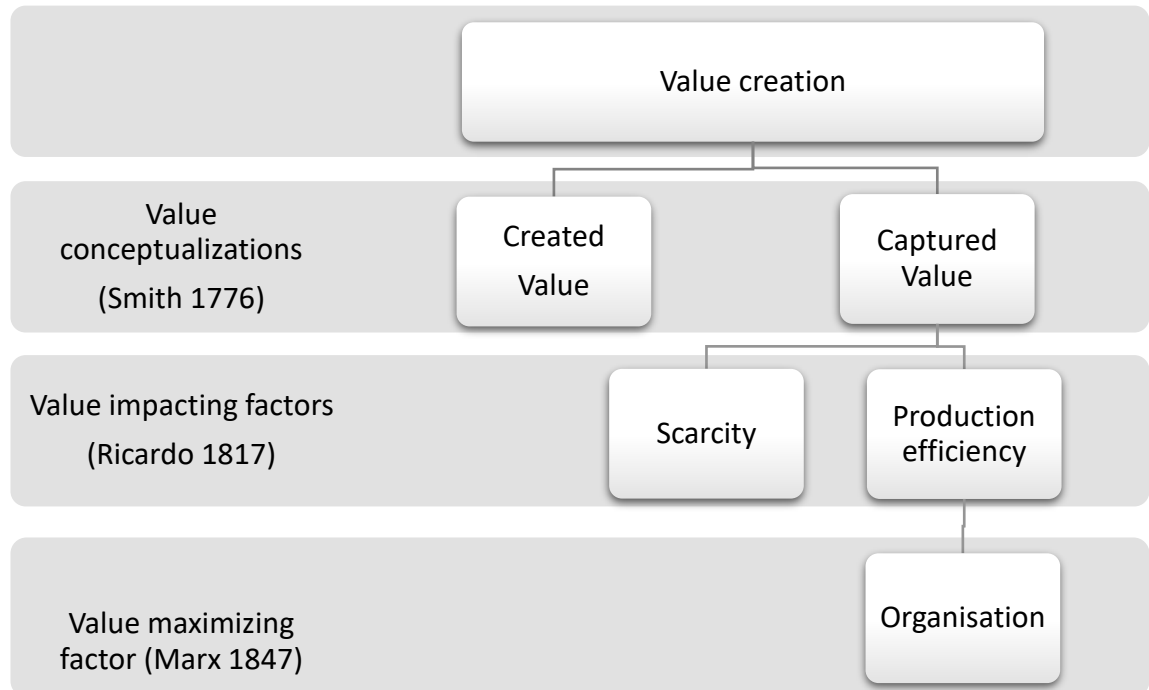


Figure 3.1: Showing the concepts that impact value creation from a classical and neo-classical view.

3.3.2 Assumptions of Neoclassical concepts of value-creation and adoption by the RBV

The neo-classical concepts of value creation, along with their classical roots, have provided the foundational assumption for the development of the RBV. Principally, the RBV adopts the assumption that the prices of productive factors are inelastic in supply (Barney, 2001b; Peteraf and Barney, 2003). This price inelasticity describes a

situation where the cost of acquiring a productive factor increases because of its limited supply or scarcity. Although neoclassical literature considered productive factors in terms of land, labour, and capital, the RBV considered strategic resources to also be a productive factor (Barney, 1986). Thus, the RBV argues that the limited supply of strategic resources can be a source of value creation for firms. Adding that these scarce strategic resources create more value because of the production efficiencies, they enable a possessing firm to maximise its exploitation. In all, leading to a competitive advantage and sustained competitive advantage for firms that possess these strategic resources. Further, the RBV also posits that the organisation of firm activities to exploit strategic resources will lead to even more value-creation by possessing firms. Based on these arguments the RBV advanced its characterisation of strategic resources as discussed below.

3.4 Characterising strategic resources for value-creation in the resource-based view

Barney's (1991) seminal paper titled "Firm resources and sustained competitive advantage" proposed the RBV to highlight the conditions under which strategic resources can create value for firms. Barney (1991) advanced Wernerfelt's (1984) RBV concept that explained how a firm's internal resources can be exploited to achieve a competitive advantage. Barney builds on this premise and highlights four characteristics that can sustain a competitive advantage based on firm resources. These characteristics were that firm resources have to be valuable, rare, inimitable, and non-

substitutable (Barney, 1991, 1995). In later works, Barney replaces the ‘non-substitutability’ character with ‘organisation’ (Barney 2011).

Accordingly, Barney advises firms seeking a sustained competitive advantage to develop and deploy resources with the above characteristics to assure this outcome. Thereby affirming that firm resources that embody these characteristics are strategic resources with value-creating potential. These characteristics are further reviewed for their value-creating potential below.

3.4.1 Value

According to the RBV, value is a central strategic-resource character because it allows firms to exploit opportunities that exist in their markets (Barney, 1991, 2011). It is argued that opportunities exist when there are competitive imperfections in markets (Barney, Alvarez and Anderson, 2013), as such value is created when these competitive imperfections reveal opportunities that can be captured by strategic resources. In this view, the RBV appears to have conceptualised value as captured-value since strategic resources are deployed to capture value for firms. Hence, this character of strategic resources is concerned with capturing value for firms.

This view is supported by Barney (2011) who described the value created by strategic resources as the difference between the perceived benefits or utility delivered to customers at a specific price and the cost of producing the offerings. Affirming, that competitive advantage is achieved when firms that possess strategic resources produce more efficiently than firms without strategic resources. Ultimately, value-creation is based on the production efficiencies of these firms.

3.4.1.1 Criticisms of the Value character

A major criticism of the value character is that it harbours a tautology in its conceptualisation (Conner, 1991; Priem and Butler, 2001b; Kraaijenbrink, Spender and Groen, 2010). This criticism reveals a mismatch in the conceptualisation of value by observing that the value character has been conceptualised as both captured-value and created-value in the theoretical framing of the RBV (Bowman and Ambrosini, 2000; Priem and Butler, 2001b). Priem and Butler (2001b) note that, on the one hand, the RBV presents strategic resources as resources that enable firms to conceive & implement value-creating strategies that lead to a competitive advantage. While on the other hand, the RBV presents a competitive advantage as the possession of valuable or strategic resources that enable firms to conceive and implement value-creating strategies (Priem and Butler, 2001a). As such, they posit that the value character was a tautology since it appears as both *explanans* and *explanandum* in relation to a competitive advantage (Priem and Butler, 2001b). Finally, they conclude that the RBV may lack theoretical relevance because of this inherent tautology (Priem and Butler, 2001b, 2001a). This tautology is further discussed later in this chapter.

Barney's (2001a; 2001b) responses, aimed at clarifying the situation, concedes that the value character was conceptualised as both captured-value and created value. Barney explained that the value character was conceptualised with reference to their potential to create value for customers as well as in reference to a firm's ability to capture value through production efficiencies that are enabled by the possession of strategic resources. In this view, the possession of strategic resources, on the one hand, results in a competitive advantage because it enables firms to create value by delivering perceived benefits to customers while, on the other hand, enabling firms to capture

value through production efficiencies. The rebuttal, however, was not enough to explain how strategic resources create value in the resource-based perspective as will be further discussed later in this chapter.

3.4.2 Rarity

Rarity is a strategic resource character proposed for the realisation of a competitive and sustained competitive advantage (Barney, 2011). It is suggested that rarity sustains a competitive advantage because strategic resources can only be possessed by a few firms due to their rareness. In other words, the scarcity of strategic resources results in a competitive advantage for possessing firms. The RBV posits that strategic resources cannot effectively be exploited for value-creation if it is possessed by a large number of competing, or potentially competing, firms (Barney, 1991). The underlying reason for this conclusion is that in situations where competing firms can exploit the same strategic resources, their production efficiency will be the same; as such, no firm will have a reduced production cost. Hence, the RBV proposed rarity to limit or eliminate the chances of competing firms to possess strategic resources. This ensures that firms that possess strategic resources can maximise the value they capture from the offerings produced by these resources, i.e., through production efficiencies that reduce the cost of these offerings.

To promote rarity, the RBV advises firms to anticipate the value of a strategic resource and acquire them from factors markets before competitors (Peteraf, 1993; Peteraf and Barney, 2003; Barney, 2011). Otherwise, firms can only hope for normal returns from exchanging their offerings with customers instead of above-normal returns that are possible with rare strategic resources (Peteraf, 1993). In sum, rarity creates a scarcity

of strategic resources whilst simultaneously ensuring higher productivity for firms that possess these rare strategic resources.

3.4.2.1 Criticisms of the Rarity character

Rarity bears similarities to scarcity & production efficiency, as highlighted by Ricardo (1817). Recall that Ricardo argued that the scarcity of productive factors enhances their exchange value because it allows for higher levels of productivity for firms that possess them i.e., by reducing the overall production cost of firm offerings. Similarly, rarity emphasises the scarcity component in the RBV and reflects its limited supply; relative to demand (Peteraf and Barney, 2003). In the RBV, rarity highlights those conditions under which productivity may be increased to lower production costs, i.e. through the monopolisation of strategic resources to enhance production efficiencies of possessing firms (Peteraf, 1993; Barney, 2001b; Peteraf and Barney, 2003).

Crucially, however, it should be recalled from Ricardo's work that scarcity may not impact on created-value of an offering but only impact its exchange value. It appears the RBV also acknowledges this conclusion concerning the role of rarity on strategic resource character by suggesting that rarity only maximises the rent accruable from the exchange of goods produced by possessed strategic resources (Peteraf and Barney, 2003).

In this view, it may be argued that created-value is not realised through the rarity character of strategic resources; rather, rarity sustains created-value for an indefinite period for firms that possess strategic resources. This sustainability is realised by limiting the supply of strategic resources in factors markets, which results in its scarcity by limiting the potential for non-possessing firms to acquire them.

3.4.3 Inimitability

Inimitability refers to a situation where the value delivered by a strategic resource cannot be perfectly imitated by a competing firm. It is argued that this character of strategic resources leads to a sustained competitive advantage that may be indefinitely perpetuated unless there is a shift in market demand (Barney, 2001b). Inimitability was described as an *ex-post* limit to competition (Peteraf, 1993) or an isolating mechanism (Madhok, Li and Priem, 2010). Isolating mechanism describes competitive actions that limit a competitor's ability to compete while sustaining a subsisting competitive advantage (Madhok, Li and Priem, 2010). In essence, inimitability sustains a competitive advantage by isolating competitor action while preserving the rents accruable from a possessed strategic resource. Thus, it preserves those conditions that sustain the captured-value accruable from the offerings produced by a strategic resource.

In assuring the inimitability of a strategic resource, three concurrent conditions were proposed in the RBV 1) a firm's unique historical conditions (Arthur, 1989); 2) the notion of causal ambiguity (Lippman and Rumelt, 1982); and 3) the social complexities within a strategic resource possessing firm (Simon, 1969).

Historical conditions draw on the concept of path dependency (Arthur, 1989). Path dependency refers to a firm's dependency on specific decision paths based on previous decisions made during the firm's economic development (Klüppel, Pierce and Snyder, 2018). It is suggested that these historical conditions continue to influence, determine, and even limit a firm's present and future actions (Masrani *et al.*, 2009; Vernengo, 2013; Bergquist and Söderholm, 2015). The RBV employed this concept to explain

that every firm threads a unique historical path that allows for the development and accumulation of strategic resources that are idiosyncratic to that firm (Barney, 1991). Further adding that competitors are also limited in their ability to imitate these strategic resources because of their own unique historical conditions. Invariably, these historic conditions serve as a barrier to competitor imitation.

Causal ambiguity was presented as the second barrier to imitation. Lippman & Rumelt (1982) developed the notion of causal ambiguity to describe a situation where the causality between two phenomena is ambiguous. They state, “ambiguity as to what factors are responsible for superior (or inferior) performance acts as a powerful block on both imitation and factor mobility” (Lippman & Rumelt, 1982 pp. 420). The RBV adopted this notion to explain that casual ambiguity causes a barrier to imitation in cases where the causality between a firm’s strategic resources and its delivered outcomes is ambiguous to both the firm and its competitors. Barney (1991) surmises that such imperfections in understanding the sources of a firm’s competitive advantage make it difficult or impossible for competitors to imitate that advantage; while simultaneously sustaining the advantage.

The third condition for inimitability is social complexity. Simon (1969) developed this concept to explain how various business activities combine in a non-simple or complex system to deliver results that are greater than the sum of its parts. It is argued that a phenomenon of interest (e.g. strategic resources) that results from these social complexities is not reducible to a single factor, thereby making the phenomenon incomprehensible (Meyer and Edmonds, 2018) and difficult to imitate. Similarly, the RBV, which considers business systems to include relationships, culture & reputation, argues that these activities develop into a socially complex system that is beyond a

firm's ability to systematically manage and influence them. These activities (e.g. the utilisation of strategic resources) are not subject to direct management and cannot be isolated from the complex system (Barney, 1991). In effect, making it difficult for competitors to imitate strategic resource outcomes.

In sum, the inimitability character sustains the created-value of strategic resources because competing firms are hindered by their path dependencies which are further complicated by causal ambiguities within a complex social business system.

3.4.3.1 Criticisms of the Inimitability character

It may be observed that the firm plays no active role in effecting the laid-out conditions for inimitability. Rather, the RBV suggests passive inaction by firms to maintain the status quo that perpetuates these inimitable conditions. For instance, causal ambiguity & social complexities imply that firms sustain some level of ignorance concerning the factors that sustain their competitive advantage. Hamel & Prahalad (1991) warned firms that were ignorant of their sources of competitive advantage and its sustenance that they risk losing that advantage because they may inadvertently diminish the underlying strategic resources and other complementary resources that are responsible for their competitive edge. Instead, firms are advised to fully understand the strategic resources they intend to exploit by deliberately developing their human and organisational resources for that purpose (Hamel and Prahalad, 1990; Hamel, 1994). Indeed, it may be argued that the RBV approach proposes the same since it also alludes to the foreknowledge of created-value in a strategic resource before it is acquired and exploited by a firm (Wernerfelt, 1984; Barney, 1986).

Similarly, path dependency carries the risk of 'lock-in' (Arthur, 1989) for firms that rigidly maintain a status quo. Lock-in refers to a situation where a firm is forced to continue on a specific path to continue utilising those resources it has accumulated in its historical development. Arthur (1989) warns that lock-in may impede the competitiveness of the firms by limiting their decision-making scope because future decisions that are incompatible with their past decision cannot be considered without significant, and often costly, changes to the entire business. Lock-in is a similar concept to Core-rigidities, which refers to a difficulty (or impossibility) for firms to adapt their strategic resources to changes in the business environment (Leonard-Barton 1992; Teece & Pisano 1994; Tsai et al. 2006).

Despite their inherent risks, these inimitable factors were proposed to limit the ability of competing firms to imitate the value-creating potentials of firms that possess strategic resources.

3.4.4 Organisation

Organisation was a latter addition to the characterisation of strategic resources to replace the non-substitutability character. Non-substitutability referred to the inability of competing firms to provide substitute offerings that deliver the same utility to customers of a focal firm. Barney (1991) explains that a competitive advantage cannot be sustained by firms if the delivered outcomes of their strategic resources can be substituted by offerings produced from a strategically equivalent strategic resource that is possessed by competing firms. It is suggested that these substitute offerings with the potential to deliver the same created-value, sought by customers, will reduce the overall value that can be captured from markets where these offerings are exchanged

(Peteraf 1993). Goolsbee, Levitt and Syverson (2013) note that substitute offerings make the demand for an offering more elastic by giving customers a choice between a firm's offerings and rival offerings. This choice impacts a firm's ability to maximise the captured-value from a strategic resource outcome. Non-substitutability is differentiated from inimitability because competing firms do not possess the same strategic resources but a strategically equivalent strategic resource that provides substitute offerings, whereas inimitability requires the possession of the same strategic resource by both competing firms (Barney, 1991).

In any case, non-substitutability was replaced by organisation in later works as a strategic resource character that sustains a competitive advantage for value creating firms (Barney, 1995, 2011). The RBV argues that organisation results in a sustained competitive advantage because strategic resources are 'organised' for efficient exploitation (Barney, 1995, 2011). In other words, firms organise their business activities to maximise the exchange value that can be captured from the exploitation of a possessed strategic resource.

This view of organisation is similar to Marx's (1847) account since it argues that the efficient organisation of productive activities impacts the value creating potentials of firms. Although Marx (1847) focused his discourse on the acquisition of productive factors (e.g. strategic resources), which then results in those production efficiencies that enhance captured-value as well as the social implication of these limiting strategies; the RBV, however, argues that organisation is enhanced by a first-movers advantage (Barney, 2011).

First-mover advantages are those advantages that firms derive from making important strategic and technological decisions earlier than their competitors (Barney 2011). These first-moving firms were described as pioneering firms that gain a head start over competitors (Lieberman & Montgomery, 1988). It is argued that these pioneering firms get a head start by gaining technical leadership in the production of new offerings, which creates a gap that competitors might never breach (Sabatier and Chollet, 2017). Further, it is posited that this technical leadership often allows pioneering firms to gain a higher market share for their offerings (Nishida, 2017). The RBV suggested that this technical leadership conveys a cost advantage in efficiently organised firms (Barney, 2011) and thereby sustains the value that can be captured from an exploited strategic resource.

3.4.4.1 Criticisms of the Organisation character

It has been noted that first-mover advantages may also result in first-mover disadvantages since the pioneering firm may be inflexible to change course due to investment in fixed assets and high switching costs (Sabatier and Chollet, 2017). In this view, the first-movers disadvantage embodies a similar risk to lock-in and core rigidities (Arthur, 1989; Leonard-Barton, 1992; Tsai, Julia and Ching-Hsiang, 2006); which concerns the difficulty for firms to change course once committed to a particular course of action. Thus, once firms are organised in a particular way, it is difficult for them to re-organise their activities if market conditions change. Consequently, the RBV has been criticised for assuming a static market concerning its strategic resource characterisation (Cardeal and Antonio, 2012; Geraldés, Lopes Da Costa and Geraldés, 2019).

Static market assumptions suggest that markets for offerings will remain constant in terms of demand and supply; however, markets are never static (Bowman and Ambrosini, 2000). Thus, critics have highlighted this static view of the RBV as a major limitation of the resource-based perspective (Priem, 2001; Kraaijenbrink, Spender and Groen, 2010; Helfat and Winter, 2011; Kozlenkova, Samaha and Palmatier, 2013). These critics argue that the assumption of a static business environment, where processes and products are constant and unchanging, may not be possible in all markets, if in any market (Rafique *et al.*, 2015). Even policies put forward to stabilise agricultural markets, like the common agricultural policies discussed in the previous chapter (Marsh and Swanney, 1980), can be a source of change for farm businesses. Thus, inflexibility to change has led critics of the RBV to conclude that the resource-based perspectives may not be effective for exploring value creation in changing markets (Kraaijenbrink, Spender and Groen, 2010). It has been suggested that this limitation ushered in a dynamic view of strategic resources, as an extension to the RBV, to address competition in changing market (Teece and Pisano, 1994; Helfat *et al.*, 2007; Wetering, Mikalef and Pateli, 2017). Correspondingly, proponents of the perspective explored theories that will accommodate market changes in their characterisation of strategic resources. This exploration resulted in the Schumpeterian characterisations of strategic resources as discussed below.

3.5 The Schumpeterian characterisation of strategic resources

Joseph Schumpeter advanced his theory of economic development as an alternative to neo-classical theories that were prevalent in his time (Schumpeter, 1934; 1947).

Schumpeter argues that neo-classical economic frameworks may be ineffective for analysing value-creation in changing markets because neo-classical theories assume a static market environment for its value-creation context. Schumpeter notes that neoclassical theories of value creation require an equilibrium point (or static point) in its competitive environment to measure the value created by firms (Schumpeter, 1934). This equilibrium point refers to the point where the demand and supply of goods and services are assumed to be optimal, and the price of an offering at that point indicates the production cost of that offering. In this view, the value created by firms may be measured as the difference between the price at equilibrium and the cost of producing an additional (or marginal) unit of that offering. Schumpeter concludes that these neoclassical views of markets are ineffective and unreliable in competitive environments where an optimum point or static point cannot be ascertained because of constant changes in these markets (Schumpeter, 1934). This conclusion is affirmed by this statement:

“Static analysis is not only unable to predict the consequences of discontinuous changes in the traditional way of doing things; it can neither explain the occurrence of such productive revolutions nor the phenomena that accompany them. It can only investigate the new equilibrium position after the changes have occurred” (Schumpeter, 1934 pp. 62).

Following his criticism of neoclassical assumptions of value creation, Schumpeter argues that value creation is a continuous process even during those phases of disequilibrium or revolutionary change in markets (Schumpeter, 1934). He then conceptualised value creation in these changing markets as discussed below.

3.5.1 Conceptualising value creation from a Schumpeterian perspective

In conceptualising value-creating in changing markets, Schumpeter (1934, 1947) argues that three conditions must be present to accurately analyse the value that can be created in dynamic competitive environments. The first condition of value-creation in the Schumpeterian context is that value-creation must occur from within a firm and is not forced from without. This condition is in line with the resource-based perspectives' assumption that argues that strategic resources can be endogenously developed within firms (Penrose, 1959; Wernerfelt, 1984a; Barney, 2011). The second condition is that value is created as a result of carrying out new combinations of resources in firms. These 'new combinations' that create value were described as the different employment of existing productive factors which leads to the production of new goods, new methods of production, new markets, new supply chains, and new organisation of industry (Schumpeter, 1934; Langroodi, 2017). This second point broadly aligns with the production efficiencies discussed in the RBV but is expanded to include the production of new goods, i.e., new created-value. The third condition for value creation is an entrepreneurial orientation. Entrepreneurial orientation, here, describes a proactive approach to value-creation in dynamic markets (Miller, 1983; Cho and Lee, 2018). Schumpeter suggests that this orientation may be proactively affected by the individual entrepreneur and later by firms (Schumpeter, 1934, 1947). As noted, in chapter 2, Schumpeter explained that the move from the individual entrepreneur to the firm occurred because technological progress allowed firms to perform tasks that were outside their familiar routine (Schumpeter, 1947). It is assumed that this ability allows the firm to become the fundamental element of value creation in times of change.

In all, the Schumpeterian conceptualization of value-creation suggests that the production of utilities and the capturing of its exchange value combine to create value for firms in changing business environments. In this view, value-creation is a combination of created-value and captured-value to produce both utilities for customers and economic development for firms (See figure 3.2 for the summary). The implication of the Schumpeterian view on strategic resource character is discussed next.

Schumpeterian concepts of value creation

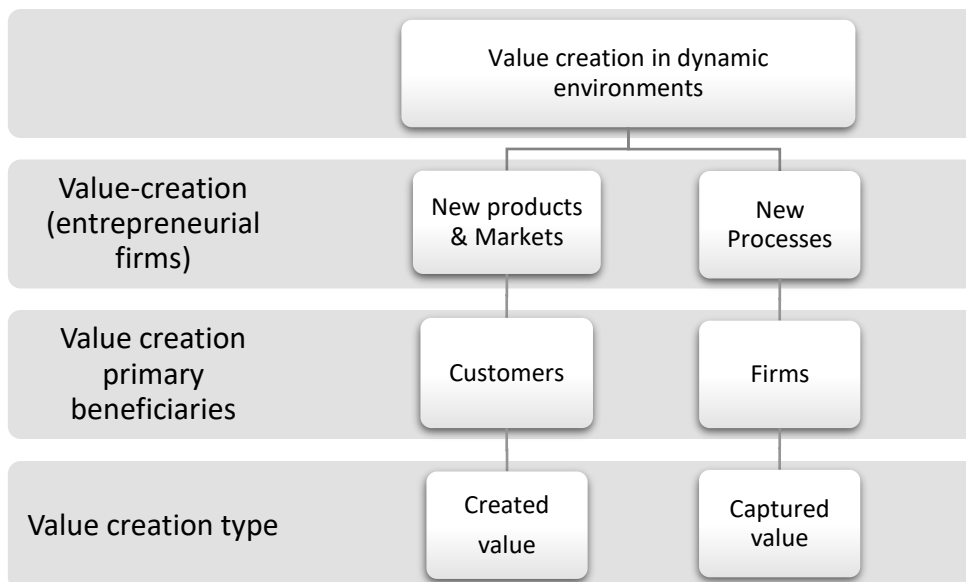


Figure 3.2: Showing the concepts that impact value creation from a Schumpeterian view.

3.6 Characterising strategic resources for value creation in changing markets

In Schumpeterian terms, strategic resources are explored in competitive markets that are characterised by constant change. Schumpeter (1934; 1947) proposed that changes

in these systems occur due to revolutionary and evolutionary processes inherent in the market system. Schumpeter further notes that these change processes impact a firm's business environment and threaten the survival and long-term sustainability of firms that do not adapt to these changes. Whereas firms that adapt their business structures by reconfiguring and recombining their activities may ensure their economic development in these changing environments.

Correspondingly, proponents of the resource-based perspectives proposed two additional characteristics for strategic resources in changing markets (Hamel and Prahalad, 1990; Teece and Pisano, 1994). These additional characteristics were replicability and uniqueness, and they are discussed below.

3.6.1 Replicability

Replicability refers to the transfer, or redeployment, of strategic resources from one economic setting to another (Teece & Pisano 1994). It argued that replicability creates value and invariably, a competitive advantage in two principal ways. The first is that it enables the expansion of a firm's market base through the proliferation of its offerings in new markets (Hamel and Prahalad, 1990; Teece and Pisano, 1994). These new offerings are the valuable outcomes of strategic resources that deliver benefits to customers in new markets. This replicability function allows firms the possibility of change in instances where an existing market is declining, or when a new market presents an opportunity for value creation (Hamel and Prahalad, 1990, 1994).

The second strategic value of replicability is that it is also a confirmation of a firm's organisational learning (Teece & Pisano 1994). Organisational learnings refer to the process of creating, retaining, and transferring knowledge within and between

organisations (Edmonstone, 2018). Organisational learning is also considered to be at the root of developing strategic resources (Dosi et al. 2000) and competitive advantage (Ibeku, 2018) because it enables the refinement and codification of skills, competencies, and routines that may be geared toward value creation (Nelson and Winter, 1982; Dosi and Nelson, 1994).

It was observed that replicability bears some similarity to 'organisation' in the RBV since they both concern the exploitation of an identifiable strategic resource. However, replicability differs from organisation because these strategic resources are redeployed to a different economic setting. Moreover, the ability to replicate suggests that the underlying knowledge of the strategic resource mechanism is fully codified and understood by the possessing firms before it can be replicated in new markets.

3.6.1.1 Criticisms of the Replicability character

It may be observed that the replicability character of strategic resources is at odds with the inimitability character that was proposed by the RBV (Barney, 2011). Recall that inimitability was proposed as a sustainable strategy to deter competitors from replicating a firm's strategic resource. In essence, the proposed inimitability strategies are effective when firms maintain a high level of tacit knowledge about their strategic resource's operational mechanisms concerning how it delivers its valuable outputs (Teece and Pisano, 1994; Teece, Pisano and Shuen, 1997). For instance, causal ambiguity (Lippman and Rumelt, 1982), which concerns a firm's imperfect knowledge of the causal relationship between its strategic resources and the firm's competitive advantage, was recommended as a strategy for inimitability. This state of imperfect knowledge is supposed to ensure that a possessing firm cannot, unwittingly or

knowingly, transfer the knowledge of its strategic resources to its competitors. Correspondingly, competitors are equally disadvantaged in the attempts to imitate a strategic resource because it is performed from a tacit knowledge base. In this view, replicability may appear counterproductive for firms that aim to rely on inimitability for the sustenance of their strategic resources. Teece & Pisano's (1994) admission that replication will be considerably easier when the relevant knowledge concerning a strategic resource is codified and well understood affirms that replicability is aimed at reducing the tacit knowledge content of acquiring and redeploying a strategic resource. It may well eliminate the causal ambiguities enjoyed by a firm as well as deconstruct any of the social complexities surrounding the development and employment of a strategic resource.

Perhaps to harmonise the contrasting positions within the resource-based perspectives, it was suggested that replicability also relies on contextual complications that arise when a strategic resource is transferred from one economic setting to another (Teece & Pisano, 1994). Adding that confronting these contextual challenges requires further understanding and codification of a strategic resource to ensure its workability and effectiveness within its new economic setting. In this view, replication becomes a continuous learning process by maintaining and adapting to those difficulties that arise from a perpetual state of imperfect knowledge during a learning process. Thus, as firms are continuously confronted with a changing environment and a new economic setting, their strategic resources are continuously being reconfigured to adapt to these change processes. In other words, firms are continuously in the process of perfecting their knowledge of strategic resources in a new setting, which suggests that some degree of tacit knowledge is embodied in the replication process.

3.6.2 Uniqueness

Uniqueness refers to legal barriers around a firm's intellectual property that can be employed to protect strategic resources from imitation (Teece and Pisano, 1994; Teece, 2007). This character of strategic resources is presented as a form of imitation barrier that is derived through legal mechanisms. It is suggested that these legal mechanisms, which include patents, trade secrets, trademarks, etc., will allow the pricing of offerings without too much regard for competitor efforts since competitors cannot legally replicate the underlying strategic resources without substantial cost implications (Teece and Pisano, 1994a). This form of inimitability is an added barrier to replication by competitors (Teece and Pisano, 1994). Teece & Pisano (1994 p.551) add "if replication is difficult, imitation is even likely harder" because the barriers to replication which includes tacit knowledge in a specific context, also apply to uniqueness, i.e., besides the legal barriers that further dissuade competing firms from imitating an offering or a strategic resource outcome.

3.6.2.1 Criticisms of the Uniqueness character

It may be argued that uniqueness, as a characteristic of strategic resources, may only be effective in countries where these legal barriers are recognised and enforced. In the case of intellectual property (IP) rights, for instance, it is noted that IP rights are mainly recognized in advanced industrialised countries and have limited effectiveness in developing countries (Teece and Pisano, 1994). Additionally, the lengthy application process to install these legal barriers may expose certain technical information about a firm's IP to competitors. Being privy to this technical information, these competitors

may be able to adapt them to improve their operations without infringing on the IP rights of the applying firm, while the application process is ongoing.

Also, the length of time that is required for registering an IP may be sufficient for an adaptation that may be considered to be different from the original. In the UK, for instance, it has been noted that it may take as long as four years for a patent application to gain legal approval (GOV.UK, 2015). This is despite the fact that patenting is an expensive process if at all approved. Furthermore, approved patents expire in 20 years, and in that time, legal breaches are notoriously difficult to prove and may involve costly legal procedures. Besides, agricultural firms with global reach may find that these legal barriers are not uniformly implemented globally and may not have the same effect in different countries.

Nevertheless, these legal instruments, once instituted, convey a form of imitability to strategic resources, which limits the chances of imitation from competing firms by serving as an isolating mechanism for imitation.

3.7 Summary of the characteristics of strategic resources in the examined resource-based perspectives.

From the preceding review, six characteristics were identified for strategic resources in the resource-based perspectives. These characteristics were 1) Value 2) Rarity 3) Inimitability 4) Organisation 5) Replicability and 6) Uniqueness (see table 3.1 below).

Table 3.1: Showing the characteristics of strategic resources (Sources Barney 1991, 2001; Teece & Pisano 1994;1997)

No	Characteristics	Brief Description
1	Value	Able to create value for customers & capture value for firms
2	Rarity	Not readily available in the factors markets
3	Inimitability	Difficult to imitate its valuable outcome due to barriers
4	Organisation	Structured to capture maximum value for firms
5	Replicability	Possible of replicate its valuable outcomes in new markets
6	Uniqueness	Protected by legal instruments.

3.8 The limitation of the resource-based perspective for the identification of strategic resources

It should be recalled that this research is aimed at exploring strategic resources with the potential to create value that can be sustainably captured by firms. Based on a careful examination of the value characteristics of strategic resources in the resource-based perspective, it was observed that the perspectives may not be effective for the identification of strategic resources in terms of their potential to create value. Instead, they are only effective for the identification of strategic resources in terms of their potential to capture value. This conclusion is evident when the mismatch of the value concept is further examined (discussed below).

Conversely, the remaining characteristics of strategic resources appear to be relevant for value capture and not for value creation. Invariably, these characteristics are relevant for sustaining any value that may be created from the deployment of strategic resources, i.e., they are relevant for sustaining captured-value.

3.8.1 A mismatched conceptualization of value – A case for created-value

In the resource-based perspective, the conceptualization of value may have been mismatched in the RBV framework. In the criticism of the RBV, Priem & Butler (2001) revealed that the perspectives might have conceptualised the value character as created-value, but in practice, the perspectives had proposed an empirical framework to examine captured-value. This mismatch has been recognised by both critics and proponents of the resource-based perspectives (Conner, 1991; Bowman and Ambrosini, 2000; Makadok, 2001; Kraaijenbrink, Spender and Groen, 2010; Priem, Li and Carr, 2012). Effectively, the resource-based perspectives, in line with their foundational neoclassical theories (Ricardo, 1817), have assumed an inherent created value in the character of strategic resources. Notwithstanding, proponents of the resource-based perspectives have acknowledged the pre-existence of an inherent created value in strategic resources by arguing that strategic resources must have value before they can be considered to be a source of competitive and sustained competitive advantage (Barney, 1991). However, they have not incorporated the identification of the created-value concept in their resource-based frameworks. Barney (2001) advised future researchers to explore theoretical tools that incorporate the market conditions (e.g., customers) to determine the created-value potentials of strategic resources. Despite this call to research 20 years ago, the exploration of created value remains absent in the RBV. Later in this chapter, the frameworks that incorporate created value in the exploration of strategic resources are explored. Before that exploration, the next sections highlight the implications that the mismatched conceptualisation of value creation presents for this research.

3.8.2 Implications for research: A case for the customers' voice.

The preceding sections have noted that the RBV assume an inherent created value for strategic resources. Thus, the RBV has only examined value-creation from the perspective of captured-value; which concerns the manipulation of strategic resources to sustain a competitive advantage (Barney, 1986, 1991, 2001b; Peteraf, 1993). This is perhaps because captured-value enables the measurement of value that has been captured by firms that deployed strategic resources, thereby allowing the measurement of maximum profits. Proponents of the RBV have affirmed this view by suggesting that captured-value is the only conceptualization of value that is relevant in the resource-based perspective (Peteraf and Barney, 2003). These proponents argue that the competitiveness of firms is based on their ability to capture value from their activities and not on their ability to create value since only the value that is captured can translate to profits for firms (Makadok and Coff, 2002). Thus, suggesting that those valuable outcomes that firms have not captured are not relevant to the resource-based perspectives.

Nevertheless, the RBV also conceptualized value-creation in terms of created-value, which concerns the provision of utility to customers, i.e., creating value for customers (Barney, 2011). In this conceptual view of value, the utility provided to customers enables the determination of those strategic resources with the potential to create value for firms. This oversight limits the effectiveness of the RBV framework in this research since the research is concerned with identifying the range of strategic resources with the potential to create value for customers, as well as the ability of firms to capture the value created from their deployment. It is suggested that this concern may be remedied

through the subjective assessment of offerings by a firm (Priem, Li and Carr, 2012; King and Mclure, 2014), to include the customer in the value-creating process.

In all, the customer's voice has not been included in the determination of created-value in the resource-based perspectives (Priem, 2007; Kraaijenbrink, Spender and Groen, 2010). While the resource-based perspectives have been invaluable for the determination of strategic resources that capture value for firms; the omission of the customer's voice in the determination of created value signals a limitation in the effectiveness of the perspective in realising the aims of this research. To ensure the full realisation of the research aims, it is necessary to identify the utilities these strategic resources deliver to customers because these utilities represent the created-value potentials of strategic resources. Since customers may be determinants of created value, their voice is necessary for determining those utilities that embed value in strategic resources. This research argues that embedded value is the essence of strategic resources and represents the utilities that can, potentially, be delivered to customers. It is also the basis of creating value and invariably the basis of a firm's competitive advantage. Thus, the inclusion of the customer's voice is examined, later, in this chapter. The next section, however, examines the relevance of the resource-based perspective for identifying strategic resources that capture value.

3.8.3 Sustaining strategic resource value: A case for captured-value.

Besides the 'value' character, the preceding review of the resource-based perspective has revealed that the other characteristics of strategic resources are concerned with sustaining an existing competitive advantage. In other words, strategic resource characteristics, like inimitability, organisation etc., are concerned with sustaining the

created value that is embedded in strategic resources and captured by firms. This explains why these characteristics have been described as “additional characteristics that these resources must possess if they are to generate sustained competitive advantage” (Barney, 1991 p 106). In this view, it may be argued that while the value character of strategic resources is a necessary and sufficient character for realising a competitive advantage in firms, it is not sufficient for realising a *sustained* competitive advantage. For firms seeking a sustained competitive advantage, the remaining characteristics of strategic resources are both necessary and sufficient to realise that goal. This view of strategic resource characteristics also has some implications for this research as discussed below.

3.8.4 Implications for research: the active and passive sustaining factors

From the review of strategic resource characteristics, the characteristics of strategic resources that sustains a competitive advantage were noted to be either passive or active. Here, the passive sustaining factors refer to those characteristics of strategic resources that are not under the firms' management; these include rarity, uniqueness & inimitability. For instance, firms are not expected to fully understand those activities that make their offerings inimitable. As such, they can rely on the imperfect knowledge of these activities to ensure that competing firms cannot imitate their strategic resources. In contrast, the active factors refer to those characters under the firm's direct management and include organisation and replicability. Conversely, firms are expected to have a more complete understanding of the activities that underlie the replicability of strategic resources, hence allowing them to maximize the exploitation of these strategic resources in new markets.

These passive and active forms of strategic resource character may have implications on how firms can adapt their value-creating strategies in changing environments. For instance, the active factors concern a fuller understanding of strategic resources; as such, may encourage a strategic approach where strategic resources can be deployed to multiple markets because of a firm's underlying knowledge to replicate these resources. This approach suggests the influences of Schumpeterian schools of value - which emphasises the ability of firms to learn and codify the knowledge of the activities that underlie their strategic resources.

Overall, this research considers the exploration of created-value and captured-value as critical for realising its aims. As noted above, the RBV framework of the resource-based perspective may not be sufficient for exploring created-value but will be useful for exploring captured-value. This has led to the exclusion of the customer's voice in the resource-based perspectives. The subsequent sections of this chapter will explore relevant literature and frameworks to incorporate the customer's voice in this research.

3.9 The customers' voice: exploring the value-creating scope of strategic resources

From the preceding review, an examination of the value character of strategic resources highlighted a conceptual delineation of the value construct as created-value and captured-value (Barney, 2001a; Priem and Butler, 2001b). Despite the conceptual independence of these value concepts, it was noted that proponents of the resource-based perspectives had used the term interchangeably while mainly focusing their value creation strategies on the captured-value concept.

Bowman & Ambrosini (2000 p.2) may be the first to observe a confounding of these independent value concepts and noted that it may present a problem for proponents of the resource-based perspectives because “of a tendency by proponents to use the terms to refer to different phenomena”. In clarifying the situation, they highlight the neoclassical-theoretical foundations of value creation to make a distinction between created-value and captured-value. Then suggested that created-value is the value created in the market, which defines the specific qualities of the product as perceived by customers in relation to their needs (Bowman & Ambrosini, 2000); while captured-value was positioned in the firm's internal environment and defined as the monetary amount realized at a single point of exchange (Bowman & Ambrosini, 2000). Captured-value was later described as the rent accrued from the possession of strategic resources (Peteraf & Barney, 2003).

Though Bowman & Ambrosini's (2000) distinction had sought to bring some clarity to the use of these value concepts in resource-based literature; however, proponents of the resource-based perspectives continued to use the concepts interchangeably until criticisms of the perspectives encouraged further clarification of their use (Priem, 2001; Priem and Butler, 2001b). Essentially, this criticism suggested that the value character of the resource-based perspectives embodies a tautology (Conner, 1991; Priem and Butler, 2001b; Kraaijenbrink, Spender and Groen, 2010).

3.9.1 Exploring the tautology in the value concept of the resource-based perspectives

The criticism that the resource-based perspectives may embody a tautology was first noted in the early developmental stages of the perspectives. At the time, Conner (1991) had warned that the resource-based perspectives may embody a tautology that will

impede its development as a theory of the firm because strategic resources were not differentiated from other firm resources. Conner argued that clarity of the situation would prevent "the resource-based theory from becoming tautological... [since] at some level, everything in the firm becomes a resource, and hence resources lose explanatory power" (Conner, 1991 p 145).

A decade later, Priem & Butler (2001) articulated this criticism by explaining that the resource-based perspectives were tautological because strategic resources appeared to be the means as well as the outcomes of value-creating strategies in the perspectives. Priem & Butler (2001) note that the resource-based perspective, on the one hand, endowed strategic resources with a value character that enables firms to conceive and implement value-creating strategies that lead to competitive advantage; while at the same time ascribing an inherent value to the character of strategic resources - which also results in a competitive advantage for firms that possess these strategic resources. Consequently, they argue, the perspectives embodied a tautology in its value-creation strategy that cannot be empirically falsified because it lacked empirical content. This is because strategic resources are responsible for enabling firms to conceive of value-creating strategies and also responsible for implementing value-creating strategies. In other words, strategic resources were presented as both explanans and explanandum in the organisational attributes that facilitate the value creation process. This argument was illustrated by their statement below:

“Organisational attributes [strategic resources] that enable firms to conceive of and implement value-creating strategies can be a source of implementing a value-creating strategy” (Priem & Butler 2001 p 28)

To remedy the situation, Priem & Butler (2001a, 2001b) suggested that the means by which value is created by firms (which are via strategic resources) should be conceptually separated from the outcomes of value creation, i.e., a competitive advantage. Further noting, that the means by which strategic resources create value for firms is from a source that was exogenous to the firm, i.e., the market environment:

“it is the market environment, through opportunities and threats, that determines the degree of value held by each firm resource” (Priem & Butler, 2001 p 29).

3.9.2 Value for customers (created value) and Value for firms (captured value)

Priem and Butler’s (2001) remedy alludes to the conceptual separation of the value concept as created-value and captured-value. In this view, created-value refers to the value created for customers through the provision of benefits that are embedded in firm offerings by strategic resources, while captured-value refers to the value captured by strategic resources through the maximization of the exchange value of these offerings. Together, these value concepts represent the scope of the value creation process from the resource-based perspective. Thus, as opposed to being a tautology, this criticism may have highlighted a conceptual relationship between these value concepts and the dual role of strategic resources in the value creation process. This relationship has been expressed as the value that strategic resources deliver to customers and the value strategic resources deliver to firms (Bowman & Ambrosini, 2000, 2001; Peteraf & Barney, 2003); i.e., created-value and captured-value respectively as illustrated in figure 3.3 below.

The value-creating scope of strategic resources

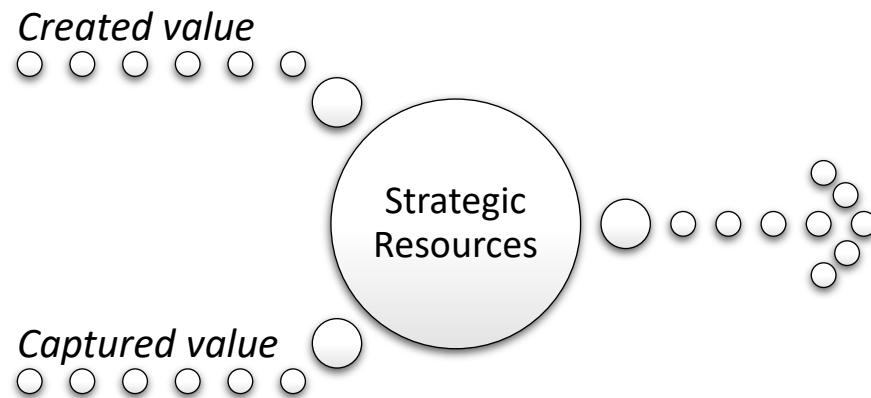


Figure 3.3: Showing the relationship of the value concepts to strategic resources in the value creation process.

Notwithstanding, the broadened scope of strategic resources in the value creation process, as discussed above, has not been reflected in the empirical works that have adopted the resource-based perspectives in their analysis. These works have mainly focused on captured-value while simply assuming created value as an inherent character of strategic resources (Hult *et al.*, 2006; Nath, Nachiappan and Ramanathan, 2010; Mu *et al.*, 2017; Hidalgo-Peñate, Padrón-Robaina and Nieves, 2019). These works routinely pre-determine strategic resource value (created-value) in their analyses, thereby limiting the effectiveness and scope of their value creation analyses as discussed in the examined works below.

3.9.3 Empirical limits of the resource-based works.

Nath *et al.* (2010) adopted the resource-based perspective to examine marketing capabilities as a strategic resource in firms. This work sought to explore the impact of marketing capabilities on business performances in efficient and inefficient firms. In this work, Nath *et al.* (2010) expressly assumed that marketing capabilities are strategic

resources by referencing other empirical works to justify this assertion. Then they hypothesized that greater marketing capabilities would lead to better business performance. Further adding that marketing capabilities will have a stronger impact on the performance of efficient firms as opposed to the performance of inefficient firms (Nath et al., 2010). Expectedly their results found that marketing capabilities had a positive impact on firms' performance and, more so, in efficiently run firms. This was expected because marketing capabilities have already been assumed to be a strategic resource. As such, it may be argued that their empirical work only explored the varying abilities of efficient and inefficient firms to capture value from an exploited strategic resource, i.e., marketing capabilities. This is opposed to determining whether marketing capabilities are strategic resources. The latter goal will require an examination of its potential to create value for customers through the provision of benefits.

Similarly, Hult et al.'s (2006) work assumed an inherent value in knowledge-based capabilities and their ability to deliver value for firms in the supply chain industry. Their empirical approach involved the comparison of an ideal firm (firm with a high knowledge element) and other firms. Their result affirmed the view that firms with higher knowledge elements performed better (or captured more value) than firms with lower knowledge content. Again, this work empirically examined the ability of firms to capture value from an existing strategic resource in a particular sector, rather than the ability of firms in the sector to create value from the benefits provided by knowledge-based capabilities to customers. This ability is an indication that a particular resource combination may be a strategic resource with value-creating potential.

In more contemporary works, resource-based perspectives have also been adopted to examine knowledge-based capabilities (Hidalgo-Peñate, Padrón-Robaina and Nieves 2019). This work hypothesized that knowledge-based resources would have a positive impact on the learning outcomes of vocational institutions. Expectedly, it was found that knowledge-based assets have a positive impact on learning. Again, this was because knowledge-based assets were already assumed to be a strategic resource. This is affirmed by its description as “the most distinctive and inimitable strategic asset available” (Hidalgo-Peñate, Padrón-Robaina and Nieves, 2019, p 145).

A similar outcome was found when the perspective was employed to examine the impact of networking capabilities on New-Product Development (NPD) performance (Mu *et al.*, 2017). Following their suggestion that networking capabilities facilitate value-creation, its positive impact on NPD performance was simply affirmed in Mu *et al.*'s (2017) work as opposed to its potential to create value.

In all, these empirical works have examined value creation in terms of captured-value by exploring how value may be maximized for firms that exploit an existing strategic resource. They do not, however, explore how these strategic resources create value in markets. This research argues that the customer determines the value that is created in markets as discussed below.

3.10 Customers as determinants of created value

In line with its fundamental assumptions, the resource-based perspectives propose that strategic resources should be internally developed to ensure their imperfect mobility (Hamel, 1994). The internal development of strategic resources ensures that strategic

resources cannot be transferred between firms without a significant diminution of their value-creating potential (Barney, 2011; Teece, 2014). This internal development of strategic resources may have promoted the idea that the market environment does not influence strategic resource development. Nevertheless, Connor (1991) observed that the practicability of developing strategic resources solely from a firm's internal machinations may not be telling the whole story of strategic resource development. Connor (1991) notes that market factors, which are external to firms, may influence the development of strategic resources; alongside internal factors like path dependencies and social complexities (Barney, 2011). Connor also highlights market factors like conditions of demand, public policies, and competitor actions as external factors that may impact strategic resource development. Adding that, these factors influence the development of strategic resources because firms are constrained in their resource combinations to those resources that provide “*real benefits*” for customers to ensure demand (Conner, 1991 p 134).

Conner's (1991) observation that market factors are necessary for the internal development of strategic resources and, invariably, critical for value-creation in firms is a view that other value-creation theorists share. For example, the notion of ‘Value co-creation’ involves the co-creating of value through the combined efforts of firms (including employees & stockholders) and customers as well as other market factors that are related to any given exchange, e.g. government agencies & competitor actions (Vargo, Maglio and Akaka, 2008). Nevertheless, it has been noted in this research that these market factors, except the customer, only impact the ability of firms to capture value and not their potential to create value. This argument may be illustrated by

examining market factors like public policy (government agencies) and competitors (Conner, 1991; Vargo, Maglio and Akaka, 2008).

From the preceding review, it was noted that public policies, like antitrust actions and patents, limit the mobility of strategic resources (Teece & Pisano, 1994) and do not affect the value-creating potentials of these resources. Similarly, competitor actions, like product imitation, capture more value for firms by maximizing the rent accruable to a possessor of an existing strategic resource (Peteraf, 1993). Again, not affecting the created-value potentials of a strategic resource. In all, these market factors do not impact the created value embedded in a strategic resource but only impact the possibility of capturing value from an existing strategic resource.

Based on the above argument, it may be argued that customers exclusively influence the development of strategic resources in terms of a firm's ability to create value in markets. The logic is that customers ultimately determine the benefits that are perceived as valuable in the offerings of firms (Boysen *et al.*, 2015); thereby determining the value that is inherent in the strategic resource which delivers these benefits through firm offerings (Priem, 2007; Madhok, Li and Priem, 2010; Priem, Li and Carr, 2012). This argument aligns with the view that customers are arbiters of value in the market environment (Priem, 2007; Boysen *et al.*, 2015) and thus the customer's voice must be included in determining the benefits that strategic resources deliver in markets. The subsequent section of this chapter will explore suitable frameworks to incorporate the customer in the value creation process.

3.11 Incorporating the customers' voice in the value creation process

Some proponents of the resource-based perspectives have sought to include the customers' voice in the value-creation process in resource-based oriented works (Day, 1994; Hooley, Broderick and Möller, 1998; Priem, 2007; Zubac, Hubbard and Johnson, 2010; Aghazadeh, 2015). These proponents aim to develop an approach to overcome the limitations of resource-based empirical works by including market-based instruments in these frameworks.

To this end, Kozlenkova, Samaha and Palmatier's (2014) review suggests that these efforts are mostly applied in three broad marketing domains, i.e. marketing strategy, international marketing, and marketing innovation. While efforts in all the domains bore some relevance to this research, it was however found that the marketing strategy domain was the most relevant to this research. This is chiefly because the marketing strategy domain embodies the possibility “of researching multiple resources and phenomena simultaneously in order to isolate and understand the drivers” (Kozlenkova, Samaha and Palmatier, 2014 p. 6). It should be recalled that this research aims to isolate the strategic resources employed in the structural diversification activities of farm businesses.

Accordingly, the literature within the marketing strategy domains was further examined. Within this domain, the approaches found to be most relevant to this research were those works that combined the market-orientation perspective with resource-based empirical works. These works were considered relevant because they also put the customer at the centre of value-creation in the market environment as discussed below.

3.11.1 Market orientation: A complimentary strategic perspective

Market orientation has been defined as an organisational culture that most effectively and efficiently facilitates the necessary behaviours to create superior value for customers (Narver & Slater, 1990). The development of the orientation was accelerated by Kohli & Jaworski's (1990) empirical work, which sought to operationalize the marketing-concept. The marketing-concept was described as a business philosophy that requires firms to direct their activities towards the satisfaction of consumer needs (Barksdale and Darden, 1971; Mcnamara, 1972); Kohli & Jaworski (1990) argued that the marketing-concept had remained a philosophical concept with limited practical application. They state, "it is unclear as to the specific activities that translate the philosophy into practice", Kohli & Jaworski (1990, p3); then presented market-orientation as an operational framework for the marketing concept.

In operationalizing the concept, Kohli & Jaworski (1990) proposed that firms adopt a market-orientation strategic outlook where customer focus was the central element of that outlook. They extend Shapiro's (1988) argument that firms who forge closer ties with their customers will gain a better understanding of their customer preferences and needs. Then suggested that an understanding of the future needs and market factors that impact these needs were also necessary components of market-orientation. Eventually, positing that firms that coordinate their business resources (not just marketing resources) based on customer understandings will create value in the markets they operate. They take for granted that created value would positively impact the profitability of firms that employ this market-oriented approach (Narver and Slater, 1990).

The market-orientation perspective complements the resources-based perspective since it highlights those customer factors that can be exploited from the deployment of strategic resources. Correspondingly, the resource-based perspectives complement these market-oriented views by highlighting those conditions that ensure the efficient capturing of value that is created for customers of these markets. Hence, the cohesion in these strategic orientations. A review of extant literature suggests that the cohesiveness of market orientation and resource-based perspectives have been conceptually explored (Hooley, Broderick and Möller, 1998; Srivastava, Shervani and Fahey, 1998; Hooley *et al.*, 2001; Gibbert, Golfetto and Zerbini, 2006); however these works did not appear to have included the customer in their proposed empirical frameworks, as discussed below.

3.11.2 Empirical works that combined market orientation and the resource-based perspectives

Hooley et al. (1998) conceptually explored the cohesion of these orientations by examining how competitive advantage can be achieved by firms that combine market-orientation and resource-based perspectives. They adopted Porter's competitive positioning approach, which suggests that firms gain a competitive advantage by employing strategies like cost leadership, differentiation, or focus strategy (Porter, 1980, 1985). Porter argues that firms that adopt a cost leadership strategy compete on price by positioning their offerings to be the lowest-priced product in the market. It was noted that cost leadership strategies involve production efficiency strategies that reduce the cost of offerings offered by a firm (Peteraf, 1993; Barney, 2001b; Peteraf and Barney, 2003). In essence, this strategy concerns the ability of firms to capture value from deployed strategic resources. In contrast, the differentiation strategy aims

to offer a broader range of benefits to firm customers through offerings. Differentiation strategies are similar to market orientation strategies which concern the production of benefits to customers. Focus strategy was simply a variant of the differentiation strategy and involved delivering benefits to a highly differentiated market segment, e.g. a geographic segment (Porter, 1997).

Hooley et al.'s (1998) proposed framework expands Porter's generic strategies to six i.e. 1) Low-price 2) Quality 3) Innovation 4) Service 5) Benefits & 6) Tailored offerings. While low-price represents Porter's (1997) cost leadership strategy, the remaining five strategic positions are variations of Porter's differentiation strategy. Usefully, Hooley et al. (1998) identified the strategic resources that are required for a competitive advantage for each of these strategic positions in their framework. For instance, they proposed three strategic resources for firms that adopt the benefits-positioning strategy – these strategic resources were market-sensing capabilities, new product/service development capabilities, and creativity capabilities. They conclude by suggesting that firms that adopt their combined framework can develop strategic resources in these activities to improve their competitiveness.

However, a careful examination of their framework revealed that the value of these proposed strategic resources was predetermined. This was considered the case because their conceptualization of value creation did not include the customers' input in the determination of the identified strategic resources. This tendency was also noted in other conceptual frameworks that sought to combine these orientations (Fahy, Hooley, Greenley, & Cadogan, 2006; G. Hooley et al., 2001; Hooley, Greenley, Cadogan, & Fahy, 2005).

Similarly, the tendency was also observed in the very limited empirical works that have attempted to empirically combine these strategic orientations (Makhija, 2003; Tokarczyk *et al.*, 2007).

For instance, Tokarczyk *et al.* (2007) examined how 'Familianness-qualities' in resource-based oriented firms contribute to the actualization of an effective market orientation strategy. They describe familiesness-qualities as intangible resources that lead to a competitive advantage. Since this research has noted that resources that lead to competitive advantage are strategic resources, invariably familianness-qualities describe strategic resources. However, they specifically describe familianness-qualities as those strategic resources that are developed from socially complex tacit knowledge inherent in family connections (Tokarczyk *et al.*, 2007). They found that strategic resources, like customer services capabilities, contribute to an effective marketing orientation strategy. However, like their conceptual counterpart, discussed above, this empirical work also determined the value of strategic resources without any customer input.

In all, the conceptual and empirical works that have sought to combine these orientations have excluded the customer in their approach to exploring value-creation (Nath, Nachiappan and Ramanathan, 2010; Hidalgo-Peñate, Padrón-Robaina and Nieves, 2019). Nevertheless, a combined framework was found that appears to have included the customer in the determination of strategic resources (Zubac *et al.*, 2010); this combined framework is discussed below.

3.12 Identifying a suitable combined framework

Zubac et al. (2010) proposed a combined framework that appears to incorporate the customer in determining strategic resources. Their framework combines Woodruff's (1997) customer value concept as its market-orientation perspective with the resource-based perspective. The customer-value concept has been proposed as a market-oriented approach employed by firms to gain a competitive advantage in their markets (Zauner *et al.*, 2015). Various definitions have been proposed for the customer-value concept (Zeithaml, 1988; Paul and Olson, 1993; Woodall, 2003; Weinstein, 2020). Zeithalm (1988) posited that the concept is an evaluation of the product's utility based on the customer's perception. This view of customer value considers it to be an evaluation of the trade-off between the benefits customers gain from consuming an offering versus the sacrifices to obtain it (Weinstein, 2020). This evaluation has been mainly explored in terms of the price paid by a customer for an offering (Madhok, Li and Priem, 2010) and; in terms of the goals achieved by the customers from the utilization of the offering (Woodruff, 1997; Zubac, Hubbard and Johnson, 2010). Woodruff's conceptualization of customer value, which was adopted by Zubac et al. (2010), falls into the latter category. Woodruff (1997) defined customer-value as a customer's perceived preferences for, and evaluation of, those firm product attributes and the benefits of their use, which facilitates the achievement of their goal. Woodruff (1997) argued that the concept accentuates the customers' voice in guiding those business processes that deliver value to customers. It is assumed that the benefits perceived from a product's utility (as customers seek to achieve their purchase goals) influence the customers' assessment of that offering and influence their buying

behaviour. In other words, it is suggested that customers tend to buy products that provide them with the broadest range of utilities that meet their buying goals. Correspondingly, firms are advised to provide this range of utilities in their offerings to gain a competitive advantage. This advantage is realised through increased customer patronage as they seek to fulfil their buying goals.

In developing his customer-value concept, Woodruff (1997) adopted the means-end chain model (Gutman, 1982), which is an empirical approach that associates a firm's product attributes with the benefits it provides to customers (Richter and Bokelmann, 2018). This model also establishes an empirical link in the value creation strategies of market-orientation and resource-based perspective as highlighted below.

3.13 The Means-End Chain model - An empirical link

The Means-End Chain (MEC) model was developed by Gutman (1982) as an approach to identifying and analysing the relationship between the multiple dimensions of customer value perceptions of a firm's offerings. These dimensions were noted as attributes, benefits, and values (Reynolds and Gutman, 2001). The MEC model explores the linkages between the attributes or utilities embedded in an offering; the benefits customers associate with these attributes and; the values that motivate customers to buy these offerings as they seek to realise their goals (Gutman, 1982). The model is based on the assumption that customer values or goals ultimately guide their buying decisions (Rokeach, 1973; Maslow, 1987); which is based on the physiological or psychosocial benefits they seek from offerings as explained below.

3.13.1 Physiological and Psycho-social benefits

Based on the assumption that customer values enable the evaluation of those desired end-states sought by customers concerning the benefits that are embedded in offerings (Rokeach, 1973); the MEC argues that these end states may be motivated by the physiological and psycho-social benefits sought by customers (Reynolds and Gutman, 2001). Physiological benefits describe benefits that are perceived in the physical attributes of an offering. For customers, physiological benefits are detected by the biological senses of the customer, e.g. their senses of taste and sight (Ghafoor, 2012). Essentially, customers make these sense judgements to determine those functional benefits an offering can provide to assure their physiological wellbeing (Maslow, 1987; Zanolli and Naspetti, 2001; Schwartz, 2012). From a local food perspective, physiological benefits are perceived in the geographic dimension as discussed in the previous chapter (Eriksen, 2013).

Psycho-social benefits concern those benefits that are not directly perceived through sense judgements. Instead, these benefits are perceived in the psychological and sociological conceptions of customers (Min, Overby and Im, 2012). As individuals, customers perceive psychological benefits to enhance their personal well-being (Schwartz *et al.*, 2012; Boehm *et al.*, 2018). As a collective, customers perceive sociological benefits to enhance their social wellbeing (Claeys, Swinnen and Vanden Abeele, 1995; Reynolds and Gutman, 2001; Schwartz *et al.*, 2012). From a local food perspective, psychosocial benefits are perceived in the relational dimension (Eriksen, 2013).

In sum, the MEC model links product attributes to the benefits they offer to customers. These benefits are the *means* by which customers realise their desired *ends*. By facilitating an examination of these benefits, the model enables the empirical identification of those strategic resources that create value for customers through benefit delivery. In all, the MEC presents a model by which consumer value can be empirically examined in relation to a firm's offerings (Ching-Hsiang et al., 2012). Accordingly, the model provided the foundational concepts for Zubac et al.'s (2010) framework. Correspondingly, Zubac et al.'s framework was considered for the empirical phase of this research; however, the framework had to be adapted to align with the aims of this research as discussed below.

3.14 Adapting the combined framework for this research

As noted, Zubac et al.'s (2010) overall goal in developing their combined framework resonates with the overall aims of this research since it accommodates the customers' voice in the determination of strategic resources in the market environment. Nevertheless, it was necessary to adapt the framework to ensure the research's aims can be fully realised from its employment in the research.

3.14.1 Adapting Zubac et al.'s framework

It should be recalled that this research aims to explore the strategic resources that potentially create value for structurally diversified farm businesses and examine the factors that can sustain their value creating potential. To this end, strategic resources have been described in this study as resources that provide benefits to customers and

value to firms. However, Zubac et al.'s (2010) framework has proposed a categorisation of strategic resources that are not aligned with the characterisation of strategic resources in this research. Thus, an adaption of this position was required to assure alignment with the aims of the research.

In Zubac et. al.'s (2010) view, strategic resources deliver value in a linear sequence. The first stage of the value delivery process begins when strategic resources are employed to embed benefits in firms' offerings, the next stage concerns the delivery of benefits to customers at the time of use, and the final stage concerns the benefits that are delivered to customers after use (see figure 3.4 below). The framework suggests that the three categories of strategic resources facilitate the sequential delivery through the management, technical, and marketing activities of firms.

A combined framework for examining value-creation

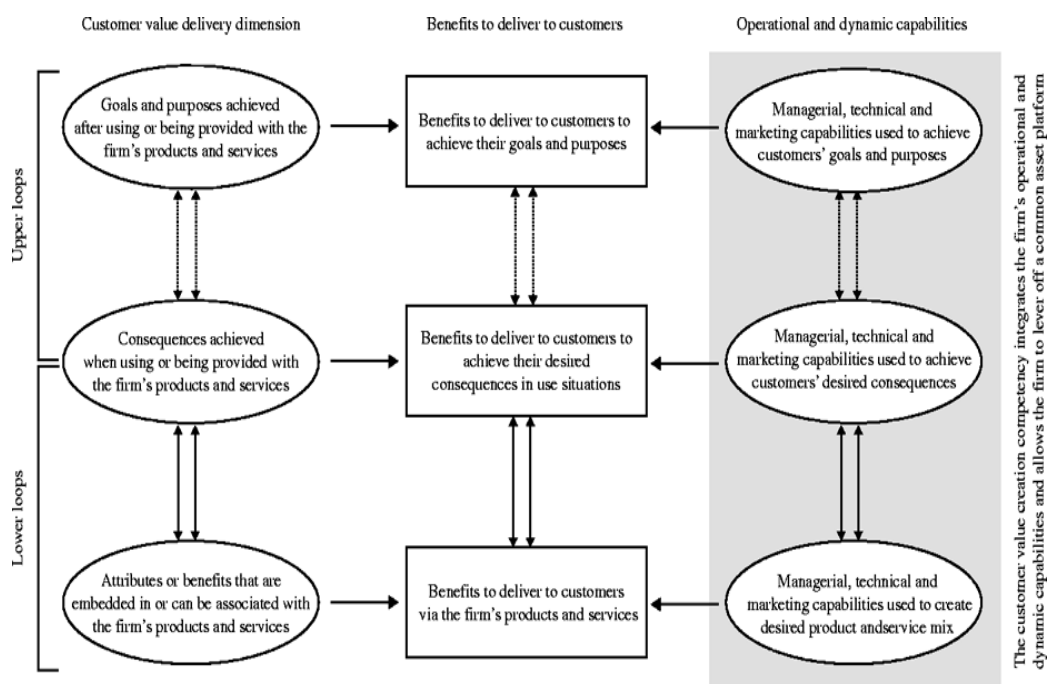


Figure 3.4: Zubac et al.'s (2010) framework combining marketing orientation with resource-based perspectives (Source: Zubac et al. 2010, p. 527)

While these categories may be relevant for identifying the specific context in which strategic resources can be deployed, this research argues that they do not impact the essence of strategic resources as described in this research. This essence concerns those characteristics of strategic resources with value-creating potentials that were identified earlier in this chapter. As such, Zubac et al.'s (2010) categorical conceptualizations of strategic resources were not wholly adopted in this research as it does not align with the goals of the study. Thus, Zubac the framework was suitably adapted as discussed below.

3.14.2 Framework adaption and implications for research

It should be noted that the adaptation of the categorical conceptualization of strategic resources has implications for this research. Since this research is concerned with identifying those strategic resources that create value for customers through the utility that is embedded in their offerings, the research only adopts the customer-value dimensions from Zubac et al.'s framework. This adjustment is aligned with the description of strategic resources as resources that provide benefits to customers (Barney, 1991; Verdin & Willaimson, 1994) through the specific qualities customers perceive from these offerings (Bowman and Ambrosini, 2000). Accordingly, Zubac et al.'s (2010) combined framework was adjusted to develop a framework that is suitable for the empirical stages of this research. This framework reflects the adaptation to Zubac et al.'s framework as illustrated in the figure below (see figure 3.5). The next section will articulate the objectives that were developed to guide the empirical stages of this research.

Research proposed framework combining Market-orientation with Resource-based orientations.

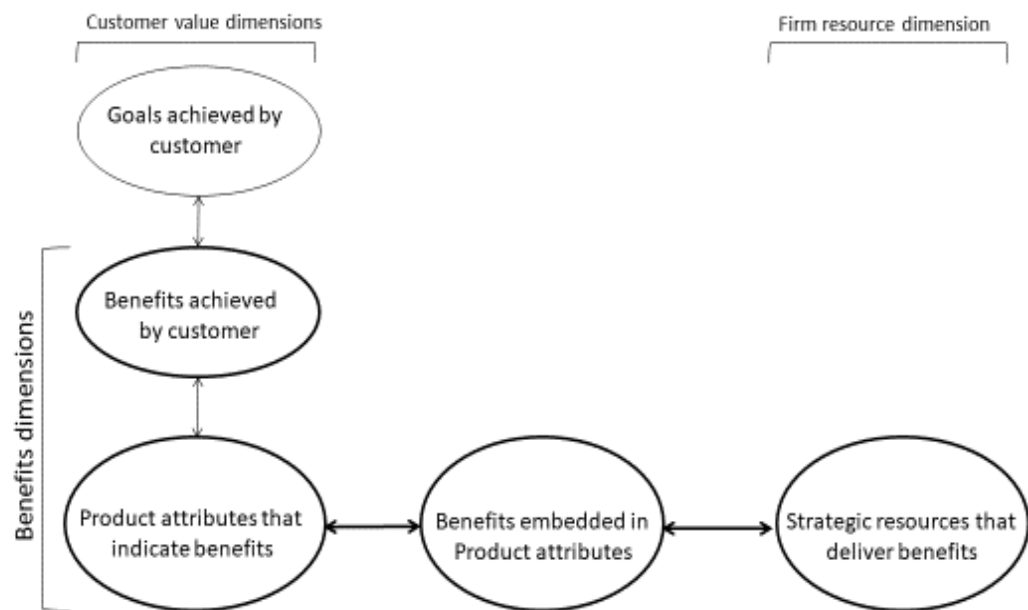


Figure 3.5: Research proposed framework showing the benefits areas that align with the research approach and underlying assumptions.

3.15 Developing the research objectives

The framework proposed for this research allows for the identification of those benefits sought by customers from the offerings of firms. These benefits are embedded in the product attributes of the offerings of the examined diversified farm businesses. It is, here, assumed that an examination of these benefits would aid the identification of these attributes. As Gutman (2010 p 61) aptly notes “benefits differ from attributes in that people receive benefits whereas products have attributes”. Gutman (2010) demonstrates this by using toothpaste as an example. Gutman explains that “White teeth” are a benefit that can be obtained by customers who brush their teeth with many brands of toothpaste. However, “Teeth whiteners” are the product attribute that

indicates the existence of this benefit in a particular offering. In all, it is implied that firms deliver benefits through their product attributes. To this end, the first research objective was developed as:

RO1: To identify the attributes that highlight the benefits customers perceive in the offerings of structurally diversified farm businesses.

Once identified, these product attributes that deliver benefits will signal the resource combinations that underlie their delivery. These resource combinations are the strategic resources of these firms. This consideration served as the basis for developing the second research objective, which is:

RO2: To identify the strategic resources that embed attributes in the offerings of structurally diversified farm businesses.

The identified strategic resources are those strategic resources that create value through the provision of benefits to customers. It has been noted that firms gain a competitive advantage when they possess such strategic resources. However, their advantages are only sustained when they maintain those conditions that ensure the value they create in the market environment is perpetually captured. This is achieved by enhancing those conditions that sustain the factors that maximize exchange value.

To identify those conditions research objective 3 was developed as:

RO3: To identify the sustaining factors associated with the strategic resources of structurally diversified farm businesses.

Overall, these objectives will ensure that the strategic resources of farm businesses are explored in terms of their full value creating potential. These

objectives will facilitate the empirical stages that will explore the potential of strategic resources to create value for customers for improved competitiveness. The objectives will also explore the possibility of perpetual value capture through deployed strategic resources for sustained competitive advantages.

3.16 Conclusions

The major goal of this chapter is to characterise strategic resources and identify a suitable framework to facilitate the empirical phase of this research. To that end, the characteristics of strategic resources were identified from a review of the resource-based perspectives. These characteristics are 1) Value 2) Rarity 3) Inimitability 4) Organisation 5) Replicability and 6) Uniqueness (Barney, 1991, 2011; Teece and Pisano, 1994). However, the review also revealed that the examined resource-based framework (RBV) may not be sufficient to identify strategic resources because of the mismatched conceptualisation of the value character in the framework. Thus, strategic resources are conceptualized as created-value, based on a firm's ability to create value for customers; and as captured-value, based on a firm's ability to capture value from its strategic resources. Whereas the RBV can only identify strategic resources that capture value and not those that create value. Since this research is concerned with identifying strategic resources with the potential to create value, it was considered that the resources-based perspectives may not be wholly sufficient for the realisation of the research aims. A further examination of resource-based literature found that the inclusion of the customer in the determination of value will aid the realisation of the research aim. Accordingly, a further literature review was undertaken to identify a suitable framework that incorporates the customer in the identification of strategic

resources. This review identified and adapted a framework that embodied this goal (Zubac et al., 2010). The adapted framework was then used to facilitate the development of three research objectives to guide the empirical phases of this work. These research objectives will direct the methodological approach of the research as discussed in the next chapter.

CHAPTER 4: METHODOLOGY

4.0 Introduction

In the preceding chapters, extant works have shown that UK farm businesses are struggling to be viable in the markets they operate in and as such, diversify their businesses to ensure their viability. However, it was noted that researchers have examined the diversified activities of these firms via their ability to identify opportunities in their diversified markets (Phelan and Sharpley, 2012; Tonner and Wilson, 2015; Radicic, Bennett and Newton, 2017). As discussed in chapter 2, this research proposes the resource-based perspective as a complementary lens to explore the ability of farm businesses to capture opportunities in these markets (Peteraf and Barney, 2003; Barney, 2011). To this end, the research aims to explore the strategic resources of structurally diversified farm businesses with the potential to create value through opportunity exploitation as well as examine the factors that sustain the value-creating potential of these strategic resources. Its objectives are 1) to identify the attributes that highlight the benefits customers perceive in the offerings of structurally diversified farm businesses; 2) to identify the strategic resources that embed attributes in the offerings of structurally diversified farm businesses, and 3) to identify the sustaining factors associated with the strategic resources of structurally diversified farm businesses.

In this chapter, the research assumptions are re-examined to determine the methodological approach that will align with its aims and objectives. This examination determined the philosophical paradigm, methodology and design of the research. Following this, the research objectives are further explored to guide the research methods that are elaborated in the empirical phase sections of this chapter.

4.1 Determining the research paradigms

Research paradigms are the basic viewpoints around which consensus coalesces in a field of science (Sankey, 2002). Doppelt (2006) describes a paradigm as a concrete solution to a particular problem that members of a scientific community commonly recognized as an exemplar of how to pursue an inquiry in a wider domain of the phenomena. Thus, the paradigm guides researchers in, commonly, recognizing what counts as a legitimate problem and highlights the concepts, techniques, mechanisms, measurements, and standards that must be present for a legitimate solution to be proffered for the problem (Doppelt, 2006).

Broadly, this research is considered to be within the domain of social science research because it concerns the systematic examination of people (customers and firms) as opposed to a natural science that examines naturally occurring objects (Bhattacharjee, 2012). While various paradigms have been proposed for examining social research works (Desphande, 1983; Crotty, 1998; Cunliffe, 2011; Callaghan, 2017); many of these works do not proffer a methodological approach for determining the paradigm of research works. Instead, they elaborate on the different paradigms within social research to inform researchers on the range of paradigms they may adopt for an inquiry. Usefully, Burrell and Morgan's (1979) advanced a methodological approach that social science researchers can employ to determine the appropriate paradigm for research work. Their approach proposes an exploration of the assumptions of research work along two continuums on a matrix. The first continuum is the objective-subjective continuum, and the second is the order-conflict continuum (see figure 4.1). It is assumed that the philosophical positioning of research work can be identified from its location along these continuums. This identified position highlights the research

paradigm that is most aligned with the assumptions of the research. This research adopts this approach to determine the interpretive paradigm as its philosophical positioning. The process involved in this determination is discussed below.

The Four Paradigms of Social Research

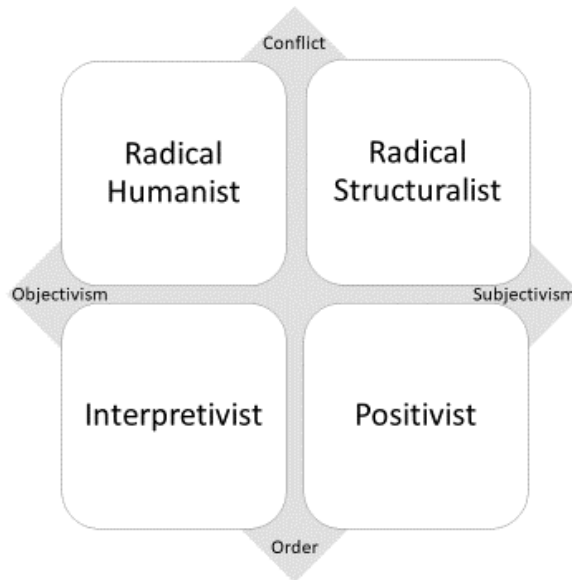


Figure 4.1: Showing four paradigms in social inquiries (Adapted from Burrell & Morgan 1979 p 22)

4.2 Positioning the research paradigm on the objective-subjective continuum: assumptions about reality

On the objective-subjective continuum, the ontological assumptions here relate to the nature of reality and its characteristics (Cresswell, 2007). It describes the relationship between research work and a researcher's perception of reality (Flick, 2018). That is, how reality, or a phenomenon under investigation, may be perceived by an inquirer. At the extremes of this ontological continuum are the two central assumptions about

the nature of reality. The first assumption is that reality is considered an objective phenomenon i.e., reality is objectively positioned in relation to an examined phenomenon. The second assumption considers reality a subjective phenomenon i.e., reality is subjectively positioned in relation to an examined phenomenon (Burrell and Morgan, 1979). This objective-subjective perception of reality has been respectively referred to as objectivism and subjectivism (Bryman, 2012) - see figure 4.2.

The Objective – Subjective continuum

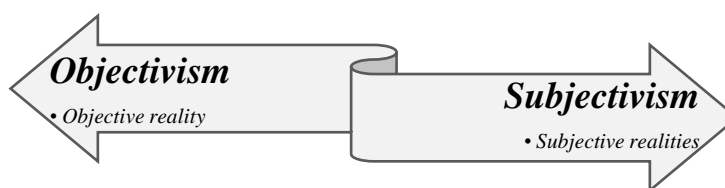


Figure 4.2: Showing the ontological assumptions about reality (Source: Author)

Objectivism, sometimes referred to as positivism (Flick, 2018), functionalism (Kavous, 2012), or realism (Belk, 2006), describes an ontological position that takes the view that a phenomenon exists as a meaningful entity that is independent of consciousness and experience, i.e. reality exists as objective truth (Bryman, 2012). In this view, reality exists as objects, which implies that the ontological considerations here are concerned with the careful (or scientific) search for truths in these objects (Belk, 2006). Subjectivism, sometimes referred to as interpretivism (Schwartz-Shea and Yanow, 2012) or social constructionism (Flick, 2018), describes the ontological position that takes the view that reality does not exist independently of consciousness and experience (Bryman, 2012). In contrast to objectivism, subjectivism considers reality to be constructed meanings that only exist as subjects that are expressed as names, concepts, and labels (Burrell and Morgan, 1979). From this subjective view,

research work is concerned with the search for the meanings of constructed realities (Flick, 2018), as opposed to the revelation of objective truths.

When the above ontological assumptions are considered in the light of this research, it may be argued that the heterogeneity assumptions of the resource-based perspectives, as well as the research's assumptions about markets, suggest that this research is positioned at the subjective end of the continuum as explained below.

4.2.1 Heterogeneity assumption and multiple realities

The heterogeneity assumption of the resource-based perspective posits that firms within an industry may possess heterogeneous resources (Barney, 1991). This position, which is at the heart of the heterogeneity assumption, relies on the possibility of multiple realities, within and across firms, to justify the competitiveness of firms that exist within an industry (Barney, 1986; Peteraf and Barney, 2003; Zahra *et al.*, 2006; Adegbesan, 2009). The assumption suggests that the different interactions within firms may result in different resource combinations that can potentially create and sustain a competitive advantage for firms.

In this view, reality (strategic resources & or a sustained competitive advantage) only exists within a firm's interaction with its resources, which may result in multiple outcomes. This argument was summed up by Conner (1991), who notes that the resource-based perspectives view firms as input combiners whose output depends on the particular ingredients used and how they are mixed. For instance, farm businesses within a sector may combine their heterogeneous resources in different ways to internally develop strategic resources. This suggests that multiple outcomes can exist with different resource combinations when the multiple realities that enable these

combinations are considered. These multiple realities are effects of the social complexities within each firm (Simon, 1969) or their unique path dependencies (Arthur, 1989). Since this work aims to examine those multiple combinations of firm resources that deliver value, it follows that the ontological positioning of the research should be at the subjective end of the continuum because of the possibility of multiple realities in the different combinations of firm resources.

4.2.2 Customer-determined strategic resources and subjective reality

Similarly, the ontological assumption of the market-based perspective examined in this research also suggests a subjective worldview. This conclusion was carefully considered in light of the contemporary view of markets which argues that markets have evolved from an objective reality to subjective realities. This view assumes that the interactions of market agents are the essence of markets and not imperfections in markets (Fernández-Huerga, 2013). In this view, markets concern the facilitation of exchange between agents as opposed to the determination of market price (Fernández-Huerga, 2013). Invariably, this transforms the interaction between market agents from an aberration of objective realities to creators of subjective realities. This contemporary view positions markets within the subjective worldview since it considers markets as constructions of market agents; thereby allowing the possibility of alternative realities in the market phenomenon. This view resonates with this research's argument that strategic resources are determined by customers in market environment (Priem and Butler, 2001b) as noted in chapter 3; thus, associating reality with human interactions and cognition. Ultimately, it is the subjective cognition of actors (customers) that are considered in the assumptions that relate to markets.

Thereby, affirming the conclusion that the ontological assumption concerning the reality of markets is positioned at the subjective end of the continuum.

The above discussions position this research at the subjective end of the objective-subjective continuum and according to Burrell and Morgan (1979), the paradigms at the subjective end of the continuum are interpretivism and radical humanism. In the next section, the order and conflict continuum are explored to identify the specific paradigm of this research.

4.3. Positioning the research paradigm on the order-conflict continuum: assumptions about society.

The ontological considerations in the order-conflict continuums concern those assumptions that are made about society (Burrell and Morgan, 1979; McGregor, 2019). Here, the degree of order or conflict assumed within an inquiry about a society determines the paradigmatic positioning of that inquiry (Burrell and Morgan, 1979). Society, here, refers to a group of people that interacts within a common bounded territory (Little, 2016). For instance, the firms and markets (farmers' markets & farm shops) examined in this research are representative of such societies since they define those bounded territories that are the focus of this investigation. Burrell & Morgan (1979) argue that since societies are concerned with interactions by people within a common bounded territory, an inquiry that is aimed at maintaining an existing societal order must be positioned in a different paradigm to inquiries aimed at changing that order. At the extremes of these ontological continuums are social research works that

promote unity within the existing social order and research works that promote radical change or conflict within society (see figure 4.3).

The Order-Conflict continuum

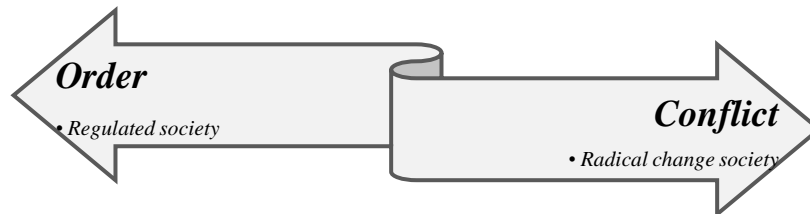


Figure 4.3: Showing the ontological assumptions about society (Source: Author)

Order ontologies are characterised by stability, integration, functional coordination, and consensus. Social inquiries of this nature provide explanations of society in terms that emphasise its underlying unity and cohesiveness (Burrell and Morgan, 1979). Research works, here, are essentially concerned with the regulation of human affairs for the maintenance of harmony. In contrast, conflict ontologies are characterised by change, disintegration, and coercion (Burrell and Morgan, 1979). Social inquiries here examine radical changes, deep-seated structural conflict, modes of domination, and structural contradiction (Burrell and Morgan, 1979). Such inquiries are essentially concerned with emancipating societies from the structures which, are believed, to limit or stunt the potential for change.

Along this continuum, it was considered that the assumptions about society may be synonymous with how change is perceived within the theoretical frameworks of the research. In this view, it was noted that the assumptions of this research seek to harmonise business activities with societal expectations and society and are therefore situated at the order end of the continuum as discussed below.

4.3.1 The resource-based perspectives and change resistance

The resource-based perspectives assume that the operations of businesses exist within regulated societies. This ordered worldview is engrained in the assumptions of the resource-based perspectives, which suggest a static view of markets as discussed in chapter 3 (Kraaijenbrink, Spender and Groen, 2010; Kozlenkova, Samaha and Palmatier, 2013). Staticity suggests that markets are predictable and ordered in their interactions with firms and market agents, like customers. In this view, market changes were not accommodated, hence an existing order is sustained. Following criticisms of this static view of markets (Kraaijenbrink, Spender and Groen, 2010), the Schumpeterian theories that were adopted by proponents of the resource-based perspective sought to accommodate market changes within the existing order (Teece, Pisano and Shuen, 1997; Barreto, 2010; Helfat and Winter, 2011). Thus, in both cases, change is considered to be an anomaly in the resource-based perspective and only relevant in so far as it highlights areas of divergence from the existing order. Hence, its frameworks aim to re-align business activities to the existing order and not to change that order. For instance, the framework developed for this inquiry seeks to align the activities of diversified farm businesses to the changes that have occurred in their agricultural markets. Thus, the examination of farm businesses seeks to harmonise their activities to these changes and not to change the market order. In this view, this research is positioned within the order section of the order-conflict continuum.

4.3.2 Market orientation and assumptions about society

In contrast, market-orientation proponents implicitly assume that markets are constantly changing societies in their theoretical development (Landroquez, Castro

and Cepeda-Carrión, 2011; Weinstein, 2020). This explains why market-based works routinely anticipate change (e.g. changes in customer taste - Gvili *et al.*, 2017) and focus on their examination on exploring the sources and implications of change.

While it is granted that some market-based approaches are primarily concerned with changes in societies, the approach taken by this research assumes change to be an anomaly that can be harmonized with firm activities as noted in the preceding section. This view is embodied in this research's assumptions, which seek to harmonise firm diversified activities to changing customer behaviour and thereby highlight those areas of dissonance between customer perception and firms' offerings. One area of dissonance is the changing behaviour of customers as noted in chapter 2. The change toward local food consumption is explored here to highlight an opportunity that can be exploited within an existing order. In other words, the research seeks to align firm activities to market changes. Thus, the market-based assumptions, here, seek to harmonize society i.e., customers and businesses. As such, positioning the research within the regulation end of the order-conflict continuum.

In all, the assumptions of this research suggest that it is positioned within the subjective and ordered end of Burrell and Morgan's (1979) continuum. Thus, aligning the research assumptions within the interpretive paradigm. The interpretive paradigm is further discussed below to determine the research methodology and design.

4.4 The Interpretive paradigm

The Interpretive paradigm embodies those schools of thought that view reality from a subjective or social constructionist perspective and subscribe to the sociology of

regulation (Burrell and Morgan, 1979). Hopkinson and Hogg (2006) note that these interpretive schools are concerned with understanding a phenomenon from the perspective of participants within an examined situation, i.e., from the subjective experiences of participants. Research works that are positioned within these schools seek to explore phenomena within the realm of individual consciousness and within the frame of reference of the participating group. Of the several methodologies within the interpretive paradigm, the phenomenological methodology presents the most suitable method of inquiry for this research (Cresswell, 2007). The phenomenological approach is unlike the narrative approach, which focuses on exploring the lives of participants nor like the grounded theory approach which is concerned with developing theory pertaining to a phenomenon (Cresswell, 2007). Furthermore, it is different from the ethnographical approach which focuses on describing a culture or group or the case study that essentially describes a phenomenon within bounded territories or cases (Cresswell, 2007). Rather, the phenomenological approach interprets the collective meanings that an examined society attaches to a phenomenon as discussed below.

4.4.1 The phenomenological methodology

Phenomenological inquiries have been described as inquiries concerned with the systematic reflection and analysis of a phenomenon associated with conscious experiences of human judgments, perceptions, and actions (Bhattacharjee, 2012). It focuses on describing social realities from the participants' diverse subjective perspectives to understand the meanings underlying their subjective experiences. This methodology aligns with the focus of this research since the research examines the meanings of the experiences of customers in farmers' markets and farm shops. The

research also examines the meanings farm businesses associate with their value-creating activities - which can potentially result in a sustained competitive advantage.

It should be noted that two approaches may be employed in the phenomenological methodology i.e., transcendental phenomenology and existential phenomenology (Burrell and Morgan, 1979; Butler-Kisber, 2010). The transcendental schools, based on the works of Husserl (1931, 2012), assume that reality resides in the consciousness of humans and is manifested by the intentions of such persons (Butler-Kisber, 2010). The existential schools, based on the works of Heidegger (1962, 1988), argue that reality resides in the experiences of humans and is manifested in the lived experiences of such persons (Burrell and Morgan, 1979). The fundamental differences in these schools are that the existential schools consider reality as experience and the transcendental school considers reality as interpretation. This research chiefly employs the experiential approach in its inquiries because it is the lived experiences of actors, in specific situations that are considered for the interpretation of meanings. However, since the research examines multiple markets (farm shops and farmers' markets), an interpretation approach will also be employed in this examination to accommodate and standardize the comprehensive set of values in these markets; this approach will be further discussed later in this chapter. The next section discusses the research design.

4.5 The research design: qualitative research

A research design is a logic that links the data to be collected (and the conclusions to be drawn) to the initial questions of the study (Yin, 2014). Thus, providing a framework for the collection and analysis of data (Bryman, 2012). Various research

designs have been proposed for phenomenological investigations (Yin 2014); Cresswell & Cresswell (2018) proposed three broad research designs for such investigative works: quantitative design, qualitative design, and mixed-methods design. These broad designs categorise research works based on their underlying philosophy. In this view, the quantitative design is aligned with the objectivist world view; the qualitative design with the interpretive world view; and the mixed methods design combines both world views. Based on this, the qualitative design was found to be best suited for this research work.

Qualitative research design has been defined as “a means of exploring and understanding the meanings individuals or groups ascribe to a social or human problem” (Cresswell, 2009 p 4). Flick (2018) notes that qualitative design has become more prevalent in the 21st century as contemporary research challenges the legitimacy of objective realities by accommodating multiple realities. This argument bears relevance to this research which seeks to examine the experiences of farm businesses within a competitive environment foisted on them by competitive forces. Indeed, the research will reveal the subjective realities of diversified farms in such environments.

In all, the preceding sections have revealed the methodological pathway of this research as shown in the figure below (see figure 4.4). In sum, the research is positioned within the interpretive paradigm and its methodological considerations determined that the research employs a phenomenological methodology that is best served by a qualitative research design. The implications of this positioning for the research are discussed next.

Methodological Pathway

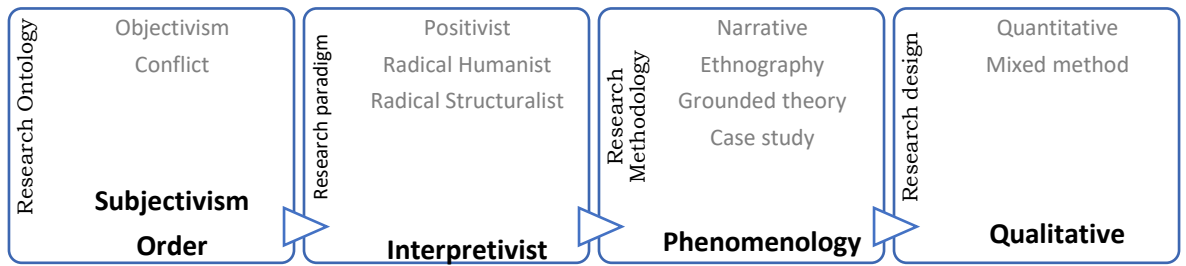


Figure 4.4: The research methodological pathway showing the paradigm, design, & methodology of the research (Sources: Burrell & Morgan 1976; Creswell 2007).

4.6 Implications for the research

As noted, this research combines two theoretical perspectives in its inquiry, i.e., a resource-based perspective and a market-based perspective. Correspondingly, the empirical inquiries in the study were designed in two empirical phases, i.e., the customer phase and the farm phase. The means-end chain model was a specific phenomenological model that was found suitable for the customer phase of the research; however, no phenomenological model was specifically associated with the resource-based perspectives for employment in the farm phase of the research. As such, the farm phase exploration assumed a generic posture by employing general inductive processes (Thomas, 2006). This approach has been employed by other rural studies scholars (e.g. McElwee, 2006, 2008; Walley, Custance and Smith, 2011; McElwee and Smith, 2012; Slocum and Curtis, 2017); it allows the research findings to emerge from the significant themes inherent in raw data without constraints imposed by structured phenomenological methodologies. The next section discusses the research methods that will ensure the realisation of the research aims and objectives.

4.7 The research methods

So far, the preceding sections have examined the philosophical underpinnings of the research. Here, the specific methods that are employed for empirical phases are discussed. Methods charge researchers with the task of identifying the appropriate means or tools suited for their investigation (Denzin and Lincoln, 2000). They encompass all those mechanisms researchers employ to investigate a phenomenon, including the analytical models, sampling approach, and analytical approach. These mechanisms are separately discussed for the two empirical phases of the research. Before that, the qualitative research method, the empirical context and the sample frame for both phases of the research are discussed.

4.7.1 Qualitative research methods

A range of qualitative methods was considered for this research including focus groups, observation and interviews (Josselson, 2013; Kumar, 2014). These methods are all effective for collecting subjective data in qualitative studies, however, the interviewing method was found to be most suitable for this research and was primarily employed.

Interviews have been described as a meeting of minds between interviewers, seeking to understand and document a phenomenon; and interviewees seeking to share an experience and self-understanding concerning the phenomenon (Josselson, 2013). This approach demands face-to-face engagement between the parties which leads to varying degrees of interactions based on the degree of structure employed in the interviewing process i.e., structured, semi-structured or unstructured. Nevertheless, this research also considered the focus group approach but did not find it suitable.

Like the interviewing methods, focus groups employ a face-to-face approach to explore the shared experiences of an examined group (Parker and Tritter, 2007). They differ from interviews because they are conducted in groups as opposed to individually (Kumar, 2014). Thus, focus groups are particularly relevant for understanding group dynamics, constructions and communications in real-time (Mason, 2018). It should be noted that group interviews carry a risk of dominant perspectives overshadowing the findings. Since group dynamics were not the focus of this research the focus group approach was not found to be wholly suitable.

In contrast to face-to-face approaches, like interviews and focus groups, the observational methods do not require personal contact between the observer and the observed to explore a phenomenon. Observational methods describe techniques that are employed to observe and record behaviours, actions and interactions of participants in a natural or controlled setting (Hennink, Hutter and Bailey, 2011; Kumar, 2014). Although, this approach is usually deployed where accurate information cannot be elicited from respondent feedback to explore a phenomenon; it was, however, partially employed in this research to enrich and inform the findings.

Chiefly, however, the interviewing method was found to be the most appropriate method because it was possible to elicit information from respondents and it was the individual experience of respondents that was sought. That is, the individual experiences of customers in farm shops and farmers' markets as well as experiences of diversified farm businesses that operate in these markets. Notwithstanding, there were some elements of observation and group interviews used in enriching this research. For instance, the shopping behaviours of customers were observed in markets before they were approached for interviews. Also, there were some engagements with family

members of farm respondents during interviews; both solicited and unsolicited. These observations and group engagements helped to enrich the quality of data that was eventually collected from interviews by affirming the responses of customers. In practice, the interviews examine the '*hows*' of respondents' lives and the '*whats*' of their activities (Denzin and Lincoln, 2000 p. 646). Thus, they were particularly efficient to understand *how* customers decide on the offerings they purchase as well as *how* farm businesses create value from their strategic resources. It also allowed the possibility of exploring *what* motivations influence customer perceptions of value and *what* strategic resources are associated with the diversified processes that deliver value.

For this research, the interviewing method employed was semi-structured; thus, some limits were set to the scope of discussions using guided questions within specified schedules (Kumar, 2014). It should be noted that the degree of structuring was different in the two empirical phases of this research. The customer phase interviews were more structured in adherence to the recommendation of the means-end chain approach – this interviewing technique will be discussed further in the customer phase section of this chapter. The farm business interviews, however, were less structured because the questions touched on a broader scope of issues. These questions included inputs from the preceding customer interviews as well as issues relating to the diversified activities of the farm business. Hence, it was necessary to allow the free flow of discussions to accommodate the broad scope of information required. Further details on the interviewing techniques for farm business are also discussed in the farm phase section of the research. The next section discusses the empirical context of the research.

4.7.2 The research empirical context

As previously noted in this study, this research is explored within the context of structural diversification in Scottish farm businesses. The specific diversified activities explored are the direct marketing activities of the examined farm businesses. Direct marketing activities are activities where producers sell their offerings directly to customers (Bavorova, Unay-Gailhard and Lehberger, 2016). As noted in chapter 2, these direct marketing channels have been described as alternative food networks or AFNs (Ilbery and Maye, 2005; Abbots *et al.*, 2013; Forssell and Lankoski, 2014; Watts, 2014; Corsi *et al.*, 2018). A description that is primarily used to highlight their difference from the conventional food networks that are used by supermarkets and large farm businesses (Wenzig and Gruchmann, 2018). It should be noted that farmers' markets & farm shops are the most common direct marketing channels through AFNs (Bavorova, Unay-Gailhard and Lehberger, 2016); although other forms exist e.g. community-supported agricultural and pick-your-own schemes. This research selected farmers' markets and farm shops as its empirical context for two main reasons. The first reason is that diversified farm businesses have continuously shown a preference for this form of structural diversification because of the ease of adding value to their existing products at a low-cost (McInerney, Turner and Hollingham, 1989; Turner *et al.*, 2003). This may explain the rapid and continued growth of farmers' markets and farm shops in the UK (Carey *et al.*, 2011; Slocum and Curtis, 2017). Secondly, it should be recalled that AFNs have been noted to appeal to local food consumers because of their short supply chains and social embeddedness in local communities (Mastronardi *et al.*, 2019). These local food consumers can inform about the benefits they realise from agricultural offerings in these markets as well as the values that drive

these buying behaviours (Eriksen, 2013). Thus, the possibility of engaging local food consumers in these markets encouraged the selection of farm shops and farmers' markets as the empirical context of this research. These markets are discussed in more detail below.

4.7.2.1 Farmer markets

Farmer markets (FM) are defined as markets in which agricultural produce from a defined local area is sold by stallholders involved in the production process (Macleod, 2007). In Scotland, FMs have been around since the late 1990s (Carey *et al.*, 2011) and are differentiated from other AFNs by their unique governance structure. This structure allows ownership and control to be predominantly vested in local communities and authorities on a, largely, not-for-profit basis. Macleod (2007) notes that 35% of Scottish FM's are owned by local authorities, while producer cooperatives and community associations own most of the rest. This ownership structure differs from other forms of AFNs, like farm shops and pick-your-own schemes which are normally owned and operated by the farm business; usually on a for-profit basis.

The communal ownership and control of FMs allow these markets to share the same aims with other community businesses. Hayton (1983) notes that community businesses aim to help disadvantaged communities or groups create jobs and revitalize their communities. Hence, community members perceive farmers' markets as businesses that are embedded in their communities (Pilař *et al.*, 2018). Thus, emphasising the local food context highlighted in chapter 2. This perception is affirmed by the communal goals expressed for the establishment of many farmer

markets in Scotland. For instance, the Helensburgh farmers' market's proposed aim is to revitalize its local community (*Helensburgh Advertiser*, 2015; City Property, 2016).

As community businesses, FMs are established to provide value for their host communities beyond the pecuniary benefits of participating in these markets (Crawford *et al.*, 2018). These communities' varying needs may be responsible for why these markets have remained largely unregulated by a national body. Although the Farm Retail Association - formerly Farmers Retail and Market Association (FARMA) - has developed and promoted a certification standard for FMs (Qendro, 2015a), there is still a lack of agreed standards for the establishment of these markets. This lack of central regulation makes it difficult to ascertain the exact number of FMs operating in Scotland. Nevertheless, its community business goals, which may have encouraged the naming of FMs after local authorities, have allowed a method of counting them through these local authorities. Based on this approach, the numbers of FMs in Scotland are probably between 40 and 100, in line with suggested estimates (Macleod, 2007; Carey *et al.*, 2011).

4.7.2.2 *Farm shops*

Farm shops may be defined as “a permanent or semi-permanent structure where farm products from a specific farm or multiple farms, both fresh and processed (such as jams, honey and cheese) are offered for direct sale to consumers” (Slocum and Curtis, 2017). Typically, these markets provide a significantly wider range of agricultural offerings when compared to farmers' markets or other forms of AFNs. Notably, however, farm shops in Scotland have been observed to offer a range of non-agricultural offerings to customers including gifts and children's toys. Like all AFNs,

farm shops are embedded in their local communities; however, they are wholly owned and operated by farm businesses. This is mainly on a for-profit basis in contrast to most farmer markets. It is suggested that around 60 farm shops are registered as operational in Scotland (SRUC, 2020). This number may be a conservative estimate since many Scottish farm shops are not registered as separate businesses from the farm business. Nevertheless, the numbers of registered farm shop seem to be on the increase in recent years (Slocum and Curtis, 2017). In all, these markets embody the required customer and farm business populations that will inform this research. The next section discusses how the sample frames from these populations were determined.

4.7.3 The research sample frame

The target population for this research were customers and farm businesses that operate in farmers' markets and farm shops in Scotland. Scotland was selected as the study area because of the importance of the farming sector to the Scottish economy as discussed in chapter 2.

The locations selected for sample collection in this research, however, were influenced by arguments that agricultural firms should differentiate their value-adding activities based on their rural or urban locations (Ilbery, 1991; Ilbery *et al.*, 1996; Carey *et al.*, 2011). These arguments were affirmed by studies that found differences in the food consumption pattern of rural and urban customers (Gupta and Singh, 2016; Parmar and Rathod, 2019). As such, the sample frame will accommodate these assertions by exploring both rural and urban respondents. This will ensure that all relevant information is gathered for analysis in this research. This consideration resulted in the selection of large urban centres, as urban samples for this research; and its surrounding

areas, which were over 20km from these large urban areas, as rural sample frames. This selection approach is in line with Ilbery et al.'s (1996) description of urban & rural areas; however, the availability of farm shops and farmers' markets in rural areas was a limiting factor for the strict adherence to this selection approach. Hence, the sample frame for rural respondents was redefined to include all locations that are not classified as large urban centres in Scotland as discussed in chapter 2 (Scottish Government, 2018).

In sum, the preceding section discussed the factors that collectively defined the methods that collectively apply to both phases of this research. The subsequent sections provide more specific details on the research methods used for the individual phases i.e., the customer and the farm phase respectively.

4.8 Empirical phase 1: The customer phase

The first empirical phase of this research is called the customer phase. This customer phase explores the benefits customers perceive from agricultural offerings in farm shops and farmers' markets. The goal of this phase is to identify the product attributes in those agricultural offerings that indicate the benefits customers perceive when they buy these offerings in farmers' markets and farm shops. Thus, addressing research objective 1:

RO1: To identify the attributes that highlight the benefits customers perceive in the offerings of structurally diversified farm businesses.

4.8.1 The rationale for the customer phase

The customer phase explores the value creating potentials of strategic resources in the market environment i.e., based on the claim that strategic resources provide benefits for customers (Barney, 1991; Hamel, 1994; Teece and Pisano, 1994). This highlights the customers as an essential component in the determination of strategic resources as noted in the preceding chapter. However, the resource-based perspectives did not provide any mechanism within its empirical frameworks to identify the customer benefits that allow the identification of strategic resources; despite affirming that customers are determinants of strategic resources (Barney, 2001a; Priem, 2001; Zubac, Hubbard and Johnson, 2010). Consequently, extant resource-based frameworks cannot be effectively employed for the identification of strategic resources since it excludes the customers that determine the benefits provided by strategic resources. This customer phase operationalises an empirical framework that will include the customer in the determination of value. The framework explores those benefits sought by customers concerning the product and service offerings delivered by firms - through their product attributes. These product attributes are the characteristics of a firm's offerings that are preferred by consumers (Botschen, Thelen and Pieters, 1999). Thus, affirming the view that the potential for strategic resources to create value was contingent on the benefits they provide to customers through product attributes (Hamel and Prahalad, 1990; Barney, 1991; Priem, 2007; Zubac, Hubbard and Johnson, 2010). The preceding argument justifies this customer phase which explores the product attributes that subsequently identify the strategic resources of diversified farm businesses. The next section elaborates on the analytical tools that have been employed to that end.

4.8.2 Analytical model 1: The Means-end chain model

Although, customer benefits may be explored from various perspectives (Lai, 1995; Key and Roberts, 2009; Leroi-Werelds and Streukens, 2011); this research, however, employed the Means-End-Chain (MEC) model in its adapted framework for the identification of customer benefits (Gutman, 1982). The reasons that justify the selection of the MEC are discussed in the next section. Empirically, however, the model explores the linkages between a firm's product attributes; the benefits customers associate with these product attributes; and the values that motivate the buying behaviours of customers (Gutman, 1982). These attributes, benefits, and values represent the cognitive structures that ultimately guide the buying decisions of customers.

Attributes are those tangible and intangible characteristics of products or services that customers can perceive from an offering (Hsiao, Ju Rebecca Yen and Li, 2012a). These characteristics are perceived as distinct from competitor offerings and other product substitutes. At this level of cognitive abstraction, it is argued that customers attach particular preferences to offerings with little consideration for the underlying reasons why the products are preferred (Botschen, Thelen and Pieters, 1999). The exploration at this level of abstraction will reveal those attributes customers perceive from agricultural offerings in farm shops and farmers' markets.

Benefits are the positive consequences or advantages customers associate with the consumption of an offering (Olson, 1989; Olson and Reynolds, Peter and Olson, 1987). These advantages indicate the outcomes sought by customers and the

reasons why customers prefer a specific attribute (Hsiao, Ju Rebecca Yen and Li, 2012a). The difference between benefits and attributes was explained as “people receive benefits whereas products have attributes” (Gutman, 1982 p 62). These benefits motivate customers to buy from farm shops and farmers' markets.

Values are the desired end states that underlie the motives of customer behaviours (Gutman, 1982). These values are those beliefs customers have about the goals they seek to realise when they buy a product (Rokeach, 1973). It is believed that customers show a preference for those benefits that can facilitate the realisation of these goals (Hsiao, Ju Rebecca Yen and Li, 2012a). Thus, values are considered to be enduring motivations that guide customer actions and judgement towards these goals through their buying behaviour (Rokeach, 1973; Lai, 1995).

These elements are embodied in the MEC model that is employed for this research based on the justifications elaborated below.

4.8.2.1 Justifying the MEC model approach

The adoption of the MEC model for this research was because it exposes those specific product attributes that offer benefits to customers. This is crucial because the MEC model translates the subjective customer-perceived benefits into definable product specifications (Costa, Dekker and Jongen, 2004). These product specifications are the product attributes sought by customers, thereby allowing the possibility of further exploration of these attributes and the underlying strategic resources that deliver their valuable outcomes. In all, the model usefully links specific perceived benefits sought by customers to specific product attributes embedded in the offerings of the examined firms.

This relational aspect of the MEC model was principally why the model was considered appropriate for this investigation since it allows for the incorporation of the customer in this research. As noted in chapter 2, the other models examined for their appropriateness in this research did not make this crucial link (Hooley, Broderick and Möller, 1998; Hooley *et al.*, 2005); as such may have been limited in their effectiveness.

Additionally, the model also highlights the values that motivate customers and measure the strength of the relationship between the product attributes, the benefits perceived by customers, and the customer's values. This relationship is displayed on an implication matrix that allows for the hierarchical classification of these values in their order of importance. The hierarchical mapping allows for the ranking of strategic resources based on their degree of value for an examined customer group. This ranking is particularly relevant to small farm businesses because it affords them the possibility of allocating their limited resources to develop strategic resources that deliver the most value to their customers. Thus, this research also focuses its exploration on those strategic resources that provide the most value to its examined customers.

Finally, the model aligns with the phenomenological approach of the research and employs a qualitative method that is suitable for the exploratory nature and philosophical positioning of the research. The appropriateness of a qualitative approach for this research was discussed earlier in this chapter.

Overall, the preceding arguments justify the MEC model as an appropriate analytical framework for this empirical phase. The second analytical model employed for the customer phase is discussed next.

4.8.3 Analytical Model 2: Universal Values Model

The Universal Value Model (UVM) was the second analytical model that was employed for the customer phase. Schwartz proposed the universal values model as an all-encompassing value model to accommodate the comprehensive set of values in all contextual situations and societies (Schwartz, 1992). Schwartz theorized that all human values could be organised into a coherent structure based on the motivations or goals that underlie these values. Based on this assumption, ten universal values were proposed (see Table 4.1 for a summary). The justification for employing this model is discussed next.

Table 4.1: Showing the 10 Universal values and their underlying motivational goals (sources: Schwartz et al., 2012; Tartakovsky and Kheit, 2016)

Values	Underlying areas of motivational goals
Self-direction	Freedom to cultivate one's own ideas and abilities and to determine one's action
Stimulation	Striving for excitement, novelty, and change
Hedonism	The pursuit of pleasure and sensual gratification
Achievement	Acquiring personal success through demonstrating competence according to social standards
Power	Aspiration for social status through gaining control and dominance over other people and resources
Security	Preserving safety, harmony, and stability of the self, immediate environment, and the wider social structure
Conformity	Limiting actions and urges that might violate rules, laws, social expectations, and norms
Tradition	Maintaining and preserving cultural, family, or religious traditions
Benevolence	Caring for the welfare of others with whom one is in frequent social contact
Universalism	Understanding, appreciation, tolerance, and protection of the welfare of people and nature.

4.8.3.1 Justifying the Universal Values model

Schwartz's (2010) value model was considered relevant because it presents a universal framing of values that guide customer buying behaviour in this market; thereby informing the values dimension of local food consumers (Eriksen, 2013). It should be recalled that extant works on local food consumption have focused on the geographic and relational dimensions of local food (Eriksen, 2013). Here, the UVM enable the exploration of the values dimension.

Furthermore, the UVM also allows for the standardization of customer values across the different markets and customer groups examined in this research. This UVM model complements the MEC model, which only examines customer values in a specific situation - in line with its experiential phenomenological heritage (Heidegger, 1962) as noted earlier in this chapter. Since this research examined customer values across multiple markets, which are farm shops and farmer markets, the UVM allows for the trans-situational examinations of customer values in these multiple markets (Schwartz and Bilsky, 1990; Schwartz, 2006). Thus, the model helped to identify those values that are transcendental (Husserl, 1931) i.e., exist beyond a specific market.

In all, the employment of the UVM will standardise those customer values and deliver a consistent result across the examined farm shops and farmers' markets. The practical employment of the UVM approach has been demonstrated in similar works (Kaciak and Cullen, 2006; Weijters and Muylle, 2009; Krystallis, 2015; Miroso and Tang, 2016); which suggests it can be successfully employed in this research.

The preceding sections have identified the analytical frameworks that were used for the customer phase of the research and the justification of their use. The next section discusses the sampling strategy utilised for recruiting customer respondents in this research.

4.8.4 Customer respondents' sampling strategy

As noted from prior discussion in this chapter, this study is situated within the interpretive research paradigm. It is suggested that research work within the Interpretive paradigm should employ a non-random sampling technique to ensure its recruited respondents can effectively inform the proposed study (Schwartz-Shea and Yanow, 2012). Accordingly, this research considered non-random sampling strategies in its respondent recruitment approach. The non-random sampling strategies that were considered included purposive sampling, theoretical sampling, and snowball sampling strategies. From these options, the purpose sampling approach was found to be most appropriate for this research as explained below

Purposive sampling strategies concern the intentional selection of samples thought to have something to contribute to a study (Schwartz-Shea and Yanow, 2012). This sampling approach ensures an inquirer selects samples (e.g. individuals, sites, firms, etc.) that purposefully inform the understanding of a research problem and the phenomenon under study (Flick, 2018). The aim is to ensure that selected samples can effectively contribute to the phenomenon under study. Since farm shops and farmers' markets offer a range of products including non-agricultural products, it is necessary to purposively select customers that have purchased an agricultural item within the specified product categories examined in this research. This purposive selection

approach ensured that selected respondents will effectively inform this research i.e., ensure they are information-rich respondents (Cassell and Symon, 2004; Mitchell *et al.*, 2015). Thus, the purposive sampling approach was employed for this reason.

Theoretical sampling strategies, however, did not align with the aim of this research because it is concerned with the intentional selection of samples based on analytical grounds for developing theoretical arguments (Schwartz-Shea and Yanow, 2012). Thus, theoretical sampling strategies are typically used for research works seeking to, ultimately, develop a theory from an investigated phenomenon (Flick, 2018). This research, however, does not seek this end. Hence did not find this approach appropriate.

Also, the snowball sampling strategy was not found to be relevant for customer recruitment. This strategy involves the incorporation of recruited respondents for the recruitment of other respondents. Thus, recruited respondents provide leads to recruit other respondents during the sample selection stages (Schwartz-Shea and Yanow, 2012). Since customers were recruited based on their purchase of specific agricultural products, it was considered that the recruitment of customers at the scene of purchase was the best approach to recruit customers in this research as opposed to seeking out customers that may not have immediate buying intentions.

In all, a purposive sampling strategy was used to recruit customer respondents that were observed buying fresh agricultural products from farm shops and farmers' market stalls. It was interesting to note that many customers that approached these stalls engaged in lively discussions with stall operators even when they did not buy any product. This affirmed that sense of community that was identified with local food

consumption. In any case, those customers that were observed buying an agricultural product were approached for inclusion in the research. After several visits to many farm shops and farmers' markets, this purposive approach enabled the recruitment of a wide range of respondents. The recruitment process and customer information are discussed below.

4.8.5 Recruitment process and respondents' information

This research categorised the products offered to customers in these markets into two broad categories, i.e., crops & livestock categories. This categorisation broadly reflects the fresh agricultural products offered in the examined farm shops and farmers' markets. The crop categories included all categories of fruits and vegetables purchased by customers, while the livestock category comprised all fresh and processed meat products in these markets, including poultry and dairy products (see table 4.2 below).

Table 4.2: Showing the products available in farmer's markets and farm shops where respondents were recruited.

Market type	Product category	Product types	Product sub-category
Farmers' market	Livestock	Fresh Meats	Specialty & Free-range
		Eggs	Barn eggs
	Crops	Fruit and Vegetables	Organic and Conventional
Farm shops	Livestock	Fresh Meats	Specialty & Free-range
		Dairy & Eggs	Non-homogenized milk, Cheese & Free-range eggs
	Crops	Fruit and Vegetables	Organic and Conventional

The customers recruited for this research were observed to have bought products from these categories. The product recorded for a recruited customer was the item they were observed buying before they were approached for recruitment. In several cases where

a customer bought multiple products, usually across different product categories, customers were asked what item they mainly came to the market to purchase, and their responses determined the product category that was recorded against their purchase. Notwithstanding, customers were not prevented from expressing opinions about other products during the interviews. This was rarely the case because recruited respondents seem eager to return to their own activities. This was particularly the case for urban respondents, as such, the process of approaching customers for interviews in urban markets felt like a daunting task. Moreover, a majority of the respondents that were approached declined to be interviewed and readily expressed their desire to continue their shopping as opposed to being interviewed.

In the end, 20 respondents were recruited and interviewed at the recruitment site. The recruitment and interviewing of new respondents were discontinued when it was noted that interviewed customers were no longer delivering new information that enriched the research. This saturation of new information marked the end of the six-month recruitment and interviewing process, This process affirms suggestions that qualitative research work, with specific research questions, tends to reach its saturation after around 20 interviews (Green and Thorogood, 2004; Vasileiou *et al.*, 2018). This number of recruited respondents is also comparable to similar works (Baker *et al.*, 2004; Mitchell *et al.*, 2015; Ngigi, Müller and Birner, 2018). From these 20 respondents, 12 were recruited from farm shops and 8 from farmers' markets. However, respondents were evenly split (10 each) between rural and urban locations (see Table 4.3 below).

Table 4.3: Showing the general information of recruited customers (E= egg; D=dairy)

No	Respondent (Given names)	Gender	Age grouping	Products Purchased	Product category	Market/ Location
1	Daniel	Male	50's	Beef	Livestock	FM/Urban
2	Peter	Male	30's	Fruits	Crops	FM/Urban
3	Felix	Male	30's	Eggs	Livestock (E)	FM/Urban
4	Rachel	Female	20's	Lamb Tomatoes	Livestock	FM/Urban
5	Leah	Female	20's	Vegetables	Crops	FS/Urban
6	Paul	Male	20.s	Ice-cream Milk	Livestock (D)	FS/Urban
7	Solomon	Male	60's	Milk Mushrooms	Livestock (D)	FS/Urban
8	Beth	Female	50.s	Vegetables	Crop	FS/Urban
9	Jerry	Male	40's	Meats	Livestock	FS/Urban
10	Anna	Female	20.s	Vegetables	Crops	FS/Urban
11	Josh	Male	30's	Eggs	Livestock (E)	FM/Rural
12	Jez	Female	40's	Beef	Livestock	FM/Rural
13	Eve	Female	50's	Bacon	Livestock	FM/Rural
14	Pricilla	Female	30's	Lamb	Livestock	FM/Rural
15	John	Male	50.s	Fruits (various) Vegetables	Crops	FS/Rural
16	Debbie	Female	50's	Fruits (various)	Crops	FS/Rural
17	Thomas	Male	40's	Fruits Vegetables	Crops	FS/Rural
18	Chad	Male	50's	Fruits	Crops	FS/Rural
19	Hallie	Female	20's	Beef	Livestock	FS/Rural
20	Mary	Female	60's	Beef	Livestock	FS/Rural

It was noted that a majority of the interviewed respondents were over the age of 40 which is similar to prior works that suggest a higher number of older patrons go to farm shops and farmers' markets (Szmigin, Maddock and Carrigan, 2003; Bavorova,

Unay-Gailhard and Lehberger, 2016). Youngs (2003), however, noted that the age of patrons tended to be lower in urban areas; in this study, younger patrons were the majority of the respondents recruited in urban areas. Nevertheless, there was a point of departure from previous research works concerning the gender of the respondents interviewed in these markets. While prior works observed that women were the majority of shoppers in farm shops and farmers' markets (Wolf, Spittler and Ahern, 2005; Zepeda and Li, 2006), this research interviewed more male shoppers overall. In rural areas, however, women were the majority of the recruited respondent. In all, customers were recruited against every product category in this research. The process of collecting data from the recruited customers is discussed below.

4.8.6 Data collection

As noted earlier in this chapter, the interviewing approach employed for data in the customer phase adheres to the prescriptions of the means-end chain (MEC) model (Reynolds and Gutman, 1988). The MEC model prescribes the laddering interviewing technique as its data collection approach (Reynolds and Olson, 2001). The laddering approach involves a one-to-one interview with respondents concerning a particular product or service offering of interest (Reynolds and Gutman, 1988, 2001). The aim is to build ladders that represent the perceptual orientation of customers concerning a particular offering (Reynolds and Gutman, 2001). These are the attributes, benefits, and values that distinguish a firm's offerings from a competitor's offerings in a product category.

The laddering interview process was implemented in two stages. The first stage concerns an elicitation of distinctions from customers, i.e., distinctions between a

firm's offerings and competitor offerings. This process simply establishes a meaningful difference between the examined offering and an identified substitute. It was noted that interviewed customers considered the agricultural offerings in supermarkets as competitor offerings. The ability to make this distinction helps to create the mental structures that organise customer thoughts into cognitive categories that guide their buying behaviour. The goal at this stage is to determine the product attributes that influence the buying decision of customers. These attributes mark the point of departure for a firm's product among alternatives (Grunert, Grunert and Sorensen, 1995). In this research, it distinguished the products offered in farmers' markets and farm shops from those offered in supermarkets.

Though varying approaches may be employed for eliciting distinctions (Reynolds and Gutman, 1988; Grunert, Beckmann and Sevensen, 2001), the exploratory nature of this research encouraged the employment of the free elicitation approach (Grunert, Grunert and Sorensen, 1995; Grunert, Beckmann and Sevensen, 2001). This approach simply involves providing respondents with a product category as their cue to elicit distinction from alternative offerings - in this case, supermarket offerings. Thus, once a customer is observed buying a product from a particular category, distinctions were elicited from alternative products within that category, and customers were allowed to freely discuss their preferences. Usually, the broad scope of this approach allows respondents their natural flow of speech with minimal restriction on discussion areas. This laddering approach is commonly referred to as soft laddering, contrary to hard laddering, which restricts the discourse areas during interviews (Grunert, Beckmann and Sevensen, 2001). Despite the use of the soft approach, it was noted that many customers did not tend to elaborate on answers as expected. This is perhaps because they were reluctant

to spend a lot of time on the interview or perhaps the simple nature of agricultural products did not require a lot of discussions to express their preferred attributes.

The second stage of laddering interviews concerns the direct probing of respondents with a series of questions that may be typified by questions like “why is that important to you?” (Reynolds and Gutman, 1988). These types of questions are aimed at exploring the basis of the distinctions customers have made concerning an offering. The goal is to determine the linkages between the perceptual elements, i.e., the attributes, benefits, and values. It is considered that these probes encourage respondents to engage their cognitive structures concerning their buying decision to make linkages. In essence, the customers are guided by direct probes to examine how these cognitive structures influence their buying behaviour. For instance, customers that mentioned freshness as an attribute were asked why freshness was important to them.

This laddering technique influenced the development of the interview guide that was used at this stage of the data collection (see appendix 1). Interview guides are a list of high-level topics that are to be covered during an interview (Bird, 2016). They help to guide a researcher’s scope of questions to ensure that all the relevant areas requiring investigation are explored during the interview process (Hennink, Hutter and Bailey, 2011). In practice, the attributes that were mentioned by customers were the basis of further probing. The goal is to explore all the relevant themes for the customer phase i.e., to explore the attributes, benefits and values associated with their purchase. The laddering interviews were brought to a close when responses were no longer yielding new information. This suggests that the personal goals of respondents have been identified concerning a particular offering (Rokeach, 1973; Reynolds and Gutman,

1988). Overall, the transcribed interviews amounted to over thirty-three thousand words as primary data for further analyses as discussed below.

4.8.7 Data analyses

The analysis of collected data in the MEC approach was done in two stages. The first stage was the coding phase which involves a qualitative content analysis of the laddered interview transcripts (Vaismoradi and Snelgrove, 2019). This was done to determine the cognitive scope of customer value i.e., to determine the range of attributes, benefits and values that were identified by recruited customers. The second stage involves the identification of the dominant cognitive orientations in the examined markets. This is the aggregation of the range of attributes, benefits, and values to determine the dominant ones in the markets. These analytical stages are explained below.

4.8.7.1 Determining the cognitive scope of customer value

The determination of the cognitive scope of customer values begins with an open coding approach (Bengtsson, 2016). This approach was employed to determine the perceptual elements from the responses of customers through an analysing of transcript contents. The perceptual elements represent the attributes, benefits and values expressed by customers. Once identified, codes were attached to terms that were used to express the same meaning from the various customer responses. Freshness, for instance, was a code used to define the attribute that customers perceived in relation to their preferred taste in agricultural offerings. However, customers used other terms to refer to freshness and these terms were considered as embodying the same meaning as freshness. A collation of these terms provided a list of descriptors that helped to

identify a particular attribute (A) to enable further analysis - see table 4.4 for sample freshness descriptors related to taste.

Table 4.4: Table showing descriptors of freshness attributes and their market category in relation to taste benefits

Descriptors for freshness	Product category
Fresh from market	Crop
Straight from seller	Livestock & Crop
No processing	Livestock and crop
No packaging	Crops
Looks nice and fresh	Crops
Straight from farm	Crops & Livestock
Newly picked from farm	Crops
No chemicals	Livestock
No refrigeration	Crop
Orange yolk; Good colour of yolk, yellow yolk, red yolk; tasty/not yellow yolk	Livestock

This coding approach was replicated for the identification of all the benefits (B) and values (V) that were associated with each attribute. Once these elements were identified they were then developed into A-B-V ladders for each customer group. These ladders show the connections between the attributes, benefits, and values of each customer group. Following this, a summary list of all the codes was collated. This list includes all the elements that were identified in the study i.e., all the attributes, benefits and values that were elicited from customers. This list of summary codes represents the cognitive scope of customer value associated with an offering.

It has been noted that the benefits perceived by customers determine the value that is inherent in strategic resources (Priem, 2001, 2007). In other words, the benefits represent the value that is created for customers in the market environment, i.e. created value (Bowman and Ambrosini, 2000). These benefits are the positive consequences customers perceive in the attributes of a firm's product & service offerings (Gutman,

1982); and are subject to the goals or personal values of customers (Schwartz, 1992; Schwartz *et al.*, 2012). The identification of these three perceptual elements – Attributes (A), Benefits (B), and Values (V) - represent the cognitive structures that inform the buying decision of customers (Gutman, 1982). The identified perceptual elements for the overall customer respondents were then fed into the second analytical stage to identify the dominant cognitive orientations in the examined markets. This second analytical process is discussed below.

4.8.7.2 Identifying the dominant cognitive orientations

The second stage of the analysis involves identifying the dominant cognitive orientations in the examined markets through the development of the Hierarchical Value Maps (HVM). The dominant cognitive orientations signal the attributes, benefits, and values that offer customers the most value across the examined markets. The HVM is a graphical representation of these dominant orientations. The analysis at this stage employed relevant software to develop the HVMs associated with the findings. These HVMs displayed the dominant attributes, benefits, and values that underlie a particular dominant perceptual orientation. These displays are aggregates of the respondents' perceptual orientation for a product or market category (Reynolds and Gutman, 1988).

The development of the HVM involves three analytical processes (Saaka, Blake and Sidon, 2004). The first process involves assigning numbers to individual codes that were developed from the preceding analyses. These assigned numbers are then displayed in a matrix. The second process involved counting the number of times each element links to another element on the same row of the matrix. This outcome is

displayed in another matrix called the implication matrix. The third process of this analysis involves developing a chain of aggregate linkages from the implication matrix. These aggregates are then used to construct the HMMVs which identify the dominant orientations in these markets. The outcomes of this customer phase analysis are a crucial input for the second empirical phase of this study i.e. the farm phase. This phase is discussed below.

4.9 Empirical Phase 2: Farm Phase

The second empirical phase of the research is the farm phase. This phase seeks to identify the strategic resources that deliver value to customers through farm shops and farmers' markets and to identify those factors that sustain the value created by these strategic resources. In this phase, the product attributes identified from the customer phase are re-examined to concurrently address research objectives 2 and 3 as stated below:

RO2: To identify the strategic resources that embed attributes in the offerings of structurally diversified farm businesses

RO3: To identify the sustaining factors associated with the strategic resources of structurally diversified farm businesses.

4.9.1 The rationale for the Farm Phase

In this farm phase, RO2 examines the resources of farm businesses for their strategic relevance i.e., their potential to improve farm competitiveness in the

Scottish agricultural sector. This potential takes into account the assumptions of the resource-based perspectives that posits that firms with strategic resources will have a competitive advantage in their sector (Barney, 2011). Recall that strategic resources lead to competitive advantage because it delivers value to customers (Hamel and Prahalad, 1990; Barney, 2011). Having identified those benefits, and their associated attributes, that deliver value to customers in the customer phase; RO2 identifies those strategic resources that have been employed for value delivery. This is realised by re-examining those attributes against firms' resources to identify their underlying strategic resources. These resources are the strategic resources of these examined farms.

RO3 concurrently examines those factors that sustain the value of strategic resources. This is based on the assumption that competitive advantages will be eroded by competitors except where those conditions that sustain an advantage are maintained by firms that possess these strategic resources (Barney, 1991; Teece, Pisano and Shuen, 1997). Sustaining those conditions ensures that strategic resource value can be perpetually exploited by firms that possess them; thereby providing a sustained competitive advantage for such firms. This perpetual advantage is sought for farm businesses in the Scottish agricultural sector. The next section discusses the analytical model employed to realise these objectives.

4.9.2 Analytical Model: The resource-based model

The resource-based perspective is the analytical model employed to explore strategic resources in this phase (Barney, 2011; Teece, 2014). The framework

provides the characteristics of strategic resources that enable their identification as well as determines those factors that sustain the value that is created by these strategic resources. In the first case, the value character identifies the range of strategic resources that firms can possess in a particular sector. This was facilitated by matching the benefits sought by customers to the firms' activities that deliver them. In the latter case, the other characteristics of strategic resources enabled the determination of those factors that sustains its value-creating potential. This determination required a further examination of these firms' activities against the sustaining factors proposed by the resource-based perspectives as explained below.

4.9.2.1 The sustaining factors

It has been noted in chapter 3 that some of the sustaining factors were based on activities that were known and manageable by firms while others were not. The manageable sustaining factors were here, considered to be active sustaining factors. Conversely, those sustaining factors that firms cannot actively manage were considered passive sustaining factors. The active sustaining factors include replicability and organisation (see table 4.5 below for a summary).

Table 4.5: Showing a summary of strategic resource characters that actively sustain their value

Active Sustaining factors	Description
Replicability	Actively sustains strategic resource value in multiple economic settings
Organisation	Actively sustains strategic resource value through reorganisation of existing business activities

Replicability sustains strategic resources through a firm's ability to transfer the valuable outcome of the strategic resource from one economic setting to another (Teece and Pisano, 1994). As such, it allows the possibility of strategic resources to provide access to a wide variety of markets (Hamel and Prahalad, 1990). Teece & Pisano (1994) argued that these economic settings, which may be market segments and international markets, enable firms to replicate their strategic resources and simultaneously sustain them. Organisation, however, does not rely on changes in products or markets to sustain a strategic resource. Instead, this factor relies on a re-organisation of existing business activities to exploit an identified strategic resource (Barney, 2011). It is assumed that this reorganisation allows for the perpetual exploitation of an existing strategic resource.

As noted, the passive sustaining factors are those factors that cannot be directly managed by firms and include factors like inimitability, rarity, and uniqueness (see table 4.6 below for summary).

Table 4.6: Showing a summary of strategic resource characters that passively sustain their value

Passive sustaining factors	Description
Inimitability	Passively sustains strategic resource value due to the inability or unwillingness of competitors to imitate.
Rarity	Passively sustains strategic resource value due to limited supply
Uniqueness	Passively sustains resource value due to legal limitations

Inimitability sustains a strategic resource due to the limited ability, or unwillingness, of a competing firm to imitate or replicate that strategic resource

(Hamel and Prahalad, 1990; Barney, 1991; Teece et al., 1994). Rarity refers to those sustaining factors derived from the limited supply of a strategic resource in the factors markets (Barney, 1986a). Whilst uniqueness refers to those sustaining factors that are only available to the possessing firm by the legal exclusion of other firms (Teece and Pisano, 1994). Uniqueness differs from rarity in the sense that uniqueness ensures that a competing firm cannot acquire the strategic resource, even in limited quantities, except with the consent of a possessing firm or a licensing agency. For instance, legal limitations, like patents, are effective in conferring uniqueness to a strategic resource to sustain its value. In comparison, rarity does not exclude a competing firm from possessing a strategic resource as long as it is available in the factors market. Instead, it is the limited supply of strategic resources that sustains rarity. The justification for employing the resource-based model is discussed below.

4.9.2.2 Justifying the resource-based models

The adoption of the resource-based models was, principally, because it identifies those strategic resources that can be sources of competitive advantage for diversified farm businesses. This is particularly important for small farm businesses that have a narrow resource base because their ability to internally develop and deploy resources, that deliver the most value to their farms, becomes a crucial ability for gaining a competitive advantage.

Furthermore, the resource-based models ensure that firms can sustain their competitiveness. Their sustainability is assured in those active and passive sustaining factors that perpetuate the value of strategic resources. Although this research does not

expect to resolve the theoretical and practical fuzziness in the resource-based models concerning the value concept, it, however, hopes to enrich the theoretical scope of the resource-based perspectives by informing diversified farms about the strategic resources that can create and perpetuate their value-creating potentials. This, in turn, will positively influence their competitiveness within the farming sector. The next section discusses the sampling approach for recruiting farm businesses in the study.

4.9.3 Farm respondents' recruitment strategy

The recruitment for the farm business phase was slightly different from the customer phase approach. In this phase, two recruitment strategies were employed for the recruitment of farm businesses for the research, i.e., purposive, and snowballing strategies. It should be recalled that only the purposive strategy was used for the customer phase. For this phase, however, it was necessary to include snowballing strategy because it was difficult to gain access to the farm business sector without a reference from a farm business. Notwithstanding, it was still difficult to find a suitable time to meet farm business respondents that agreed to be interviewed. The most common reason given by respondents was that they were busy and could not find the time to meet and interview. Thus, a lot of persistence was required to finally interview the respondents i.e., after several phone calls and rescheduled meetings. Even so, most of the interviews were conducted while respondents were working on their farms or in farms shops and farmers' markets. This, however, was a welcome opportunity to observe the activities of these farmers. As noted earlier in this chapter, these observations allowed for a fuller understanding of the activities of the examined farm businesses as well as helped to affirm some claims made by respondents.

As concerning the recruitment strategies, the first recruitment approach was purposive and targeted farm businesses in the farmers' markets and farm shops where customers were initially recruited for this research. Here, a verbal commitment to participate in this research was sought from the businesses that operated in those markets. Once committed, these businesses were recruited for the study by scheduling an interview date. Concurrently, a list of suitable farm businesses across Scotland was compiled from relevant websites that provide contact details of farm shops and farmers' markets in Scotland. These businesses were contacted via phone and email for recruitment in the research and were scheduled for interviews based on their responses. This latter approach, however, was not successful, as such was replaced by the snowballing strategy.

The second recruitment approach employed in this research was a snowballing strategy. Here, already recruited farm businesses were requested to recommend other suitable farm businesses to recruit for the research. These recommended farm businesses needed to be farm businesses that also operate farm shops or in farmers' markets. These recommendations were followed up with phone and emails for recruitment. This approach was quite successful and resulted in the recruitment of further respondents for the research. It was observed that respondents that were contacted via snowballing approach were more receptive when informed that they were recommended by another farm business. Perhaps because, in many cases, they had some connection to the referrer like being related by marriage or being former tenants. The snowballing sampling approach complemented the purposive sampling strategy and ensured that the samples recruited for this research were within the network of suitable farm businesses. This network ensures the recruitment of

information-rich respondents (Cassell and Symon, 2004; Mitchell *et al.*, 2015). The selected respondents were expected to be managers, operators, decision-makers, or owners of farm businesses with experience in the farm shop or farmer's market operations and experiences in the farming activities of these firms. The respondent information is discussed below.

4.9.4 Farm respondents' general information

In all, 18 farm businesses were recruited for the research in this phase (see tables 4.9 and 4.10). The recruitment was discontinued after observations that no new information was delivered from respondents, i.e. it reached saturation (Green and Thorogood, 2004; Vasileiou *et al.*, 2018). This saturation point is comparative to similar works (Bojnec and Latruffe, 2008; De Rosa, McElwee and Smith, 2019; Allegaert, Wubben and Hagelaar, 2020). The saturation of new information that marked the end of the respondent recruitment process took around nine months to complete in this empirical phase of the research. This was primarily because of the tight work schedule of suitable farm business respondents, as noted. Moreover, attempts to recruit suitable respondents in farm shops and farmers' markets were difficult because some staff members had limited knowledge of the underlying agricultural processes but frequently operated the business's diversified activities i.e., their farm shops and farmers' markets.

The location of these businesses accommodated respondents from rural and urban farms. However, the location and descriptions were anonymized in line with the ethical stance of this research. Expectedly, family farms were the overwhelming majority of farms businesses in this sector. They accounted for over 84% of the examined farm

business. It was also noted that a majority of the recruited respondents were male, which may be an indication of the bias toward male heirs in farming succession in the UK (Wheeler, Lobley and Soffe, 2020).

Furthermore, it was noted that the average age of respondents who operated farm shops was slightly higher than those operating in farmers' markets, i.e., around three years. This difference was significantly higher when the business age of the farms was considered. Here, farm businesses that operated farm shops were on average over a decade older than businesses that operated in farmers' markets. Perhaps, older farm businesses have had the time to accumulate the resources required for the establishment of farm shops which is substantially larger than the investment commitment required for farmers' market operations. Another consideration was that the physical nature involved in operating farmer markets may be a deterrent to older farmers. One farmer, who sells livestock produce in multiple farmers' markets explained the range of activities involved in getting the produce to the market – including preparing the meats, packaging them, loading them in the van before driving, sometimes hours, to the farmers' markets; then the process continues with unpacking the produce, manning the stall, and then repacking the unsold item before driving back to the farm. This process was repeated three times a week by the farmer and may be a deterrent for older farmers.

Before the interviews, it was assumed that the farm businesses that operate in farmers' markets and farm shops will be small farm businesses i.e., based on the argument that small farm businesses have shown a preference for this form of structural diversification (McInerney, Turner and Hollingham, 1989; Turner *et al.*, 2003). This is, typically, because their narrow resource bases accommodate the low cost and ease

of adding value to their products in these markets. However, some of the examined farm businesses may not be considered to be small businesses if the farm acreage size is considered. For instance, Watson, the respondent on a 2000-acre farm presents his farm business as a small farm because of the few numbers of full-time workers on the farm i.e., him and his father. However, it may be safe to assume that this farm may be a mid-size or large farm if the full-time equivalent (FTE) of all the workers is accounted for, as explained in chapter 2.

Nevertheless, the examined farm businesses self-identified as small farm businesses based on the number of full-time staff that work on the farm. In this view, most of these farms had around 2 full-time workers on their farms. It should be noted that this view does not take into account the seasonal workers and unpaid workers of these businesses. This was partly because many of the respondents did not seem to consider the seasonal workers to be part of their agricultural staff. Perhaps because seasonal workers were not on a fixed contract and were contracted from agencies or word of mouth for specific tasks like weeding or harvesting.

Furthermore, the family members that occasionally work on the farm were not readily considered to be farmworkers by respondents. This is because their work is unpaid and these family members are usually fully engaged in another aspect of the overall business - usually on the diversified part of the business like in farm shops or farmers' markets. It was also observed that these family members were mostly female who routinely work on the farm but were mostly tasked with running the diversified business.

Lastly, some respondents considered their farm businesses to be small farms because of the unconventional production techniques they employ farms. This view was mostly expressed by organic product respondents and affirms the broader perception that alternative food producers are viewed as small farm businesses (Autio *et al.*, 2013).

Overall, however, the range of fresh agricultural products offered in farm shops and farmers' markets was similar. Although it was observed that farm shop operators provided a broader range of processed agricultural products and non-agricultural products to their customers. This range included processed agricultural products from neighbouring farm businesses and a range of artisan products from members of their communities. In all, these are the relevant details of the recruited farm respondents, the next section explains the data collection process.

Table 4.7: Showing the general information of farmers' market respondents

No	1	2	3	4	5	6	7	8	9	Ave
Respondent information										
Given Names	Heath	Arnold	Frances	Jim	Goode	Graham	Clark	Holmes	Watson	
Age (Yrs.)	51	45	31	61	61	61	41	61	41	50
Farm business information										
Ownership type	Rent	Rent	Rent	Own	Own	Own	Own	Own	Own	
Farm type	Family	Non-Family	Family	Family	Family	Family	Family	Family	Family	
Biz age (Yrs.)	23	12	3	10	31	101	80	28	38	36
Full-time staff	1	1	2	1	2	1	1	1	2	1.3
Size (Acres)	15	40	6	25	310	180	150	670	2000	377
Farmed products	Crops	Crops	Crops	Livestock	Livestock	Livestock	Livestock	Livestock	Livestock	
Operating years	19	12	3	7	9	18	14	18	19	13

Table 4.8. Showing the general information of farm shop respondents.

No	1	2	3	4	5	6	7	8	9	Ave
Farm respondents' information										
Given Names	Marlon	Eddie	Peter	Robert	Ted	Roger	Charley	Smiths	Diana	
Age	71	44	58	46	51	51	51	49	55	53
Farm business information										
Ownership type	Own	Own	Own	Own	Own	Own	Own	Own	Own	
Farm time staff	Family	Non-F	Non-F	Family	Family	Family	Family	Family	Family	
Biz age	32	6	35	50	20	58	100	100	35	48
FTE	1	1	1	2	1	1	1	2	1	1.2
Size (acre)	170	100	25	500	170	260	200	350	80	206
Farmed products	Crop and livestock	Crop	Crop	Livestock	Livestock	Crop	Livestock	Livestock	Livestock	
Operating years	28	3	26	25	4	30	5	12	10	16

4.9.5 Data collection

As previously noted, a semi-structured interviewing approach was employed for the data collection of this phase. To ensure these issues were fully explored, an interview guide containing the key themes raised by customers and the characteristics of strategic resources was developed and used to facilitate responses from farm business respondents (see appendix 2 for interview guide). It should be recalled that the customer phase provided some secondary data that influenced this phase of the research. Thus, the issues that were raised in the customer phase concerning the benefits they seek from the offerings of these firms needed to be re-examined in the interviewing process of this phase. For instance, customers had identified the benefits they perceived from the offering of these firms (e.g., convenience, freshness etc.) and

these benefits guided the range of questions that were posed to farm business respondents. As such, the questions posed were open-ended to encourage the free flow of discussion during the interviewing process. The interview questions were also formatted to build rapport with respondents by positioning general questions at the beginning of the interviews, e.g., the history of the farm; while more in-depth questions were posed after these general questions were discussed, e.g., the specific farming activities that promote certain benefits that customers identified. On average, the duration of the actual interviews was around 60 minutes.

It should be noted that there were many occasions when respondents requested a pause in the interview to complete a job on the farm. On one occasion, a livestock respondent requested a pause for over 20 minutes to ensure his new lambs were feeding properly; as noted, this allowed for some observation of farm activities. Also, respondents were quite willing to discuss the benefits they provide to customers at length, and it was interesting to note that they were well aware of these benefits. Nevertheless, their responses provided further insights into the different perceptions of customers as discussed in the next chapter of this work.

In all, these interviews were recorded with the permission of respondents and transcribed. In line with best data protection practices, the personal information of farm business respondents was anonymised in these transcripts before they were analysed as discussed below.

4.9.6 Data analyses

Thematic analysis was employed as the analytical approach of this phase of the research (Vaismoradi and Snelgrove, 2019). Thematic analyses use categories to

interpret meanings and themes that emerge in an analytical process (Butler-Kisber, 2010). The coding of these categories was guided by the preceding customer phase and the proposed characteristics of strategic resources in the resource-based perspectives. The first step of the coding process was to break down the categories developed from the customer-phase and strategic resource characters to develop distinct concepts from the responses of farm business respondents (Williams and Moser, 2019). These distinct concepts were further developed from a line-by-line examination of the transcripts to identify regularly occurring concepts from these textual materials. The concepts were then thematically coded and developed into themes. These themes are the central issues or focus of research work (Bryman, 2012). The thematic codes were then re-examined with the transcripts to understand the meanings that farm business respondents have associated with the themes, i.e., themes that concern their value-creating activities. This process highlighted the core categories that revealed the strategic resources of these firms and their sustaining factors as further discussed below.

4.9.6.1 Identifying the strategic resources and their sustaining factors

To identify the strategic resources that deliver benefits to customers, prior studies and the findings from the customer phase of research were used to structure the interviews with farm business respondents. Before commencing the analysis to reveal these strategic resources, referential categories were developed from the customer-phase findings. Referential categories utilize existing research findings or theoretical arguments to justify the categorizations of analyses (Vaismoradi *et al.*, 2016). Thus, the customer benefit classifications used in the customer phase provided the categories that were used to examine and identify the strategic resources in this farm phase. These

benefit categories guided the thematic coding approach that was used to explore the responses of these firms. Codes were then developed into themes from the responses of farm business respondents. These themes represent the strategic resources of these firms.

Concurrent analyses explored how the examined firms sustain the value-creating potentials of these strategic resources. These referential categories were developed from the characteristics of strategic resources, except for the value character. These referential categories embody the sustaining factors that were identified by the resource-based perspective and provided the framework that guided the coding process. Following this, the transcripts were coded with reference to these sustaining factors and classified into themes. These themes represent the sustaining factors for the identified strategic resources. In all, the analytical process aimed to maintain a high standard of quality that has guided this research as explained below.

4.10 Assuring the trustworthiness of the research.

According to Burrell & Morgan (1979), the quality of qualitative inquiries is assured when they meet established standards of trustworthiness. This research has sought to meet those established standards to ensure the quality of its output i.e., based on strategies proposed in Lincoln & Guba's (1985, 1989) works. Lincoln and Guba proposed four criteria to satisfy trustworthiness i.e., 1) credibility 2) transferability 3) dependability, and 4) Confirmability.

Credibility focuses on establishing a match between the experiences or accounts of respondents and how it is presented by the researcher (Lincoln and Guba, 1989). This

ensures that results are credible or believable (Trochim and Donnelly, 2007; Kumar, 2014). In this research, it has to be noted that the accounts of the experiences of respondents appeared to be plausible and persuasive because these accounts aligned with prior studies (Baker *et al.*, 2004). Nevertheless, the researcher was able to confirm some of these accounts by observing respondents during interviews on farms and in the markets. As noted, many farm business respondents were observed at work during interviews while both groups of respondents (farmers and customers) were observed in farmers' markets and farm shops as they interacted. These observations made it possible to match some activities of these respondents with their accounts. For instance, the tediousness of organic processes was observed during an interview session as the respondent spent considerable time picking up weeds during the interview. Thus, the account that the organic process was more difficult was believable because the use of chemical weed killers would have been considerably easier for the process. Further, the stories of respondents were consistently reaffirmed by them and other respondents during the interviewing process. Lincoln and Guba refer to this process as 'member checking' and it is aimed at verifying the meanings respondents attached to their responses (Lincoln and Guba, 1989). For instance, the experiences, and their meanings, expressed by customer respondents were consistently expressed by other customers and farm business respondents; thus, suggesting that these accounts are trustworthy.

Transferability refers to the degree to which results of qualitative inquiries can be transferred to another context (Trochim and Donnelly, 2007). While this has been noted as a difficult criterion to establish in qualitative inquiries due to its subjective nature (Kumar, 2014); it is suggested that the provision of extensive and careful

descriptions of processes and context of the inquiry helps to facilitate some transferability judgements (Lincoln and Guba, 1989). To this end, this research sought to provide an extensive description of the methodological processes and the context in which the research was carried out. That is, with the hope that a reader can intuitively transfer the research to their own situation. It may perhaps evoke emotions relating to a similar situation (Tracy, 2010). In the UK for instance, topical discourses on the rising food cost (Guardian, 2022) may present those emotional overlaps that afford some transferability of this study for a reader.

Dependability is concerned with the stability of data over time (Lincoln and Guba, 1989) i.e., whether the same results may be obtained by another researcher in a replicated process. It should be mentioned that flexibility and freedom are advocated in qualitative inquiries in line with their subjective roots. Nevertheless, an extensive record of this research has been reserved for future researchers. This may be made available to guide future works or researchers seeking to re-examine or advance this work. These records exist in transcript samples (see appendix 3 & 4), interview recordings, field notes and the analytical processes which have been extensively described in this study.

Confirmability refers to the degree to which results can be confirmed and corroborated by others (Trochim and Donnelly, 2007). It assures that data interpretation and outcomes of inquiries are rooted in the examined context and not products of the evaluator's imagination (Lincoln and Guba, 1989). To assure this quality standard, the analysis tools employed in this research were implemented as recommended and samples of the coding processes were provided in the empirical phases to ensure transparency in the analytical process.

In all, the above discussions are evidence of the adherence of this work to the quality standards expective of qualitative work. The next section concludes this chapter.

4.11 Conclusions

In conclusion, this methodology chapter examine the philosophical positioning of the thesis and the methods that are employed for its empirical phases i.e., the customer phase and the farm phase. The interpretive paradigm was determined for the research and was used to guide the identification of the phenomenological methodology and qualitative research design that was found suitable for the empirical phases of the research. The phenomenological methodology and qualitative design also highlighted the research methods that most effectively address the proposed research objectives to enable the realisation of the research aims. These objectives were used to frame the research methods, and the analytical tools that are used for this research. The next chapter discusses the first of this empirical phase (customer phase) and elaborates on the results of the practical application of these methods.

CHAPTER 5: CUSTOMER PHASE

5.0 Introduction

This customer-phase analysis presents the key findings and discussions concerning the attributes customers associate with the benefits they perceive from the offering of structurally diversified farm businesses. In essence, the section explores the customer-value dimensions in the proposed research framework (discussed in chapter 3). This dimension examines the benefits customers perceive in farm shops and farmers' markets and the values that motivate their buying behaviours (Eriksen, 2013). Thus, the analyses will identify the attributes, benefits, and values customers perceive from offerings in these markets. Overall, the analyses address research objective one and its output will facilitate the identification of strategic resources that are inherent in the diversified activities of these firms.

Research Objective 1: To identify the attributes that highlight the benefits customers perceive in the offerings of structurally diversified farm businesses.

To this end, the chapter presents the analyses and findings in two sections. The first section discusses the cognitive scope of customer-value to reveal the range of attributes that influence customer benefits perceptions in farm shops and farmers' markets. This section identifies the attributes that influence customers concerning the agricultural offerings purchased from structurally diversified farms. Also, the values that motivate their behaviours are examined. In the second section, the dominant customer-value orientations of customers are identified for the examined markets. This analysis reveals the attributes that are most valuable across farm shops and farmers' markets. In all, these attributes signal those valuable or strategic resources that underlie their delivery.

5.1 The cognitive scope of customer-value

The analysis in this section explores the cognitive scope of customer value. The cognitive scope of customer value refers to the overall attributes, benefits, and values that customers associate with an offering (Gutman, 1982; Reynolds and Gutman, 1988). To reveal these cognitive elements, the interview transcripts were content analysed and coded, as elaborated in the methods chapter. These codes were then developed into categories that reflected the benefits customers perceived from these firms' offerings. The process identified six benefit categories, i.e. Taste, Health, Choice, Convenience, Preserved-local-communities, and Enhanced-moral-principles. These benefits categories were then classified as physiological and psycho-social benefits as, discussed in chapters 2 and 4 and, elaborated below. This classification served as the framework for presenting the analytical processes and the findings in this section.

5.2 The Physiological benefits

Physiological benefits are benefits customers accrue from the direct consumption of an offering (Gutman, 1982). From a local food perspective, these physiological needs highlight the intrinsic qualities customers seek from their consumption of local food offerings (Zepeda and Nie, 2012). In this view, local food consumers argue that the globalisation and standardisation of food systems have impacted the quality of conventional agricultural offerings; as such, customers seek alternative offerings in farm shops and farmers' markets (Murdoch and Miele, 1999). Here, the assessment of agricultural offerings in these markets is based on the geographic or material dimension of local foods (Eriksen, 2013; Labbé-Pinlon, Lombart and Louis, 2016) i.e.,

on the quality of the offerings and its underlying production system (Chicoine, Rodier and Durif, 2022).

As concerning the physiological benefits customers associate with their consumption, these benefits assure their physical and biological well-being. In this research, two benefit categories were found under this classification of benefits, i.e., Taste benefits and Health benefits.

5.2.1 Taste benefits and attributes

Taste benefits concern those benefits customers associate with the physical qualities of agricultural offerings in farm shops and farmers markets. It was noted that customers associate their preferred taste with specific perceived product attributes. These taste judgements were primarily based on how customers cognitively sensed the products, i.e., using the five senses (Pathare et al., 2013). It is believed that these taste-judgements are based on the pathological conditioning of the sensory stimuli with respect to some gratification associated with a previous consumption of a product (Kant, 1790). In time, these sensory queues become indicators of those goals that gratify the buying needs of customers. These gratifications develop into a perception of particular product attributes that are considered preferable to customers. Thus, customers express a preference for these attributes, which then conditions their buying behaviour. From the customer responses in this study, it was found that their taste benefits were associated with two product attributes i.e., freshness & colour (See table 5.1).

Table 5.1: Summary table for taste benefit respondents (FM = farmers' market; FS = farm shop)

Attributes	Market (Location)	Descriptions	Product category
Freshness	FM (U)	Fresh from market	Crop
Freshness	FM (R)	Straight from seller	Livestock
Freshness	FM (U)	Straight from seller	Crop
Freshness & Health	FM (U)	No processing	Livestock and crop
Freshness	FS (R)	No packaging	Crops
Freshness	FS (R)	Looks nice and fresh	Crops
Freshness	FS (R)	Straight from farm	Crops
Freshness	FS (R)	Newly picked from farm	Crops
Freshness & Health	FS (U)	No chemicals	Livestock
Freshness	FS (R)	Straight from farm	Livestock
Freshness	FS (U)	No refrigeration	Crop
Colour	FM (R)	Orange; good colour of yolk	Livestock
Colour	FM (U)	More Red yolk, tasty/not yellow	Livestock

5.2.1.1 Freshness

Freshness was the foremost attribute mentioned by customers in farm shops and farmers' markets concerning taste benefits. The prominence of this attribute has since been noted by local food researchers (Weatherell, Tregear and Allinson, 2003; Dunne *et al.*, 2011). The attribute was noted to be particularly important for customers that purchased crop products and livestock by-products (eggs and dairy products). This is perhaps unsurprisingly so since freshness has been highlighted as an important factor in assessing the quality of agricultural products (Péneau *et al.*, 2007; Luo *et al.*, 2020). Correspondingly, customers in farm shops and farmers' markets associated freshness with their purchases. Debbie for instance describes the produce she bought from the farm shop in those terms: *I think when you look at his produce, they look a lot nicer and fresher.*

Responses suggest that freshness is assessed in terms of the perishability of agricultural products. It was found that customers assessed the freshness of the agricultural products by evaluating how close the product is perceived to be near its harvest time. It appears these considerations give customers a sense of the product's freshness and invariably an indicator of its taste:

Chad: Food, particularly fruits, goes off very quickly, so we like the freshness of the food here because it tastes better.

Practically, freshness is assessed by customers in terms of the distance, time, and processes that the product has been subjected to after its harvest (Gvili *et al.*, 2017); which is typical of local food assessment in the geographic dimension (Eriksen, 2013). Here, customer assessments compared the appearance, odour, texture, and flavour of agricultural products to a perceived original state, i.e., the agricultural product's state at its time of harvest (Péneau *et al.*, 2007; Heenan *et al.*, 2009). Analyses suggest that the taste of agricultural offerings in farmers' markets and farm shops is preferred because the time & processes between harvest and purchase are minimal; hence the freshness of these offerings - as noted by Peter:

It's cut from the farm, and that same morning it's straight to the market. So, no delivery chain, no supply chain, no packaging, no supermarket, no refrigeration; so, it stays fresh.

5.2.1.2 Colour

The colour of agricultural offerings was another attribute that indicated taste benefits for customers in the crop category. Pathare *et al.* (2013) suggest that this may be because assessing colour is easier than other assessment tools. Generally, a particular

simplicity was evident in the colour assessment of customers concerning taste. For instance, Solomon simply indicated his taste preference for his mushrooms based on their *'nice colour'* while Eve's assessment of her purchased bacon was that it had *"more colour to it."*

For livestock customers, their responses suggest that the darker colour of these products indicates a better taste. It has been noted that the sensory assessment of livestock products has been conditioned to seek the darker red colour concerning taste preferences (Hung and Verbeke, 2018). This view was affirmed by livestock respondents in this research:

Felix: The colour and taste are much better than the ones in the supermarket... I think the colour is related to the quality of the egg. So, the more red the yolk is? I think they tend to be better.

Overall, responses suggest that customers seeking taste benefits may be spatially segmented. These responses revealed that urban respondents routinely linked taste benefits to health benefits. These respondents suggest that taste benefits are related to health benefits and may, perhaps, be an indicator of a healthier product, as indicated in Peter's statement below:

They don't use any chemical, which means it's healthier, which also means it's fresher because they don't use any genetically modified inputs or fertilizers, which kills the taste also.

It may be observed from Peter's statement that the link between taste benefits and health benefits concerns the production systems of these farm businesses as opposed to a perceptible product or service attribute. Although responses from rural

respondents also made references to the production systems of these firms; however, unlike urban respondents who seem to link these production systems to health benefits, rural respondents tend to emphasize their impact on taste as noted in Mary's response:

I always think organic food tastes better definitely. There's more flavour in it... and not tasting chemically.

It appears rural respondents perceived taste and health benefits as distinct benefits, while urban respondents perceive taste benefits as a benefit that is interlinked with their health & wellbeing. These varying perceptions may impact the dominant value orientations in these segmented markets since an increased link between taste and health benefits may be found in urban respondents, who have made a cognitive connection between these elements.

5.2.2 Taste values and cognitive scope

On the values of proximity dimension (Eriksen, 2013) the analyses found that customers associated taste benefits with Hedonistic values. Hedonistic values describe those personal values that assure the pleasure goals customer seek from the consumption of an offering (Schwartz, 1992; Schwartz *et al.*, 2012). Similarly, customer responses in this study expressed some pleasure or sensuous gratification from the consumption of agricultural products from farm shops and farmers' markets. These pleasure sensations were associated with the taste of these offerings, as may be noted from Beth's statement:

I love the taste as well, actually; it is just so much nicer than the stuff I get in the supermarket

In all, the analyses suggest that customers associate freshness and colour as attributes of taste benefits concerning the agricultural offerings from farm shops and farmers' markets. In turn, taste benefits were found to be motivated by pleasure goals, i.e., hedonistic values. These attributes and values represent the cognitive structures that impact the buying decision of customers concerning taste benefits. Together, they represent the cognitive scope of this customer-value dimension (See Figure 5.1).

The cognitive scope of Taste Benefits

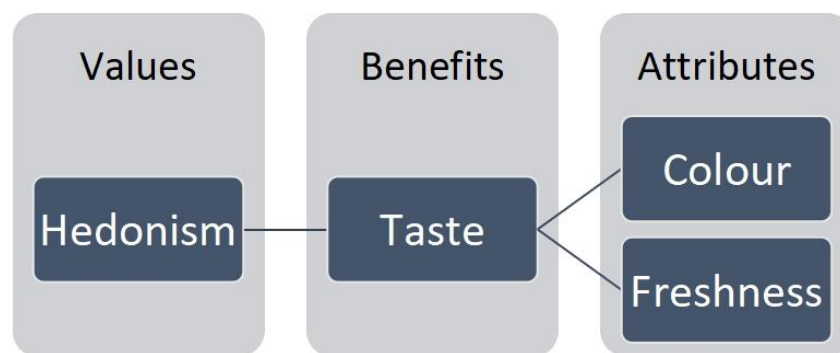


Figure 5.1: Showing the Attributes and Value associated with Taste Benefits.

5.2.3 Health benefits and attributes

Health benefits concern those benefits customers associate with the alternative productions systems employed by farmers that operate in farm shops and farmers' markets. Here, customers also assess the agricultural offerings on the geographic dimension (Eriksen, 2013). Customer responses suggest that their health & well-being is promoted by consuming agricultural offerings provided by farm businesses in these markets. This perception is in line with assertions that consumers seek to resolve health issues by eating healthy foods to improve health or to reduce health risks (Bublitz *et al.*, 2013; Apaolaza *et al.*, 2018). The analyses suggest that customers hope to realise

their health benefits by avoiding chemicals in the food products they eat; and, by buying agricultural products that have been produced in more natural breeding conditions. In other words, these customers perceived the agricultural offerings in farm shops and farmers' markets as having no chemical inputs included in their natural production processes. These health benefits perceptions were associated with three product attributes i.e., chemical-free (organic), free-range, and naturalness – see table 5.2. for summary

Table 5.2: Summary table for health benefit respondents (FM = farmers' market; FS = farm shop)

Attributes	Market (Location)	Descriptions	Product category
Chemical free	FM (U)	Detoxified	Crop
Chemical free	FM (R)	Few or no chemicals and less processing	Livestock
Chemical free; Free range; Natural	FM (U)	Free range, natural production processes, not genetically modified, no chemicals	Livestock
Chemical free	FM (U)	Chemicals are deadly; healthier; better taste; prevent damage to the environment & animals, natural	Crop
Natural	FM (U)	Not mass produced / naturally produced	Livestock
Chemical free; Natural	FM (U)	Healthier; Natural Organic	Livestock
Free range	FM (R)	Organic; Natural	Livestock
Free range	FM (U)	Healthier	Livestock
Free range	FM (U)	Fresher; Organic Healthy	Livestock and crop
Chemical free; Natural;	FS (R)	Tastier; Naturally grown; Organic	Crops
Chemical free	FS (U)	No chemicals save the environment	Crops
Chemical free	FS (U)	Grown organically	Crops

5.2.3.1 Chemical-free (Organic)

Historically, the addition of chemicals in food was hailed as a value-adding activity (Aylward, 1951) and has been, and may likely continue to be, used in the production and preservation of food. In recent times, however, the inclusion of chemicals in the food production process is increasingly linked to adverse health (Apaolaza *et al.*, 2018). Bro-Rasmussen (1996) explains that humans end up consuming these added chemicals because the molecules of these chemicals are not fully eliminated by microbiological or biological processes; thus, they remain in the food chain long after their use in agricultural production. These chemical residues have been linked to various ailments ranging from mild gastroenteritis to fatal cases of hepatitis and cancers (Ferro *et al.*, 2012; Rather *et al.*, 2017). The analyses suggest customers have also made this health link to chemical use in food products:

Solomon: If I buy other food, sometimes you get heartburn because they add chemicals, additives, pesticides, everything.

It was noted that some of the customer responses highlighting this benefit may have sought a perceptible product attribute to affirm the absence of chemicals (or reduced chemicals) in these offerings. One perceptible product attribute observed was the organic standard label. Customers associated this organic label with reduced chemical use in the production processes of these firms. Peter, for instance, associates organic production with no chemical use:

The fact that it's organic, you can assume that they don't use any chemicals, which means it's healthier.

In Scotland, the Soil Association (SA) is responsible for certifying and regulating farms that adhere to organic standards. The association describes organic products as having fewer pesticides and no artificial additives or preservatives, as well as having the highest standards of animal welfare and no genetically modified ingredients (Soil Association, no date). However, some level of chemical use is acceptable in organic production (contrary to Peter's assertion above), although these levels are considered to be safe in relation to health. This low level of chemical use may explain why these products are generally referred to as chemical-free.

It was found that the term 'organic' was a description of chemical-free offerings that customers primarily used in the crop category. In comparison, customers in the livestock category employed the term 'Free-range' to express the health benefits they perceived from the chemical-free attributes of livestock products. However, free-range activities only represent a part of the requirements for organic livestock production. In addition to free-ranging, the other conditions for organic livestock products are that animals are fed with organically grown food and that they are administered significantly fewer antibiotics in comparison to general standards. Mary's response indicates some knowledge of the broader range of requirements needed for organic livestock production. In her jovial manner, she states:

First off, they'll be eating grass that's just natural and naturally grown, not a lot of chemicals on it. They use, sort of, natural products... it's a chain thing, isn't it really? What they eat is what they are made of. You are what you eat, that's what I always say [laughs].

This lack of awareness of the requirements for organic livestock products amongst customers affirms suggestions that local food may mean different things to different people (Chicoine, Rodier and Durif, 2022).

5.2.3.2 Free-range

Livestock customers perceived free-range attributes as a health benefit of agricultural offerings. Free-range refers to the freedom of animals to roam freely during their production process (Pettersson *et al.*, 2016; Stadig *et al.*, 2017). Responses suggest that many customers considered free-range offerings as being the same as chemical-free or organic offerings. However, some customers also perceived free-range products as providing health benefits in their own right. The analysis suggests that these customers consider free-roaming animals to have lived a healthier life, which translates to a healthier product after slaughter. Daniel's statement expresses this perception:

If you look at these guys with the free-range stuff. Apparently, the information there shows it's better for us. All these lung cancers and diabetes and diseases they say comes from all these fast foods because of poorly grazed animals and poorly seated food systems.

Thus, enhanced animal welfare was perceived as a factor that promotes health benefits. Additionally, it was found that customers derive a certain peace of mind in the knowledge that these animals were well kept before they are harvested for food. Rachel, in almost stammering, expressed this feeling:

I think it is unfair, you know. I feel like I need meat - again, back to the health reasons and getting enough protein... So as long as I eat meat, I want to at least know the animals are living their lives, and their times, in good conditions. I believe they have

feelings and everything, but as long as we are using them, it will be better to use them in good condition.

Like organic products, free-range products were observed to be tagged with labels that displayed the free-range logo. These labels help to highlight this product's attributes which customers associate with health benefits. Perhaps, this was considered necessary because the activities that deliver low chemical use are concerned with the production processes that are not directly perceptible to customers. Thus, these assurance seals are evidence of these preferred product standards. Furthermore, these labels also assure another group of customers who seek to promote a healthy lifestyle by eating chemical-free and free-range products. These customers perceive that chemical-free products are more nutritious than conventional farming products. Their responses suggest that improved nutrition results from the chemical-free soils used for the cultivation of non-mass-produced agricultural products offered by these businesses. Leah explains:

I think this mass-produced food comes from soil that has less minerals. So, in effect, it is less nutritious... So I think if you buy tomatoes in Tesco, they will have no nutritional value.

5.2.3.3 Naturalness

Naturalness describes an agro-ecological view of agricultural offerings that considers agricultural processes to be a part of nature's broad ecosystem (Verhoog *et al.*, 2003). In this view, agricultural processes are not viewed as distinct from other natural activities in their situating environment. Rather, these processes are viewed as natural and sustainable (McDougall, Wagner and MacBryde, 2019). Customer responses

suggest that the agricultural offerings in farm shops and farmers' markets are an outcome of these natural processes, which in turn deliver more nutritious products that lead to better health. Peter explains this process in sermon-like words:

What we are trying to do is to detoxify the system as much as possible by going back to whatever is natural. Whatever is natural, we believe is created by God or wherever it came from is what is good. The state of nature is good and healthy.

Some respondents, however, perceived 'naturalness' in terms of the post-production state of these offerings. These respondents suggest that the use of plastic packaging & preservatives may have an adverse impact on health benefits. Such customers perceived that their health benefits are realised if agricultural products are presented in their natural state, i.e., without packaging - as suggested by Anna's statement:

I don't know what the point of putting organic food in plastic is; you are immediately contaminating it with the plastic.

5.2.4 Health values and cognitive scope

On the values of proximity dimension (Eriksen, 2013) the analyses found that customers associated the health benefits with their security values. It should be recalled that this dimension explores the values that motivate the buying behaviour of customers (Eriksen, 2013; Chicoine, Rodier and Durif, 2022). Here, the security values found were underlined by customer needs for safety, harmony, and stability (Schwartz *et al.*, 2012). These security values were evident from customer responses that expressed concern for their personal safety and wellbeing concerning their health benefits. Daniel's statement captures some of those insecurities that may have motivated his buying decision.

I suppose for my wellbeing, if you can look after your health, then... you don't have to go to the doctor with all sorts of things wrong with you... you need to look after yourself as you may not be able to rely on the NHS.

In all, the analyses found that customers associate health benefits with the following attributes i.e., Chemical-free (Organic), Free-range, and Naturalness. Although food assurance labels have made this benefit more perceptible to customers, it was noted that customers generally consider the offerings in these markets as having these attributes even without these labels. Correspondingly, security values were associated with this buying behaviour for the examined customers. The association between these attributes, benefits, and values represents the cognitive structures that impact customers' buying decisions concerning health benefits. Together, they represent the cognitive scope of this customer-value dimension (See Figure 5.2).

The cognitive scope of Health Benefits

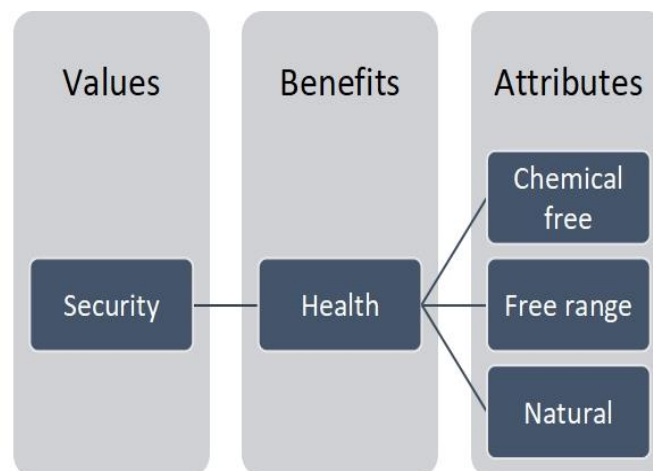


Figure 5.2: Showing the Attributes and Values customers associate with Health benefits.

Overall, the attributes and benefits found for agricultural offerings in the examined markets align with those found in prior studies that explored local foods from a

geographic dimension i.e., freshness, taste, nutrition, health etc. (Labbé-Pinlon, Lombart and Louis, 2016; Farris *et al.*, 2019). The next section explores the attributes and benefits from a relational dimension.

5.3 The Psycho-social benefits

Psycho-Social benefits are those groups of benefits that are indirectly accrued to the customers. For local food consumers, these physiological needs highlight the extrinsic qualities customers seek from their consumption of local food offerings as noted in chapter 2 (Zepeda and Nie, 2012). Here, local food consumers perceive the quality of agricultural offerings beyond their physical qualities (Eriksen, 2013). As such, local food consumers emphasise the relational aspects that connect them to the perceived ethical and sustainable practices of local food producers that operate in farm shops and farmers' markets (Chicoine, Rodier and Durif, 2022). In this view, a sense of ecological and moral duty guides the buying behaviour of local food consumers (Kumar, Talwar, *et al.*, 2021). Thus, their assessment of agricultural offerings in farm shops and farmers' markets is based on relational or immaterial dimensions of local food (Eriksen, 2013; Labbé-Pinlon, Lombart and Louis, 2016).

As concerning the psychosocial benefits customers associate with their consumption, these benefits are not realised from the direct consumption of the product; however, these benefits still influence their buying decisions. Psycho-Social benefits are a combination of psychological benefits and sociological benefits (Gutman, 1982). Psychological benefits are benefits that accrue to an individual, while sociological benefits are benefits accrued to a perceived group. The analyses here found 'Choice'

& ‘Convenience’ as the customer-benefit associated with psychological benefits while the sociological benefits were found to be ‘Preserved Local Communities’ and ‘Promoted Moral Principles’. The next sections will first discuss the psychological benefits before discussing the sociological benefits that were found in the research.

5.3.1 Choice benefits and attributes

Choice benefits are psychological benefits that concern the assessment of competing possibilities and the deliberate selection of a preferred option by customers (Hayden, 2018). Customers perceived the choice of selecting agricultural offerings, in farm shops and farmer markets, as a benefit because it provides the possibility of options and promotes their ability to choose. This study noted that customers associated two attributes with choose benefits i.e., Variety and Distinctiveness – see table 5.3 for summary

Table 5.3: Summary table for choice respondents (FM = farmers’ market; FS = farm shop)

Attributes	Market (Location)	Descriptions	Product category
Variety	FM (U)	Bazaar feeling	Crop & Livestock
Variety	FS (R)	Free choice	Crop
Variety	FS (U)	I like to browse	Crop
Variety	FS (R)	Something different for a change	Livestock
Distinctiveness	FS (U)	Niche product; non-homogenised milk	Livestock

5.3.1.1 Variety

Variety describes a situation where customers are presented with multiple options that may be satisfied through their buying behaviour (Finkelstein, Xu and Connell, 2019). The analyses suggest that customers may be buying agricultural products because they

seek variety in their food consumption patterns. Thus, they seek a wider choice of food products through their variety-seeking behaviours. It was noted that customers were effecting their variety-seeking behaviours by taking advantage of the presence of farm shops and farmers' markets to expand their choice of agricultural offerings. Variety Seeking Behaviour (VSB) has been described as the deliberate tendency for buyers to switch from one product to another (Kahn et al. 1986). Various motives have been proffered to explain why customers engage in VSB, including self-stimulation, curiosity, and boredom (Lin, Lin & Lee, 2011; Wu and Kao, 2011; Chuang *et al.*, 2013; Jayanthi and Rajendran, 2014). In this research, responses suggest that customers were seeking variety simply because they can; which suggests a form of self-stimulation (Trijp, Hoyer and Inman, 1996); as may be noted from Beth's statement:

If it's something in a supermarket, I'd probably buy there from time to time, but I quite like to go into small shops. I like to sort of browse.

5.3.1.2 Distinctiveness

The analyses suggest that customers considered the examined markets' offerings as providers of distinctive alternatives to conventional agricultural products (Forsell and Lankoski, 2014). In this view, the agricultural offerings of farmer's markets and farm shops provide an alternative choice to conventional agricultural products (Ilbery and Maye, 2005). These alternative offerings are perceived as offerings that possess qualities that are distinctive to them. For instance, customers in the dairy category sought a distinctive type of milk product that seemed to be preferred because of its taste, as Solomon explains:

The milk is very good. Their milk is better than other milk because it is not homogenized. That is, it is not boiled and then cooled. It is sterilized, so that means it tastes like real milk with cheese on the top.

Non-homogenized milk is offered in farm shops as a distinctive choice to conventional homogenized milk. Homogenized milk involves pressurising pasteurised raw milk to stabilize the fat content and enhance its white appearance. Perhaps because the homogenisation process also enhances the longevity of fresh milk, it has become more widely adopted by milk producers. Thereby limiting the supply of non-homogenised milk. Farm shops and farmer's markets offer this distinctive choice for customers and assure the supply of such distinctive offerings as alternatives to the convention. As noted, farmers' markets and farm shops bear the label of alternative food networks (Ilbery and Maye, 2005; Abbots *et al.*, 2013) as a testament to their effectiveness in offering these alternative offerings including offerings with a particular distinction like non-homogenised milk.

5.3.2 Choice values and cognitive scope

Concerning the values that motivate customer behaviours in these markets (Eriksen, 2013) i.e. the assessments that are influenced the choices customers make in these markets. The analyses found that customers associated different values with their choice benefits. For variety-seeking customers, the analysis suggests stimulation value underlies their buying behaviour. Schwartz (2006) describes stimulation values as values derived from a need for variety and stimulation. Chad's statement expresses this need:

We don't buy anything here we wouldn't buy in the supermarket normally... why we come here? We've got the choice, free choice.

Whereas customers that sought distinctive offerings seem to be motivated by security values. These customers expressed a sense of security that is assured by the supply of distinctive alternative agricultural offerings. The availability of alternatives assures this form of food security since customers are not limited in their access to a wide variety of food (Dimitri and Rogus, 2014). Jerry's statement seeks this assurance:

I don't trust supermarkets to provide decent quality. I believe supermarkets are only after the best deal for themselves in terms of where they buy and what they buy.

Overall, no discernible differences were found in the product and market categories of respondents that sought choice benefits. However, it was noted that this benefit was mostly mentioned by farm shop respondents, which may be due to their more comprehensive range of offerings. These attributes and values represent the cognitive structures that impact the buying decision of customers concerning choice benefits. Together, they represent the cognitive scope of this customer-value dimension (See Figure 5.3).

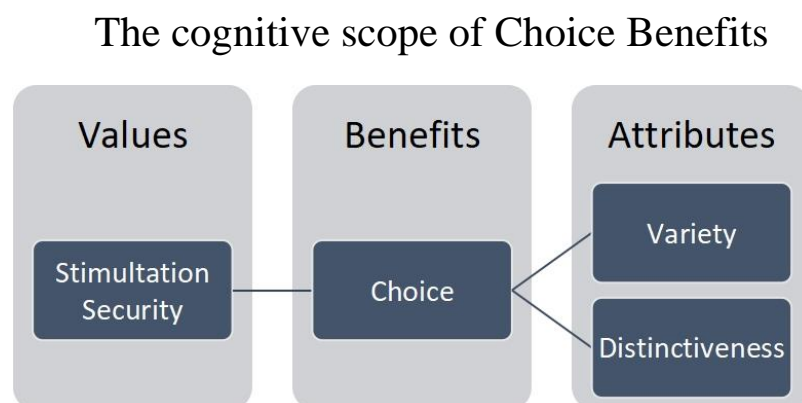


Figure 5.3: Showing the Attributes and Values customers associate with Choice benefits

5.3.3 Convenience benefits and attributes

Convenience benefits are those psychological benefits that customers associate with minimizing the costs and ease of acquiring an offering. The early conceptualization of convenient benefits considered it from a product perspective. Copeland (1923) considered convenience a product category and described these products as products with a comparatively low price and purchased at frequent intervals. Copeland also notes that these products require minimal mental & physical effort to purchase. Some of the agricultural products examined here may be considered convenient goods since they fit this description. However, the latter discourses on convenience goods focused on the mental and physical efforts that impact customers' buying decisions. Thus, convenience becomes a benefit when customers require little, if any, effort in the decision-making processes of acquiring products & services (Yale & Alladi 1986). These decisions were considered immediate, frequent, and made with minimum effort (Holton, 1958).

These conceptualisations of convenience were deducible from the responses of customers examined in this study. Analyses show that customers perceived convenience benefits from the product and service offerings of these firms. The perception of this benefit is associated with three attributes: Low-Price, Personalised-services, and Accessibility – see table 5.4 for a summary.

Table 5.4: Summary table for convenient benefit respondents.(FM=farmers' market; FS = farm shop)

Attributes	Market (Location)	Descriptions	Product category
Low-Price; Personalised service	FS (R)	Price discounts, personal relationship	Livestock
Low-Price	FS (R)	It is Cheaper	Crop
Low-Price	FS (U)	Less expensive, friendly experience;	Livestock
Low-Price; Personalised service	FS (U)	Not affordable sometimes, little shops feel more personal	Crop
Personalised service	FS (U)	More friendly, sincere, genuine, and informal staff. not manipulative	Crop
Personalised service	FM (R)	Give product information	Livestock
Personalised service	FS (R)	Give good recipes	Livestock
Personalised service	FM (R)	Nice and very obliging seller, does home delivery	Livestock
Accessibility	FM (U)	I just live here	Livestock
Accessibility	FS (R)	I just stay up the road	Crop
Accessibility	FS (R)	It's just around the road from us	Crop
Accessibility	FM (U)	It's close to where my granddaughter lives	Crop
Accessibility	FS (R)	Here is local to me so I only have to travel up the road	Livestock

5.3.3.1 Low-Price

Low price describes a perception of the lower cost of agricultural products offered in farm shops and farmers' markets. This attribute was perceived from the product dimension of convenience evaluation, i.e., where convenience benefits refer to minimal shopping or transaction cost (Anderson and Shugan, 1991). The analyses show that customers perceived the cost of acquiring agricultural offerings from farm shops and farmers' markets as cheaper than acquiring them from another source; as noted in John's conclusion: *Price? It is cheaper.*

These customers benefit from the mental assurance that they have acquired these offerings at the best possible price available. In this view, the cheaper prices of the agricultural offerings of these businesses were considered to be the product attribute of this benefit. There appeared to be a possible consensus among customers in the crop category that suggests the agricultural offerings in farm shops and farmers' markets are cheaper than those of larger retailers; however, some responses in the category described crop offerings as 'very expensive' as noted from Solomon's statement suggest: *It is very expensive here, but if they supply the supermarket, they would make it more expensive.*

It was considered that these respondents may have been comparing different classes of agricultural products. In Solomon's case, his farm shop only sold organic products. Perhaps Solomon may have been referring to organic products as expensive compared to conventional or mass-produced or conventional agricultural products. This view will be in line with other responses, like Beth's below, that suggest the unconventional offerings (like organic products) were more expensive than conventional or mass-produced products

I don't buy lots of organic vegetables and stuff actually because I suppose that is where I do say I draw a bit of a line because I can't afford to buy these over time. So, I buy them sometimes.

As noted in chapter 2, conventional agricultural products are commercially produced agricultural products (Holloway *et al.*, 2007) and may well be the cheapest agricultural product category in contemporary times. Hornbeck (2012) explains that the commercial processes that cheaply produce these products were made possible by the

substantial advancement in farming technologies and mechanisation systems developed in the 20th century. These advancements have allowed for significant increases in these products' production scale, which eventually lowered their unit price (Calus and Van Huylenbroeck, 2010). Perhaps, respondents who considered the agricultural offering of farm shops and farmers' markets to be expensive compared them to conventional agricultural products.

Contrariwise, the responses from livestock product customers did not wholly promote the idea that these businesses' agricultural offerings were cheaper than other sources. Perhaps because the convenient prices offered for crop products cannot be applied to livestock products. Convenient prices are associated with low-priced products that can be paid for with little money (Karoubi and Chenavaz, 2015). It was observed that crop products were typically paid for with coins, unlike livestock products which were observed to be substantially more expensive when compared to crop products. This may explain why livestock respondents did not express convenience benefits concerning cost.

5.3.3.2 Personalised services (Shopping experience)

Personalised services concern tailoring business services to suit the personal desires of customers (Kahn et al., 1986; Jayanthi & Rajendran, 2014). Customers perceived this attribute from a service perspective of convenient benefits. This perspective views convenience benefits in terms of time spent acquiring an offering; or, more appropriately, in terms of timesaving. Essentially, it concerns how time is allocated to the different activities an individual may hope to accomplish with their finite time schedules (Berry, Seiders and Grewal, 2002). It is argued that as time becomes more

valuable to the modern consumer, convenience buying will become synonymous with time-buying (Mauser & Garretson, 1963; Schary, 1971; Yale & Alladi, 1986). Consequently, efficient use of time is perceived as a benefit in relation to convenience (Anderson and Shugan, 1991).

Regarding such time efficiency, it was observed that customers spent considerable time talking to business representatives during their shopping. For instance, Hallie was observed having a very lively discussion with a staff member, which lasted about 20 minutes; when asked what the discussion was about, Hallie explains:

I came here today because I was wanting a bit of steak. I don't know what I was going to buy. I don't cook steak in the house because I don't know how to cook. So speaking to the man behind the counter was great. Whereas if I went to the co-op or wherever; I couldn't do that.

Hallie's 'great' experience may be related to the shopping experiences these personalised services provided by the business. In this view, customers perceive the shopping experiences in farm shops and farmers' markets as efficient use of time as they seek to get more value for their limited time (Lang and Hooker, 2013).

5.3.3.3 Accessibility

Accessibility concerns those convenience benefits realised through the minimum expedition of effort in acquiring offerings (Berry, Seiders and Grewal, 2002). This attribute assures customers that they have allocated the minimum energy expenditure for the acquisition of offerings in a farm shop or farmers' market. The analyses suggest that the physical proximity of farm shops or farmers' markets to customer locations may be factors customers consider concerning this benefit. Here, proximity is explored

in terms of how distance impacts the relationship between a customer and the market and not based on how it impacts the quality of the agricultural product as highlighted in the geographic dimension (Eriksen, 2013). Customer responses indicate that the proximity of a farm shop or farmers' markets to their homes or a regular travel route was a factor that affected their assessment of this benefit as John explains:

John: We just came to this one because it is convenient. We don't normally go to farm shops, particularly, but if we pass by one, we go to see and if we like the product; we buy it

5.3.4. Convenience values and cognitive scope

On the values of proximity dimension (Eriksen, 2013) the analyses found that customers associated different values with their convenience benefits. As noted, this dimension explores the values that motivate the buying behaviour of customers (Eriksen, 2013; Chicoine, Rodier and Durif, 2022). Regarding low-price, the analysis suggests that the motivation for customers to seek cheap prices concern self-direction values. Self-direction values derive from the need for greater control of one's activities (Schwartz, 2006). It was considered that crop customers may be expressing greater control over their finances in seeking this benefit.

The pleasure expressed by customers concerning their shopping experiences through personalised services suggests hedonistic values may motivate their behaviour. While some customers that sought this benefit (like Hallie quoted above) found pleasure in gleaning from the expert knowledge of business representatives, other respondents simply find the entire experience of being in these markets to be pleasurable.

Beth: I mean I go into supermarkets, of cos I do, but I don't particularly enjoy the experience. Whereas I might enjoy the experience in there. So it might add to my day.

Lastly, the analyses suggest that accessibility attribute was associated with stimulation values since customers seek this goal to trigger excitement & variety in their buying behaviour. Recall that stimulation values derive from a need for variety and stimulation (Schwartz, 2006; Schwartz *et al.*, 2012).

In all, Low-price, Personalised service & Accessibility were found to be the attributes associated with convenience benefits. Correspondingly, self-direction, hedonism, and stimulation were respectively found to be values that motivate convenience benefits. Overall, it was noted that farm shop respondents mostly expressed convenient benefits. Perhaps the permanency of these shops better assures their convenience. Together, these corresponding attributes and values represent the cognitive structures associated with convenience benefits and form the cognitive scope of this customer-value dimension (See Figure 5.4).

The cognitive scope of convenience benefits

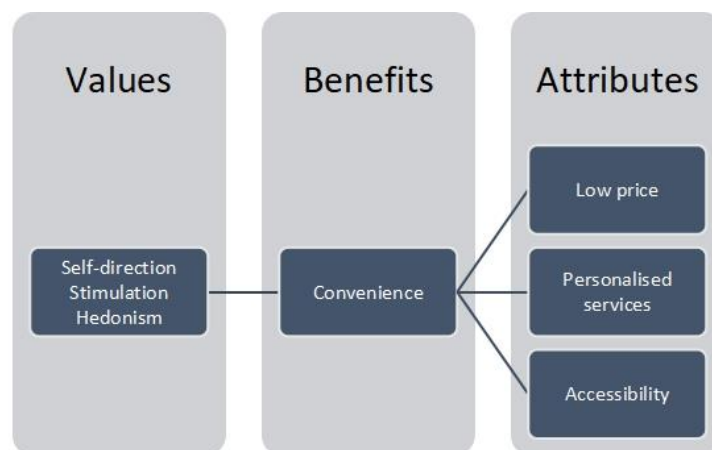


Figure 5.4: Showing the Attributes and Values associated with Convenience benefits.

The benefits discussed above are the psychological benefits that were perceived by the examined customers. Further, the attributes and values that respectively signal and motivate these benefits are highlighted. As noted, these psychological benefits are accrued to the individual customer. The next sections discuss the sociological benefits which are collectively accrued by customers.

5.3.5 Preserved local communities

Preserved local communities are sociological benefits customers associated with the buying of offerings that sustain their communities. Here, customers perceive the preservation of their local community as a benefit they derive from buying products from farm shops and farmers' markets. In this study, the attributes that were found to be associated with this benefit were Local products and Local business – see table 5.5 for a summary.

Table 5.5: Summary of preserved local communities' respondents. FM=farmers' market; FS = farm shop)

Attributes	Market (Location)	Descriptions	Product category
Local product	FM (R)	From Scotland; From my community	Livestock
Local product	FM (R)	Not from a far distance; From Helensburgh	Livestock
Local business	FM (R)	Situated in immediate or surrounding community/area	Livestock
Local product; Local business	FM (U)	From Scotland, Produced in Scotland, Scottish communities	Livestock
Local product	FS (R)	Part of community	Crop
Local business	FM (U)	In neighbourhood; small business	Livestock
Local business	FS (R)	Countryside; my community	Livestock
Local product; Local business	FS (U)	From Scotland & UK; not a part of a large chain	Livestock
Local product	FS (U)	Scotland; British Isles	Crop
Local product	FS (U)	Glasgow	Crop
Local product	FS (U)	Scotland; UK; Western Europe	Crop

5.3.5.1 Local-products

As discussed in chapter 2, local products chiefly describe products directly produced by a farmer within a defined boundary or community (Chicoine, Rodier and Durif, 2022). Here, however, it is the eco and moral motives that surround local products that motivate customer behaviour (Kumar, Talwar, *et al.*, 2021). Customer responses suggest that their communities are sustained by their patronage of products with local attributes. Stickel & Deller (2014) explains that the mechanism by which this buying behaviour supports local food producers, and their communities, are that when customers buy local products they promote local incomes and improve local jobs and social networks in those communities. Similarly, respondents expressed the same sentiments that suggest the buying of local products may preserve their communities as noted from Tom's statements:

I think people who sell local produce should be encouraged, as it keeps local people in business... I think you are keeping people's businesses going, and it keeps the whole area living and ticking along. It just keeps everything as a community. It's a community.

Such responses affirm that customers associate local product attribute with the preservation of their local communities. The assumption is that their local communities are preserved by the economic and social activities that are sustained through the purchase of locally produced agricultural products. However, it was noted that rural and urban respondents expressed different perceptions of 'local' concerning the preservation of their community through product patronage. Urban respondents

considered Scotland (sometimes the UK) to be their local community, as indicated by Daniel's statement:

It is local in the sense that it's a Scottish farm, and it's sold in Scotland to support the local economy because the money is spent in Scotland.

Whereas rural respondents tend to refer to a narrower geographic area, usually a local council, as their local community, as noted from Eve's statement:

It's important for me because I'm local, and I would like to support the local community, whether it be the stalls over there or something that comes to the farmers' markets or anything that comes to Helensburgh or the surrounding areas.

Analyses show that these differing perceptions of local communities have implications on what customers considered to be local products. For instance, it was noted that urban customers considered local products to be products that are produced within their perceived community. Their responses suggest that their communities can only be protected by buying such agricultural products. Jerry explains

I spoke earlier about supporting your local community...I want to support jobs in my own country. Again, if it's five pounds cheaper because it comes from over there rather than here, I'll pay the five pounds even if I am poor. Eventually, if I keep turning away from British stuff and buying the foreign stuff, then that is when we are going to get worse.

Contrastingly, responses from, mainly, rural respondents suggest they did not require their local products to be produced within their perceived communities. Rather, it appears they believe their local communities are preserved as long as these products are offered in their communities by a local business, irrespective of where the products

were produced. This finding may be crucial because prior studies have not highlighted a difference in the perception of rural and urban customers concerning the scope of their perceived communities. This difference may impact how local products are offered to these customers.

5.3.5.2 Local business

Local business here refers to businesses that are physically situated in the communities that are perceived as the local communities of customers. It was found that respondents associate this attribute with Preserving Local Communities' benefits. Josh explains:

Well, if he sells them here, he's selling for a profit, so he's still making money out of it at the end of the day... I will tend to come here as I do like to support people that are trying to carry out a business or run a business in a local area.

It was considered that respondents took it for granted that the agricultural products in their local markets were produced within their perceived communities. However, when it was pointed to some respondents that the products on offer may come from areas outside their perceived local communities (in this case, from outside the EU), their responses affirmed the view that the product source does not influence their patronage in these markets. Debbie's statement was emphatic.

No, not at all. It doesn't bother me. The fact that he's brought it here, I can just come down here, pick it up, go home, and that's it.

For rural customers, it was assumed that the relatively small size of the perceived communities of rural customers may make it difficult to demand that products are produced within that community before it is considered as local for community

preservation. Such demands may have implications on the range of agricultural products available to them. Perhaps, this has encouraged many rural respondents to accommodate the idea that purchases from local businesses are synonymous with purchasing a local product and thus preserving their communities. Whereas urban customers may insist on buying locally produced agricultural products and not be limited in the range of products because of the relatively large size of their perceived communities. It should be remarked that customers implied that these businesses needed protection because they were small farm businesses in line with suggestions that firms that offer local foods are perceived as small businesses (Autio *et al.*, 2013; Jensen *et al.*, 2019).

5.3.6 Preserved local communities' values and cognitive scope

On the values of proximity dimension (Eriksen, 2013) the analyses found that customers associated different values with their preserved local communities' benefits; however, these attributes were motivated by different values. Analyses revealed that local product attributes are motivated by safety, harmony, and stability goals in the examined customer group seeking this benefit. This suggests security values underlie this benefit (Schwartz *et al.*, 2012) since customers seek to preserve their community to ensure their safety.

Concerning the customers that perceived local businesses as attributes that promote preserved local community benefits; it was found that these customers may be motivated by benevolent values. Benevolent values are concerned with goals that preserve and enhance the welfare of those with whom one is in frequent contact (Schwartz *et al.*, 2012). Analyses indicate that respondents consider the welfare of the

farmer as a motivation for seeking their benevolent goals as suggested by Jerry's statement concerning a local farmer:

He's a local businessman. A lot is involved in starting a business. There's jobs and the shop... He supports a wee community of his own in terms of maybe three, four, five jobs. And if I don't buy from him, he may not be able to support those jobs.

In all, local product and local business attributes were found to be the attributes that customers associate with preserved local community benefits. These attributes were respectively associated with security and benevolent values. From the analysis, no discernible differences were found in the product and market categories of respondents that sought this benefit. As noted, however, customers perceived this benefit differently based on their rural and urban locations. The association between the attributes and values in relation to this benefit is shown in figure 5.5 below. This highlights the scope of cognitive structures that impact the buying decision of customers concerning this customer value dimension.

The cognitive scope of Preserved Local Communities' benefits

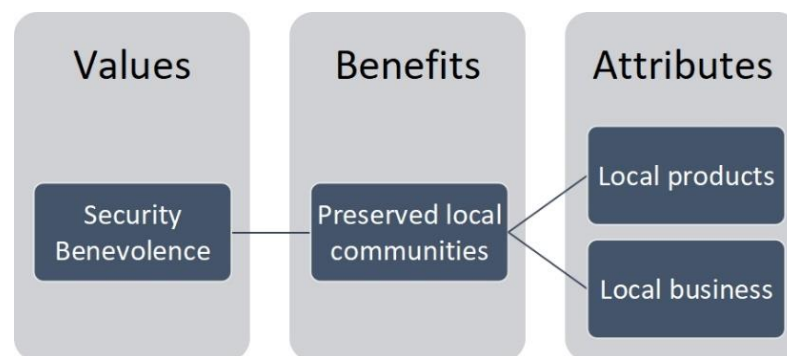


Figure 5.5: Showing the Attributes and Values customers associate with preserved local community benefits.

5.3.7 Promoted moral principles

Promoted moral principles benefit concerns the promotion of certain moral principles that get expressions in the social relationships customers associate with the alternative food ecosystems in farm shops and farmers' markets. Here, food ecosystems refer to the multitude of actors, elements, and processes that support a food system and the complex effects of the system on society and the environment (Bernardi and Azucar, 2020). The analysis shows that customers realise this benefit through the interpersonal relationships they forge in these markets. Thus, interpersonal relationship attributes were found to be the attributes that promote this ideal food ecosystem and invariably this benefit – see table 5.6. for summary

Table 5.6: Summary table for promoted moral principles benefits (FM=farmers' market; FS = farm shop).

Attributes	Market (Location)	Descriptions	Product category
Interpersonal relationship	FM (U)	Part of a movement to bring back communities	Crops
Interpersonal relationship	FM (U)	Being part of a group with ethical ethos	Livestock
Interpersonal relationship	FS (U)	Belonging to a group that makes a difference	Crops
Interpersonal relationship	FM (R)	Supporting a sustainable way of living	Livestock
Interpersonal relationship	FS (U)	Helping with global warming	Crop
Interpersonal relationship	FM (R)	I know the farmer the farmer personally	Livestock

5.3.7.1 *Interpersonal Relationships*

Interpersonal relationships refer to personal affection, credibility, and communication that exist between individuals (Barnes *et al.*, 2015; Wang *et al.*, 2018). Customers of

farm shops and farmers' markets associate these attributes with the alternative food ecosystem to realise the benefit of protecting their moral principles through their mode of food consumption. Peter highlights some of the aims of these principles as concerning these markets:

We are going back to systems... that allow us to give a more equal share of the resources to everyone... To develop systems that does not deplete resources or intensify and pollute rather than purify. So, this is a whole different mode of thinking, and it's all bound together, the environment, the community, the human rights and values, quality of justice, social justice.

It appears customers are building, or maybe rebuilding, their interactions with the food ecosystem on principles of fairness, justice, and moral responsibility. It has been noted that local food consumers express a moral purpose in their purchase behaviour (Banerjee and Quinn, 2022). Respondents who expressed these principles seem to view themselves as affiliates of a moral food ecosystem (Adner, 2017). These customers share that common sense of purpose that transforms them from being a group of individuals into becoming a community (Underwood, 1923). Customer responses suggest that this community seeks to enhance its moral ideals by building & sustaining relationships with other members of this perceived moral system. Leah, a local food customer who just moved to Glasgow, tells a story that expressed the building of such relationships as almost a duty:

This shop for me is about buying from people that are more valued in their job—and buying vegetables that are also part of a fairer deal than Tesco. So, it is important.

It's the first thing I found when I moved to Glasgow. In this place, it's made a big difference because I feel like I belong to a group of people that know me as a person.

It seems Leah hopes to promote, amongst other things, better workers' welfare with her buying behaviour. It may also be argued that the sense of belonging, alluded to, may be related to the moral principles Leah perceives from the activities of these firms. This supports the view that customers may be using the farm shops and farmers' markets as an arena to promote their moral principles. The strategy of these customers is to build and maintain interpersonal relationships that promote these moral goals. Peter explains:

These farmers' markets are part of a movement to bring that community back... so it's all about community...that why we go to the farmers' market. You may go there and spend only one hour or buy only one product, but the remaining 15 minutes, you chat with your neighbours, sellers, and fellow buyers.

Like Leah, some members of this community commonly consider the activities of larger producers and retailers as being in opposition to these moral principles. Responses, here, suggest that mass production and distribution activities (usually associated with large multinational firms) may be a barrier to the realisation of their moral principles. These respondents also view the relationship they forge in farmers' markets and farm shops as an opportunity to oppose the spread of contrary principles as Daniel explains

Going to McDonald or Burger King or any of these things that I don't think are good because of all those things I spoke about; like its fast food, poorly processed, not good

quality. This is good quality street food out here, it's healthy, nutritious, and the ethos behind what those boys used to be and what they are now is a positive thing.

The 'ethos' or the story behind the food was a primary concern for Daniel, while the product and service attributes are secondary concerns. Those 'ethos' were expressed as a sense of fairness for those workers and, simultaneously, a stand against commercial production systems, which are viewed as having contrary values. Daniel continues

The store out there has a great story behind them, they are from the violence reduction unit. They set up industries for folk who have a background with a bit of criminal history. They get trained up and become workers and get employability to better their lives and keeps them out of trouble in the future.

This moral pursuit was not limited to persons but also extended to the animals and the environment, in what was expressed as sustainable farming by respondents. In this view, it was argued that all the product and service attributes of agricultural offerings in farm shops and farmers' markets may be an outcome of the moral principles that have been implemented across their food ecosystem. Responses here suggest that farm businesses that uphold these moral principles like animal welfare and environmental welfare will deliver product and service attributes that deliver all the preceding benefits. Josh's statement explains this view concerning animal welfare:

I like the idea of going back to the sort of sustainable kind of living...Supermarkets are focusing on commercial things, and now things are going back to being local, to being more sustainable. This goes with all the animal-welfare. They are brought up well.

They are kept well... I like the idea that if I'm going to eat a product, or an animal product, that the animal has not suffered.

While Josh described sustainable farming in reference to those non-conventional farming activities that are perceived as promoting animal welfare, Beth sought sustainable farming practices to protect the environment and other people through her interactions with her farm shop.

The only thing that any of us can do is something small in our little way... I can help with global warming or help individual people that help me to feel a bit like my day has been a bit more worth it.

Since sustainable farming practices seem to embody many of the activities of these firms, it may explain why some respondents expressed a sense of comradery with these businesses and other promoters of this perceived moral farming system. Solomon expressed this solidarity by citing some of these shared values:

I like the small shop, more friendly... Support is cooperating, first of all, they are very friendly. Secondly, very sincere and genuine and try hard. And they are very honest, and it is informal. So, I like it. Supermarkets are the opposite.

Overall, it was noted that urban respondents mostly expressed this benefit. Responses from these respondents expressed a deeper sense of solidarity with these businesses in the belief that they share the same moral principles with these firms. Also, these urban respondents seem more entrenched in their opposition to conventional systems, usually associated with large multinational firms, which they believe promote contrary principles.

Though fewer rural respondents expressed this benefit, it was however observed that rural respondents appear to have a personal relationship with the local farmers or business operators. Their responses, sometimes, expressed these relationships as if they were talking about a friend as Jez's statements suggest:

I know the person whose stall it is, so that's why I bought it. Yes, that's why I bought it, I wouldn't have got something if I didn't know the person who sells it.

This finding aligns with prior studies that note that rural respondents valued a personal relationship with local businesses (Labbé-Pinlon, Lombart and Louis, 2016). Perhaps the smaller size of rural communities, in terms of population, allows relationships to foster quickly. Plus, the rate of building these relationships may be accelerated as people are employed from the smaller population pool of rural communities, thereby expanding the possibilities of forming a wider network of relationships. Nevertheless, only a few responses from rural respondents conveyed a sense of solidarity based on the aforementioned moral principles.; rather, it appeared to be based on a personal friendship. Even fewer expressed an entrenched opposition to large multinational firms based on some moral principles. Rather, their responses were more accommodating of large businesses. This may explain why Eve considers a large multinational firm as part of her perceived community: *Yes, I like Tesco, I would say it's local.*

5.3.8 Promoted moral principles values and cognitive scope

Concerning the values that motivate customer behaviours in these markets (Eriksen, 2013) i.e. the assessments that are influenced by the moral principles customers hold in these markets (Eriksen, 2013) the analyses found that customers associated universalism values with their promoted morals benefits. Universalism values concern

the understanding, appreciation, protection, and welfare of all people and nature (Schwartz *et al.*, 2012). Customer responses affirm that they are concerned with the welfare of the food-ecosystem associated with operators of farm shops and farmers' markets. In other words, customers are concerned with the appreciation and protection of farmers, animals, and the sustenance of the natural environment of these farm businesses. Customers benefit by promoting the moral principles they seek to uphold as a community. The analyses suggest that this is effected through the interpersonal relationship customers forge and foster within farm shops and farmers' markets.

In sum, the attribute of Promoted Moral principles benefits was found to be associated with the Interpersonal Relationships customers forged in farm shops and farmers' markets. Customers appear to realise this benefit by promoting the moral principles they seek to uphold as a community. This interpersonal relationship seems to go beyond the relationship customers build with these businesses to include anybody perceived as sharing the same moral principles with community members. Notably, these firms' product and service attributes appear to be a secondary consideration for customers concerning this benefit. Rather, they are considered a possible outcome of implementing these moral principles across the food ecosystem. The cognitive structures that show this benefit's association with its attribute and values are presented in figure 5.6 below.

The cognitive scope of Promoted Moral Principles benefits

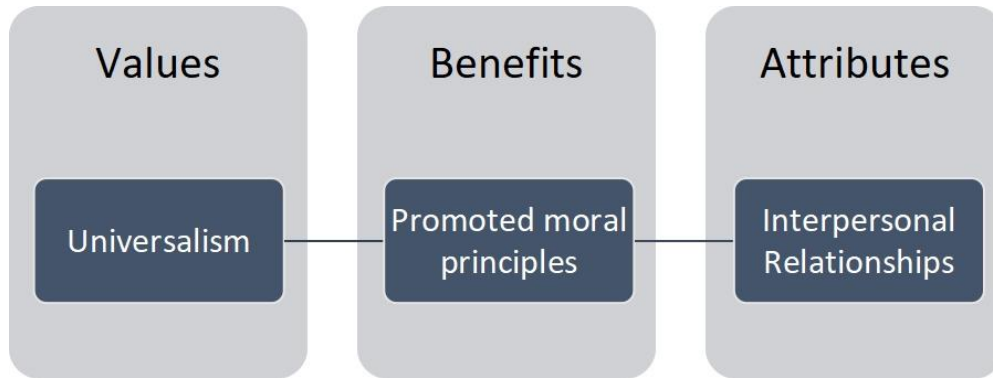


Figure 5.6: Showing the Attributes and Values customers associate with Promoted moral principles benefits.

The above discussions have identified the cognitive scope of customer values. This represents all the attributes, benefits and values that impact the buying behaviours of the examined customers in farm shops and farmers' markets. The next section explores the dominant orientations in these markets. As noted in chapter 4, these dominant orientations are explored in order for farm businesses (especially small farms) to channel their limited resource to these dominant customer groups to assure their viability.

5.4 Identifying the dominant orientations

In this section, the dominant cognitive orientations are identified through further analyses of the preceding output. The relevance of identifying the dominant orientations, for customers, is that they signal the benefit, attributes, and values that customers consider to be most valuable across these examined markets.

To facilitate this analysis, the technique proposed by Gutman (1982) directed the development of ladders. Thus, the connected cognitive structures are displayed in their ladders to develop the summary codes for further analyses based on the attributes, benefits, and values identified for the overall customer group (as shown in table 5.7). Then, the responses of individual customers are re-examined to identify the cognitive structures that impact their buying decisions. The output of this analysis is the total cognitive structures (ABV) that were ladderized for all the examined customers.

Further analysis examines and measures the strength of the relationship between all the elements in the identified cognitive structures in line with similar works (Grunert et al., 1995; Baker et al., 2004). In this work, however, proprietary software (LadderUX) was employed for this analysis. The result of the analysis will reveal the dominant orientations of these customers, which are displayed on the implication matrix. These estimates are then hierarchically represented in the hierarchical value maps for the examined markets.

5.4.1 The Ladders

Ladders show the connections between each of the elements that represent a cognitive hierarchy in relation to a specific valuable outcome. Based on my preceding analysis, the scope of cognitive structures that impact customers of the examined markets were identified. Further analysis, guided by Reynolds & Gutman's, (1988) laddering approach, found that 13 ladders represent the scope of cognitive hierarchies for customers across the examined markets (See table 5.7).

Table 5.7: List of ladders: Showing the cognitive hierarchies impacting the buying decisions of customers.

Ladders	Attribute (A)	Benefit (B)	Values (V)
Ladder 1 <input type="checkbox"/>	Freshness	Taste	Hedonism
Ladder 2 <input type="checkbox"/>	Colour	Taste	Hedonism
Ladder 3 <input type="checkbox"/>	Chemical-free	Health & Wellbeing	Security
Ladder 4 <input type="checkbox"/>	Free-range	Health & Wellbeing	Security
Ladder 5 <input type="checkbox"/>	Naturalness	Health & Wellbeing	Security
Ladder 6 <input type="checkbox"/>	Variety	Choice	Stimulation
Ladder 7 <input type="checkbox"/>	Distinctiveness	Choice	Security
Ladder 8 <input type="checkbox"/>	Low price	Convenience	Self-direction
Ladder 9 <input type="checkbox"/>	Personalised service	Convenience	Hedonism
Ladder 10 <input type="checkbox"/>	Accessibility	Convenience	Self-direction
Ladder 11 <input type="checkbox"/>	Local products	Preserved local communities	Security
Ladder 12 <input type="checkbox"/>	Local business	Preserved local communities	Benevolence
Ladder 13 <input type="checkbox"/>	Interpersonal relationship	Promoted moral principles	Universalism

To reveal the dominant orientations in these markets, the elements of the ladders were listed (as attributes, benefits, and values) and assigned summary codes (See Tables 5.8; 5.9 and 5.10).

Table 5.8 List of summary codes for Attributes

Summary codes	Attributes
A1	Colour
A2	Freshness
A3	Chemical-free
A4	Free-range
A5	Nutrition
A6	Variety
A7	Distinctiveness
A8	Low price
A9	Personalised Service
A10	Accessibility
A11	Local product
A12	Local business
A13	Interpersonal-relationship

Table 5.9: List of summary codes of Benefits

Summary codes	Benefits
B14	Taste
B15	Health & Wellbeing
B16	Choice
B17	Convenience
B18	Preserving local community
B19	Promoted moral principles

Table 5.10: List of summary codes of Values.

Summary codes	Values
V20	Hedonism
V21	Security
V22	Self-direction
V23	Stimulation
V24	Benevolence
V25	Universalism

Next, the responses of each customer are re-examined to identify their individual ladders. These ladders will populate the implication matrix for further analysis. The identification of individual ladders is principally why the means-end chain models employ a laddering technique in their interviewing process (Reynolds and Gutman, 1988, 2001).

The technique is aimed at encouraging responses that will reveal the attributes, benefits, and values each customer associates with an offering. The process begins with eliciting distinctions from customers. While this establishes a meaningful difference between a mentioned attribute and a possible substitute, the process also creates a platform that organises customer thoughts into the relevant cognitive abstractions, i.e. attributes, benefits, and values. The laddering technique reveals these cognitive abstractions by probing the elicited distinctions using a series of

‘why’ questions aimed at exploring the basis of these distinctions and their relationship to the end goals of customers.

The re-examination of individual customer responses, here, was aimed at identifying those elicited distinctions that developed to ladders concerning their buying decisions in these markets. On this basis, a total of 87 ladders were identified from the responses of individual customers. This amounts to an average of 4 ladders for each customer. It has been noted that customers may have multiple ladders in relation to a particular offering; and an average of four ladders, as found here, seemed appropriate for means-end chain analysis (Reynolds and Gutman, 1988). This outcome enabled the development of the implication matrix.

The implication matrix measures the strength of the relationship between the elements by aggregating the number of links between an element and all other elements (Grunert et al, 1995; Baker et al., 2004). The elements with more linkages are the dominant orientations in these markets. In this study, the analysis of the identified ladders was done using the LadderUX software to generate the implication matrix (See Table 5.11). To generate this matrix, the ladders for each respondent were populated on the LadderUX analysis software to measure the strength of the relationship across all the elements. The outcome of this analysis reveals the dominant cognitive elements in these markets. This outcome is displayed on a Hierarchical Value map, which is a pictorial representation of the implication matrix.

Although it may be possible to display all the recorded links on the implication matrix and, invariably, on the HVM, it is advised that only the most important

links should be displayed in order to reduce the complexity of the HVM (Grunert et al. 1995). This is made possible by specifying a cut-off level for the analysis. The cut-off level simply specifies the minimum cell entry that is to be accommodated in the implication matrix—in effect, specifying the minimum amount of links necessary to be made by each coded element before it can be displayed on the HVM. This specification reduces the complexity of the HVM while simultaneously displaying the most important links (Grunert, Grunert and Sorensen, 1995). It is suggested that an appropriate cut-off level should retain the most information within a stable set of relations. To arrive at this level, it is recommended that multiple cut-off levels are applied in order to find this crucial balance (Reynolds and Gutman, 1988; Grunert et al. 1995; Baker et al., 2004).

Following this advice, multiple cut-off levels were attempted in this analysis, which resulted in several sets of HVMS. However, a cut-of-level of five was found to be most appropriate since it retained the most amount of information that was considered to be relevant to this research. Moreover, a cut-off level of 5 is in line with similar studies (Aurifeille and Valette-Florence, 1995) and within the 3 – 5 recommended by proponents of the means-end chain model (Reynolds and Gutman 1988).

Table 5.11: The implication Matrix: Showing the strength of association between elements.

	15	16	17	18	19	20	21	22	23	24	25	26	27	sum out	sum in+out	centrality
01 Colour	2 0						0 2							2 2	2 2	0.006
02 Freshness	11 0						0 11							11 11	11 11	0.032
03 Chemical free		6 0						0 6						6 6	6 6	0.017
04 Free range		3 0						0 3						3 3	3 3	0.009
05 Nutrition		2 0						0 2						2 2	2 2	0.006
06 Variety			6 0	1 0			0 1			0 6				7 7	7 7	0.02
07 Distinctiveness			3 0					0 2		0 1				3 3	3 3	0.009
08 Low price				4 0					0 4					4 4	4 4	0.011
09															0 0	0
10 Personalised Services				7 0			0 7							7 7	7 7	0.02
11 Accessibility			1 0	4 0					0 5					5 5	5 5	0.014
12 Local product	1 0				9 0		0 1	0 9						10 10	10 10	0.029
13 Local business					15 0							0 15		15 15	15 15	0.043
14 Interpersonal relationships						12 0							0 12	12 12	12 12	0.034
15 Taste							14 0							14 0	28 0	0.08
16 Health & Wellbeing								11 0						11 0	22 0	0.063
17 Choice								2 0	1 0	7 0				10 0	20 0	0.057
18 Convenience							8 0		8 0					16 0	32 0	0.092
19 Preserved local community								9 0				15 0		24 0	48 0	0.138
20 Promoting moral principles													12 0	12 0	24 0	0.069

21 Hedonism															22 22	0.063
22 Security															22 22	0.063
23 Self-direction															9 9	0.026
24 Stimulation															7 7	0.02
25 Achievement															0 0	0
26 Benevolence															15 15	0.043
27 Universalism															12 12	0.034
sum in	14 0	11 0	10 0	16 0	24 0	12 0	22 22	22 22	9 9	7 7		15 1 5	12 1 2	174 87	348 174	1

5.4.2 The Hierarchical Value Maps

The implication matrix generated from the analysis resulted in a Hierarchical Value Map (HVM) that identified five dominant value orientations for customers of farm shops and farmers' markets concerning agricultural offerings. In the order of their dominance, these value orientations were 1) Security 2) Hedonism 3) Benevolence 4) Universalism and 5) Stimulation. Correspondingly, these dominant orientations were linked to 7 dominant attributes and their associated perceived benefits (See figure 5.7).

Hierarchical Value Map for customers of farm shops and farmers' markets

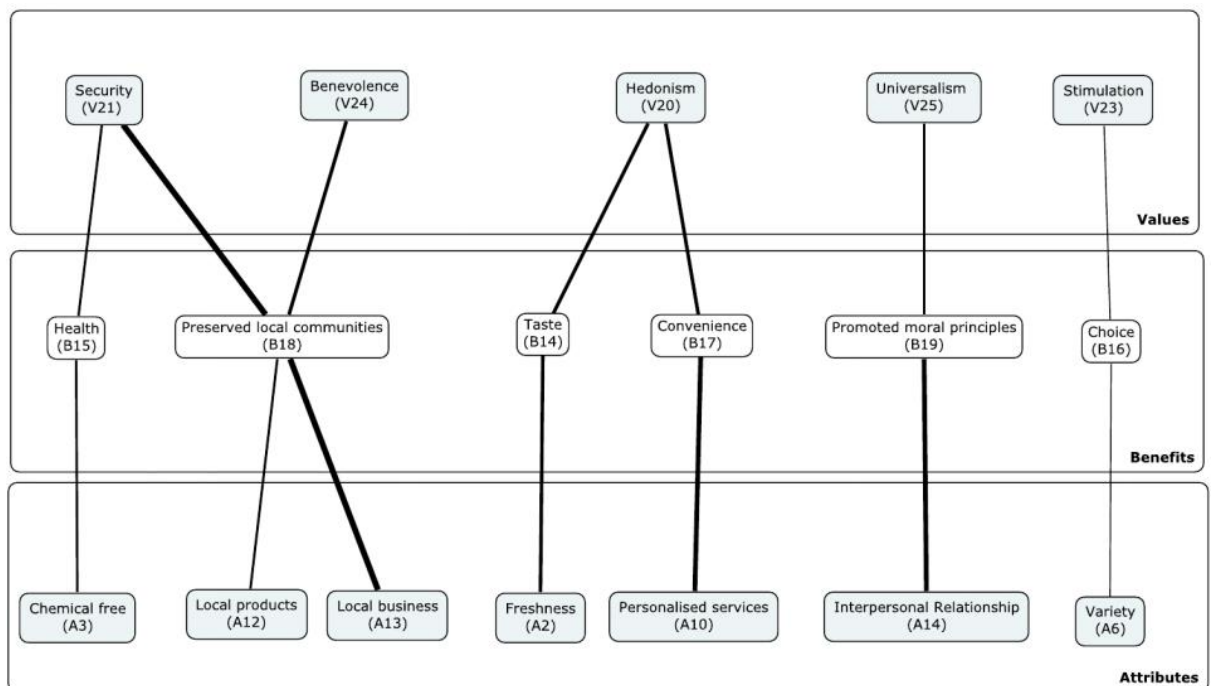


Figure 5.7: HVM showing the dominant value orientations for customers across the examined farm shops' and farmers' markets

Based on these dominant orientations, customers in these markets are mainly motivated by security goals they realize by buying agricultural offerings with local-products and chemical-free attributes. Furthermore, the pleasure goals customers seek in these markets appear to be realised mainly through freshness and personalised-services attributes. Further down this value hierarchy, it is noted that the farmer's welfare becomes a dominant consideration in the buying decisions of customers. This goal is realised through the local business attribute of agricultural offerings. On similar lines, the welfare of the wider alternative food ecosystem seems to influence customer decisions in these markets. Customers realise these goals by fostering interpersonal relationships attributes that promote their moral principles with like minds. Finally, customers are stimulated to seek their choice benefits through the variety attribute offered by the range of offerings of these businesses.

5.4.3. The market segments.

In line with arguments that rural and urban customers may have different motivations for buying the offerings of these businesses (Ilbery, 1991a), the dominant orientations of these respondents were examined based on their location. The HVM for urban respondents shows these customers were motivated by four dominant value orientations, i.e., 1) Security, 2) Hedonism, 3) Universalism & 4) Benevolence (See figure 5.8). Whereas the HVM for rural respondents presented two dominant value orientations, i.e., 1) Hedonism and 2) Benevolence (See figure 5.9). This affirms Ilbery's (1991) suggestion differences may exist in these market segments.

Hierarchical Value Map for Urban customers

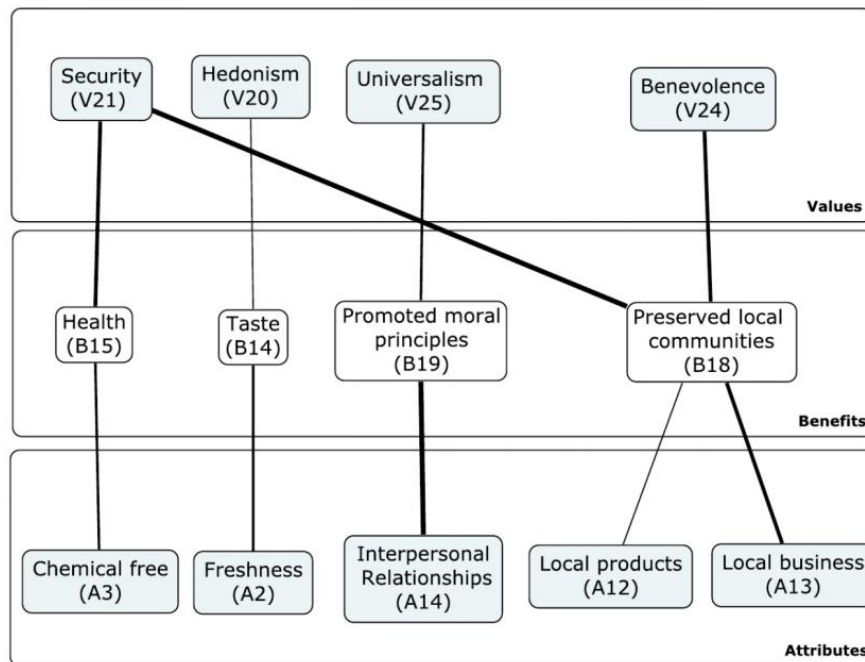


Figure 5.8: HVM showing the dominant value orientations for urban customers

Hierarchical Value Map for Rural customers

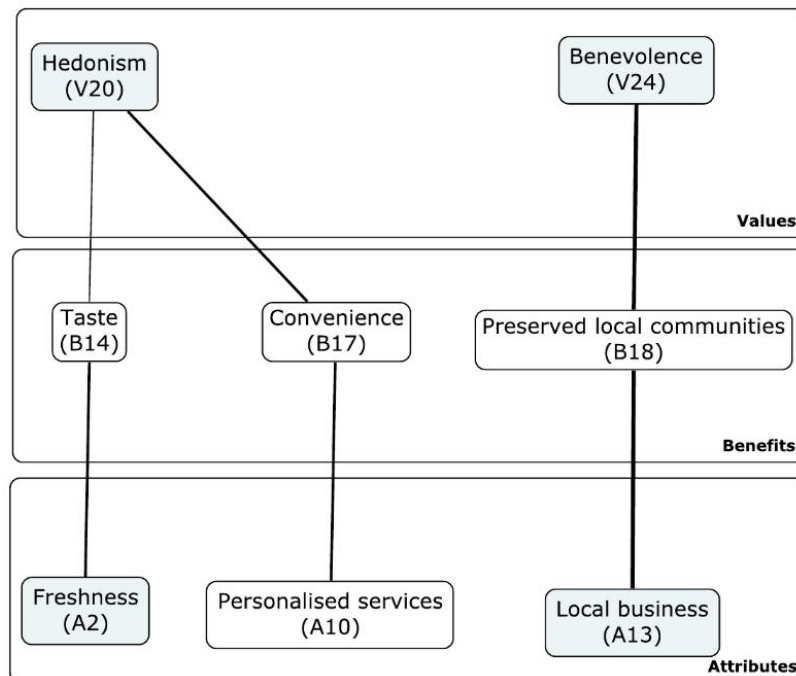


Figure 5.9: HVM showing the dominant value orientations for rural customers

This finding affirms that there are spatial differences in the buying behaviour of rural and urban respondents as noted in previous works (Labbé-Pinlon, Lombart and Louis, 2016; Farris *et al.*, 2019). Here, it was noted that urban respondents expressed more concern for their health & well-being and their moral values compared to rural respondents. This finding contrasts with Labbé-Pinlon, Lombart and Louis's (2016) findings that suggest rural respondents expressed more concern for the immaterial properties of local food. Rather, this research found that rural respondents appear to associate their purchases in these markets with pleasure and enjoyment goals which concern the material dimension of the local food. In alignment with Labbé-Pinlon, Lombart and Louis's (2016) work, however, a personal relationship with businesses was noted in rural respondents. Rural respondents seem to have established personal contacts or friendships with farm representatives which was not noted with urban respondents. In addition, this research found that urban respondents expressed a deeper sense of solidarity with businesses through interpersonal relationships based on a moral perception of the business. This moral dimension has been highlighted in recent studies (Banerjee and Quinn, 2022).

5.5 Conclusions

As noted in the introduction, the goal of this chapter is to identify the attributes that signal the benefits customers seek from the offerings of structurally diversified farm businesses. The analyses identified seven dominant attributes associated with the agricultural offerings of farm businesses across the examined farm shops and farmers'

markets. These attributes were associated with six benefits and five values (see figure 5.10).

The identified attributes, benefits, and values

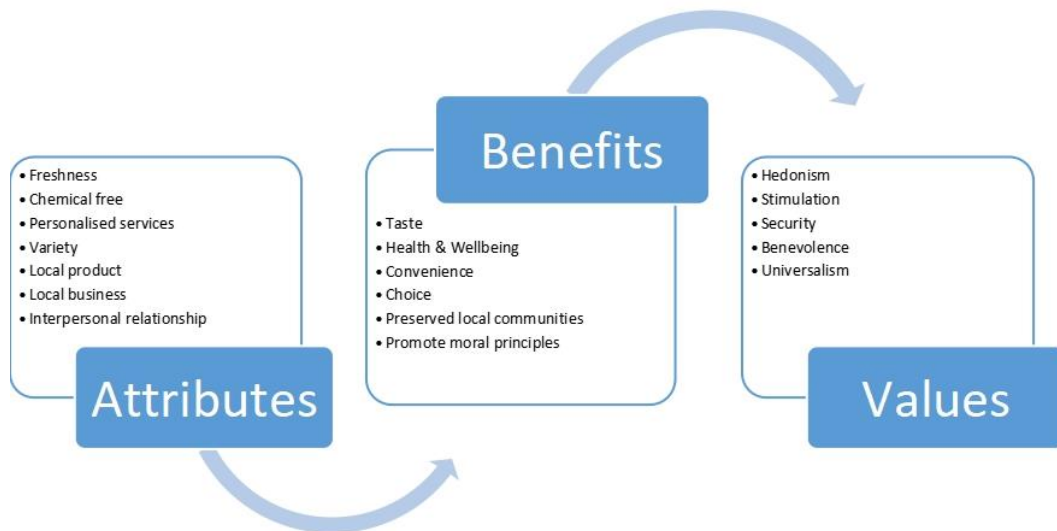


Figure 5:10: Summary of the dominant attributes, benefits, and values associated with strategic resources in the Scottish farming sector.

It should be recalled that the identified values highlight the motivations that guide the buying behaviours of local food consumers on the values of proximity dimension (Eriksen, 2013). This dimension, however, has been scarcely explored in extant local food research works. Furthermore, the assertion that differences exist between rural and urban customers was affirmed by the findings in this section which suggest market segmentation opportunities. In all, the findings are crucial input for the analyses in the next chapter (farm phase) because the attributes highlighted here signal the strategic resources that underlie their delivery. The next chapter explores the strategic resources that embed these attributes in these firms' offerings.

CHAPTER 6: FARM PHASE

6.0 Introduction

This farm-phase analysis presents the key findings and discussions concerning the strategic resources with the potential to deliver value for structurally diversified farm businesses. In essence, this section explores the firm-value dimensions in the proposed research framework discussed in chapter 3. The analysis in this phase aims to identify the strategic resources of the examined firms and the factors that sustain the value-creating potentials of these strategic resources. Invariably this section addresses research objectives two and three:

Research Objective 2: To identify the strategic resources that embed benefits in the offerings of structurally diversified farm businesses.

Research Objective 3: To identify the sustaining factors associated with the strategic resources of structurally diversified farm businesses.

To this end, the analysis was undertaken to simultaneously address these research objectives. The findings identify the strategic resources that underlie the benefits delivered to customers of farm shops and farmers' markets. This identification of strategic resources was based on the attributes that are associated with the agricultural offerings of the examined firms. The identified strategic resources signal the potential for these firms to create value to improve their competitiveness. Concurrently, the analyses also explore the factors that sustain the value-creating potentials of the identified strategic resources. These sustaining factors ensure that the potential to capture value from deployed strategic resources is maximised by firms that possess these resources. Finally, the findings are summarised before the chapter is concluded.

6.1 Identifying the strategic resources and their sustaining factors.

In the last chapter, the benefits perceived by customers of farm shops and farmers' markets were identified. That analysis also identified the range of attributes customers associate with the benefits they perceive from the agricultural offerings in these markets. These attributes are the tangible and intangible characteristics of products or services that customers associate with an offering (Hsiao, Ju Rebecca Yen and Li, 2012a). Crucially, these attributes embody the resource combinations that deliver the beneficial outcomes customers perceive. These resource combinations are the strategic resources of firms (Barney, 2011; Teece, 2014).

As noted in the methods chapter, the customer benefit classifications provided the categories to present the identified strategic resources in this section. These benefit categories, which are physiological, psychological, and sociological, synergised the analyses in this phase with the customer phase. Concurrently, the exploration of how firms in the sector sustain these strategic resources was guided by the sustaining factors proposed by the resource-based perspectives (Teece, Pisano and Shuen, 1997; Barney, 2011). These sustaining factors were classified as Active Sustaining factors (ASF) and Passives Sustaining Factors (PSF); based on the ability of firms to directly manage them (See chapter 4). The ASFs include organisation and replicability while the PSFs include inimitability, rarity, and uniqueness.

From the analyses, ten strategic resources were identified in the examined farm businesses (see tables 6.1 and 6.2). The tables highlight the strategic resources that were identified in these markets. The strategic resources that are highlighted in green

are strategic resources that are acknowledged to be relevant for value creation and possessed by farm businesses in the sector, based on responses. For instance, short supply chain capabilities were noted to be possessed by all the crop businesses because these businesses accrue value by directly presenting their offerings in farm shops or farmers' markets without the use of middlemen that lengthen the supply chain.

The strategic resources highlighted in amber are those that are acknowledged by respondents as valuable but no evidence was presented for their possession of these strategic resources. In some cases, the examined firms considered the possession of these strategic resources to be outside their core farming activities. For instance, public relations capabilities were well noted by respondents but there was no evidence of possessing this capability in most of the examined farm businesses. As will be explained in the discussions, it seems many of the farmers are content with focusing on the productive aspects of the farm businesses and less on public relations activities.

The strategic resources highlighted in red represent those that are not possessed by the examined firms and, in some cases, are not considered to be relevant to the businesses. For instance, meat hanging capabilities are not possessed by crop producers because they are not required by such farms. However, organic production capabilities are not considered to be relevant by most of the examined farm businesses since they believe their level of chemical use, though higher than organic producers, is acceptable to their customers on trust. The subsequent sections of this chapter discuss these findings by detailing the strategic resources and the sustaining factors that were found for structurally diversified farm businesses in the examined markets.

Tables 6.1 and 6.2: Summary of the identified strategic resources for crop and livestock respondents (E= egg; D=dairy)

		Crop category respondents						
		Farmer's market			Farm shop			
Benefits type	Strategic Resources	Arnold	Heath	Frances	Eddie	Roger	Peter	Marlon
Physiological	Short supply chain							
	Seasonal production							
	Meat hanging							
	Slow growing							
	Organic production							
Psychological	Polyculture							
	Customer services							
Sociological	Extensive farming							
	Public relations							
	Interpersonal relations							

		Livestock category respondents											
		Farmer's market					Farm shop						
Benefit type	Strategic Resources	Watson	Goode	Graham	Holmes	Marlon	Jim (E)	Clarke	Ted	Robert	Diana	Charley (D)	Smith (D)
Physiological	Short supply chain												
	Seasonal production												
	Meat hanging												
	Slow growing												
	Organic production												
Psychological	Polyculture												
	Customer services												
Sociological	Extensive farming												
	Public relations												
	Interpersonal relations												

6.2 The strategic resources that deliver physiological benefits & their sustaining factors.

From the preceding customer phase, it was found that taste and health benefits were physiological benefits sought by customers of the examined farm shops and farmers' markets. These physiological benefits are those benefits that are delivered to customers from the direct consumption of an offering (Gutman, 1982). The customer phase analysis found freshness & colour as attributes associated with taste benefits while chemical-free, free-range, and naturalness were associated with health benefits.

6.2.1 Strategic resources that deliver taste benefits

Taste benefits concern the flavours customers associate with the offerings of farm-shop and farmers' markets. The customer phase analysis found that freshness was the dominant attribute associated with taste benefits. Similarly, farm business responses suggest they also identified freshness as an attribute that promotes the taste of their offerings for customers, as may be noted from Peter's statement.

Freshness has a huge effect. I mean, you know my produce always tastes better cos it's fresher. That's what I have always believed (laughs). We pick it from the farm and put it in the shop and sell it only a day or two, three, days old. It's very fresh, newly picked.

Further, customers were noted to be motivated by hedonistic values in relation to their buying decisions concerning freshness. Hedonistic values embody those motivations that are aimed at satisfying the pleasures and sensual gratification of a customer from the consumption of an offering (Schwartz *et al.*, 2012). Correspondingly, responses

from farm businesses also associate freshness with the hedonistic motivations of their customers. For instance, Graham notes the enjoyment sought by customers of his offerings.

People taste it and enjoy the taste; then they buy it. Then you hope they repeat, and they come back because they enjoyed the burger.

For producers in the crop category, it was observed that their responses assessed freshness from a geographic dimension (Eriksen, 2013); i.e., in terms of distance, time, and processes their crop products are subjected to after harvest (Gvili *et al.*, 2017). These responses are similar to those of their customers suggesting that the taste of crop offerings is enhanced when the distance, time, and processes are minimized after production. This implies that short supply chain capabilities may be the strategic resource that underlies the delivery of freshness attributes, as explained by Arnold:

Why is the flavour good? For me, it's the freshness because it's a very short supply chain. It's not travelled a long distance. It's not being held in storage. The most important component is freshness.

6.2.1.1 Short supply chain capabilities

Short supply chains (SSC) describe the supply of food products to customers through reduced or minimal transaction points within the food channel (Ilbery and Maye, 2005; Nazzaro, Marotta and Stanco, 2016). It is argued that an evolution in customer taste, which started in the 1990s in the UK, may have increased the value of SSC capabilities in direct marketing channels like farm shops and farmers' markets (De-Fazio, 2016). It should be recalled that local food consumers consider the shorter link between producer and consumer as an indicator of quality offerings (Mastronardi *et al.*, 2019).

This view may have encouraged the growth of farm shops and farmers' markets which can be traced to the same period in the UK (Carey et al., 2011).

It seems the mechanism by which taste is enhanced by producers that utilize SSC capabilities is that this capability allows producers to harvest crop products when they are ripe and full of flavour. Eddie explains:

Sometimes, we go for Egyptian strawberries, where they will be air freighted. The problem with Egyptian strawberries is that they have to be picked massively under-ripe because it is so hot there, in case there are any delays. It is horrible. Whereas the Dutch, because they are only 24 hours away, they can pick it riper.

Thus, farm businesses are strategically deploying this strategic resource to ensure that their agricultural offerings are presented to customers in the shortest possible time after they have been harvested in their ripe and ready state. It was noted that this strategic approach was also employed by producers of Livestock-by products.

Responses from milk & egg producers suggest that short supply chain capabilities may be the strategic resource that delivers taste benefits to their customers. Milk producers assure their offering's freshness by ensuring that they are delivered to customers immediately after production. That is after pasteurisation since fresh milk cannot be legally sold to customers in the UK except, that they are pasteurised. It was noted that responses from milk producers suggest they rely on a short supply to ensure the freshness and taste of their offerings:

Charley: The cows are milked twice a day, so we've got fresh milk twice a day, and we just use them; it's fresh.

Similarly, egg producers rely on a short supply chain to ensure product freshness. Like milk producers, egg producers aim to deliver their products to customers immediately after production. Jim seems well aware that customers demand his produce in a fresh state, and so he delivers them personally, just after harvest:

Our customer has come to say, “We want {X} farm eggs because we know that they are fresh and free-range... from the outset, we said we will deliver you eggs to your home once a week. We’ve now got an egg business where we are supplying to, predominantly, Helensburgh. Thursdays are the east side of Helensburgh; Friday is the west side of Helensburgh.

Another capability that appears to influence the taste of crop products was seasonal production capability. It was noted that crop producers extended their strategic approach to ensure freshness and taste by ensuring the precise seasonal timing of their production.

6.2.1.2 Seasonal production capabilities

Seasonal-production capability describes the production of crop products within their optimum growing season. It is argued that the flavour of crop products is enhanced when grown within their natural season because the natural environments are optimised to deliver an enhanced flavour during that particular season (Cantelaube and Terres, 2005).

Frances: We are a seasonal farm, so we can’t grow everything we need for our purposes. So in the winter, we buy our own carrots and potatoes, that kind of thing. I don’t really like the way they taste; I know it’s a big difference. The carrots taste like water, but when you have the carrots here, off the soil then, it really tastes amazing.

The analyses suggest that farm businesses manage their growing schedules to coincide with the optimum growing seasons for their agricultural offerings. Although this strategic approach to deliver taste benefits was not mentioned by customers, it was observed that most of the farm businesses in the crop category produced their offerings seasonally. Responses also affirm that these businesses engage in these activities to enhance the flavour of their offerings, thereby signalling seasonal production capabilities as a strategic resource that enhances the taste of the agricultural offerings of these businesses. Although it has been suggested that seasonal production capabilities may also quantitatively enhance the productive capacities of crop producers. That is if this capability is effectively deployed it may increase the yield of farm businesses that possess the capability (Cantelaube and Terres, 2005; Stone and Meinke, 2005). However, this study only found that farm businesses appear to engage in the management of this strategic activity to enhance the taste of their crop offerings.

As concerning the colour attribute associated with taste benefits by customers of livestock products, interestingly, farm business respondents dismissed its association with taste benefits with respect to eggs. It should be recalled that customers considered the darker red colour as a promoter of taste benefits in livestock products. However, this perception was rejected as unrelated to taste by farm business respondents in the egg sub-category. Responses here suggest that farmers are aware that their customers made a connection between the colour attribute and taste benefits; they, however, did not consider this to be a promoter of taste as may be noted from Jim's statement:

If you change feed, you can pretty much change the colour of the eggs... The protein content, or the nutritional value, doesn't change, but people eat with their eyes... and

they eat with their minds; they are convinced they bought a better product. What I do know is I sell them fresh, very fresh. That's probably the most overriding thing.

Nevertheless, a strategic approach to delivering a darker red colour for livestock products, through feed manipulation, was not evident from the responses of the examined firms. Instead, livestock producers consistently associated the taste benefits of their offerings with Meat hanging capabilities.

6.2.1.3 Meat Hanging capabilities

Meat hanging capabilities describe the maturing of harvested livestock to enhance its taste benefits. Responses suggest that this after-slaughter activity promotes the taste of livestock products in contrast to how taste is promoted through freshness, i.e., by limiting processes after harvest. Ted explains how this carcass ageing process enhances taste:

It does taste good cos it's been hanging for three weeks in my chill, so that has matured it. That's what matures it. That's what gives it that tasty flavour.

Meat hanging (also called ageing or maturing) was noted by farm business respondents as the major capability that promotes the taste of their livestock products. The process described by Ted above is known as dry hanging; this process has been used for centuries by butchers for preserving and tenderising meat (Dashdorj *et al.*, 2016). The dry hanging process requires storing hung carcasses in a controlled environment (cold and well aerated) for a specific period. The inclusion of 'dry' in the hanging process was to distinguish it from the more contemporary wet-hanging process. Wet hanging requires that the carcass is vacuum-sealed before storing it in a controlled environment. None of the interviewed respondents used this wet hanging process.

The improved taste of hung carcasses is derived from enzymatic activities that break down the cell molecules (and muscles) of meat carcasses, resulting in a more flavourful and tender carcass (Perry, 2011). As concerning the storage time for hung carcasses, responses suggest that the carcass size influences how long it can be hung. Essentially, the larger the carcass, the longer the hanging period. For instance, Goode hangs his slaughtered lambs for 10 days while Clark hangs his beef for 32 days. Notably, the longer a carcass is hung, the lower the yield. This lower yield is because part of the carcass weight is lost in the hanging process. It appears these farm businesses simply recoup their losses by a proportional increase in the prices of the offered products, as may be noted from Graham's statement:

When you went to a supermarket, the beef will be only hung for 7 days because the longer you hang beef, it shrinks. So, if you hang it for 32 days, you may lose an extra, say 15%. So 15% profit to them and I lose 15%. So, I have to charge at least 15% more.

Correspondingly, it seems customers are satisfied with this trade-off to realise their taste benefits. This is supported by the observation that all the livestock producers employed meat-hanging capabilities to enhance the taste of the offerings. However, it was noted that this activity was not normally performed by these businesses but by contracted butchers and slaughterhouses. Nevertheless, these firms are strategically ensuring that the taste benefits sought by customers through meat-hanging capabilities are embedded in their livestock offerings via this strategic resource – albeit outsourced.

It should be noted that the examined customers did not mention meat hanging; rather, customer responses suggested that the taste of livestock products is enhanced through

the humane production processes of these farm businesses. Perhaps through the slow-growing process that was mentioned by producers as the factor that improves the welfare of the animals and the taste of the resultant product.

6.2.1.4 Slow-Growing capabilities

Slow growing here describes a form of extensive pasturing where livestock are bred in a longer product cycle as compared to intensive pasturing, where the cycle is shorter (Aparicio-Tovar and Vargas-Giraldo, 2006). This longer product cycle is due to a reliance on the natural habitat for the livestock's food supply. Responses from farm businesses suggest that slow-growing capabilities promote taste because it allows animals to mature before slaughter. In this view, the maturing process occurs before the livestock is slaughtered. Goode explains.

We don't feed them or finish them on sort of mono-cultural grasses really... So they don't finish very quickly, and so they grow slowly, and that's basically how it works. You are what you eat, ain't it? And it's got lots of different tastes, and that comes out in the meat. We don't sell anything now that's less than a year old, so anything sold is at least a year old, usually 14 to 16 months. It's not just the taste either, it's succulent, and it's got more of a beef texture than a young lamb because it's older.

These responses suggest that the underlying strategic resource concerned with this maturing activity is slow-growing capabilities. It is argued that farm businesses prefer this approach because of the lower capital & labour input it requires (Stott *et al.*, 2005). However, this form of extensive pasturing was not dominantly associated with taste benefits from customer responses, although it was noted by farm businesses as a possible promoter of taste benefits.

6.2.2 Strategic resources that deliver health benefits

For customers, health benefits concern avoiding chemicals in the agricultural offerings they buy from farm shops and farmers' markets. Customers associate chemical-free, free-range, and naturalness as the attributes of agricultural offerings that ensure their health benefits. The chemical-free attribute, however, was found to be the dominant attribute of this benefit. Customers reasoned that this attribute promotes health benefits because the agricultural products offered in these markets were produced with few or no chemicals in their production process. Business respondents also echoed this view as Roger notes:

I would say they are more concerned about their health, more concerned about what they are eating... I have produced a safe product whereas you often buy something from the supermarket you not sure whether you're buying your horse meat or cow.

Chemical-free attributes are motivated by security values. These security values concern the preservation of safety, harmony, and stability of the self, immediate environment, and the wider social structure (Schwartz *et al.*, 2012). In Scotland, agricultural producers adhere to the European Union standards for the management of chemical use to ensure the safety of food products. The regulations are designed to address the safe use of chemicals like pesticides and fertilizer for crop products as well as antibiotics and vaccines for livestock products (Pisanello, 2014; Tang *et al.*, 2017). The mismanagement of chemical input in food has been linked to various ailments ranging from mild gastroenteritis to fatal hepatic and cancer cases (Ferro *et al.*, 2012; Rather *et al.*, 2017). The excessive use of antibiotics, however, poses a different sort of danger to health. Here, the threat is that its excessive use may lead to increased drug

resistance by bacteria that have been excessively exposed to antibiotics during livestock production (O'Neill, 2015). Thus, putting human health at risk whenever these drug-resistant bacteria infect human populations.

Nevertheless, government-approved standards set the base standards for chemical use in agricultural production in the UK. These standards are implemented in over 90% of the UK farmland area (DEFRA, 2018). Some farms, however, adhere to a stricter standard for chemical use, e.g., the organic standards, which was noted in a few of the examined farm businesses.

6.2.2.1 Organic production capabilities

Organic production capabilities describe agricultural processes that use natural methods to maintain pest control and soil fertility (Freedman, 2013). These producers have adopted the organic standards, which are overseen by the Soil Association (SA). The SA outlays the terms for further reduction of chemicals used in agricultural production and the standards for animal welfare. These standards are an addition to government-approved standards and represent a stricter standard for chemical use, as noted by Marlon, who explains the organic production process:

No chemicals, no pesticides, no insecticides, no seed dressings. You are just going back in time, but maybe that's wrong to say you are going back in time. You are taking the best of the past into the future, and you should build on that. That's my opinion; you should build on that.

Producers that subscribe to the organic standard usually display the association's symbol to confirm their compliance with these stricter standards. This symbol also

allows these producers to communicate the chemical-free attribute of their offerings. Heath explains the relevance of this symbol.

It's just proof; it is proof that you use no chemicals. All the seeds you buy in as well, you've got organic seeds. Everything is organic... you have to have a symbol with the soil association. We get inspected every year... It's so you can say you're organic. Our customers can check. If they wanted to check, they can check. But we've got a symbol, which means we are certified.

This organic symbol is an affirmation of a certified agricultural production process that utilizes no chemicals in its inputs and assures customers of the absence of chemical inputs. Farm businesses have strategically deployed organic production capabilities, that exclude the use of chemicals in all their agricultural processes to ensure customers realise their health benefits from consuming these offerings. Hence, organic production capabilities appear to be a strategic resource that promotes chemical-free attributes in these farm businesses.

Further, it was observed that organic production processes were only implemented by a quarter of the examined respondents. It was interesting to note that the responses from farm businesses that do not employ organic production capabilities also claim to offer customers health benefits from chemical-free agricultural products. That is despite not adhering to a regulated stricter organic standard. These respondents seem to argue that they farm responsibly and only use the minimum amount of chemicals required. Watson explains:

The system that we use here is close to organic without being organic because we want to minimise the amount of fertiliser and sprays that we use.

It appears these farm business respondents promote a perception of responsible chemical use that their customers perceive. This may explain why many of the interviewed customers perceived health benefits from the agricultural offerings of these firms, despite their use of chemical input. Roger explains how this view may be promoted:

It's not organic. You know we communicate to the customer how it's grown, that's why we do 2 hours tours through the spring and summertime. So we tell customers why we use pesticides, and if you're honest with them, then you've built that trust.

Roger's latter point also suggests that trust may be encouraging customers to perceive the offerings of these non-organic farm businesses as chemical-free products that promote health benefits. Perhaps the successive food scares and scandals in the past decades may have eroded some of the trust customers had for competitor offerings in larger firms (Harris, 2016; Whitworth, Druckman and Woodward, 2017).

It seems these farm businesses have maintained a level of trust with their customers, which promotes the idea that their agricultural offerings provide health benefits even though it has chemical inputs. This trust, however, is not based on a chemical-free attribute of these products (since these firms use chemicals - although responsibly); instead, responses suggest that this trust may be an extension of the perception that these businesses have been responsible in their other interactions with customers and the community. Therefore, they can be trusted to use a safe level of chemical input in their production processes. Charley explains:

I think it's everything. I think it's health. They don't know what is in their food anymore. They kind of lost trust, and they don't want to give their money to a big

organisation. They rather spend their money locally. It stays locally. People spend their money in here, and we spend it locally; it stays local. It supports a lot of small producers. Spend your money in here; it's supporting lots of small people who produce small batch of food.

Perhaps trust may be a factor that promotes a perception of health benefits as opposed to chemical-free attributes of the offerings. This trust is typically perceived by local food producers because their consumers believe they implement a sustainable or humane production system as an alternative to mass production (Holloway *et al.*, 2007; Abbots *et al.*, 2013). This view was affirmed in the production methods of livestock producers. It was noted that all the livestock respondents employed free-range production activities to promote a perception of health benefits in their offerings – Graham explains:

Yes, a lot healthier. I mean, if you shove a person in a cage, a jail, they eventually are not as healthy if they can wander around. It's been proven with zoo animals; that's why the zoos are struggling. People have learned that animals naturally like to roam and be outside. Have fresh air, have the rain, and have the elements.

As noted in the preceding chapter, free-range activities are part of the organic standard capabilities and are thus, included in the organic production capabilities. Like organic standards, free-range activities also help limit the amounts of chemicals used by livestock producers through the improved health of the bred animals.

Further, it appears organic production capabilities may also promote health benefits through a perception that impacts nutrition. It has been noted that the natural processes fostered by organic production capabilities also sustain a natural ecosystem that allows

soil microorganisms to convert organic matter to nutrients; invariably improving the nutrient base for plants in a sustainable way (Finch and Collier, 2000; Crinnion, 2010; Nowak *et al.*, 2015). Similarly, the analysis of farm business responses suggests that organic production processes may enhance the final products' nutritional value because of the possibility of ensuring a wider range of nutrients in these products. Frances explains how this improved nutrition is realised:

When you use organic produce, there's more of those elements present in the soil because they haven't been stripped cos of the more ecological practices. So, I think the veg is more nutritional and I think there are studies to back that up as well.

In sum, organic production capabilities were found to be the strategic resource that underlies the delivery of health benefits by promoting the perception of improved health through low chemical use and improved nutrition through its natural processes. Next, the sustaining factors for the identified strategic resources are discussed.

6.2.3 The Active Sustaining Factors for delivering Physiological benefits

Concerning the active sustaining factors for the identified strategic resources that deliver physiological benefits, it was observed from responses that these benefits, and the strategic resources responsible for their delivery, were well known to farm business respondents. It was considered that this knowledge may have encouraged the examined farm businesses to organise their business activities around the delivery of these benefits to customers. Thus, the examined farm businesses appear to strategically organise their activities around the delivery of these strategic resources to deliver physiological benefits to customers. This organisation ensures that they fully exploit these strategic resources while actively sustaining its value-creating potential.

6.2.3.1 Organisation

Organisation was found to be an Active Sustaining Factor (ASF) for the strategic resources that were identified for the delivery of physiological benefits. Organisation is an ASF that concerns the re-organisation of existing business activities to exploit an identified strategic resource (Barney, 2011). Diana explains how these businesses may be organised to consistently exploit their short supply chain capabilities.

Just before we opened that [points to farm shop] we were doing farmers-markets, which was selling direct to the customer. Previously we've been selling to wholesalers, and we still do sell to wholesalers... So, we were doing the farmers' markets, which was selling direct to the customer, but we were having to go to a market, preparing for the market, stand there for 4 or 5 hours, travel there to sell.

It may be argued that the decision to reorganise these businesses to directly supply customers sustains the short supply chain capabilities of these firms, and invariably, the taste benefits this strategic resource delivers. Responses show that this organisation was not limited to the delivery of a single benefit, but firms may reorganise multiple times to ensure the delivery of more than one benefit. For instance, Holmes explained that their farm business reorganised to exploit its organic production capabilities by changing the breed of their cows to ensure that their cows can feed on non-chemically grown grass. This was a further re-organisation that sustains the potential to deliver taste benefits through slow-growing capabilities, alongside delivering health benefits through organic production capabilities.

What we've done is we've changed our breeds to respond to those animals that do best on just straight grass. There are certain animals, certain breeds of animals that just

will not develop to such a state where you can slaughter them and get a good carcass from them without giving them cereals. A lot of the continental breeds, the European breeds, require cereals.

It should be recalled that the examined farm businesses did not directly undertake their meat-hanging activities; however, they organised their other production activities to accommodate the outsourcing of this activity. This includes their animal slaughter's timing to accommodate hanging time before sales and their willingness to accept reduced yields for hung carcasses to ensure that taste benefits are delivered to their customers. Thus, organisation was also the ASF for this strategic resource.

6.2.3.2 Replicability

Responses from crop producers suggest that replicability may be another ASF for short supply chain capabilities. Replicability sustains strategic resources through a firm's ability to transfer the valuable outcome of strategic resources from one economic setting to another (Teece and Pisano, 1994). Like Diana's case above (See Diana's quote above), it was also observed that almost all of the farm businesses have effectively replicated their supply chain capabilities in online markets. These producers are strategically employing online outlets as an avenue to supply their fresh agricultural products; thus, sustaining their short supply chain capabilities.

6.2.4 The passive sustaining factors for delivering physiological benefits

Concerning the Passive sustaining factors (PSF), the analysis indicates that competitors may be unwilling to imitate the outcomes of these strategic resources. This suggests that inimitability may be a sustaining factor for the identified strategic resources.

6.2.4.1 Inimitability

Inimitability sustains a strategic resource due to the limited ability, or unwillingness, of a competing firm to imitate or replicate that strategic resource (Hamel and Prahalad, 1990; Barney, 1991; Teece et al., 1994). Responses suggested that the outcomes of short supply chain capabilities may impact the delivery of another benefit provided by competitors. Roger's statement suggests that, while a short supply chain may deliver taste benefits to customers, it may also impact the appearance of agricultural offerings, which is a benefit offered by competitors.

We used to supply quite a lot of strawberries to the supermarkets about 20 years ago... We would have a sheet of A4 paper with every question about colour, shape, size, everything. But taste didn't appear on it. So, you know, there's a drive to, kind of, get food into this perfect-looking item. The taste element is gone. By the time the customer eats it, they can be a week or two weeks old. So, actually, the fruit and veg are getting picked before they are ready; before they are ripe.

Other responses suggest that the hard physical work involved in the delivery of strategic resources, like organic production capabilities and slow-growing capabilities, may be a deterrent to competitors who may want to avoid these difficult processes. Heath explains some of these difficulties:

This year was a hard year because of weeds... If you want to spray them once a month, they would all be exactly the same size, and there be no weed and the labour cost. You'd have zero labour... we are in there every week with the brush weeder, and we bed weed... You've got four men, for months, all through the summer, bed weeding. That's labour we would not have if we sprayed [chemical].

Further, competitor firms' unwillingness to lose yield in their meat carcasses may be a possible deterrent for imitating meat-hanging capabilities. It has been noted that meat hanging may reduce yield by as much as 15%, which appears to be at odds with the strategies of competitors who may want to avoid such losses. Thereby affirming inimitability as a passive sustaining factor for meat-hanging capabilities.

6.2.4.2 Uniqueness

For producers that possess organic production capabilities, it was noted that uniqueness may be a PSF for the sustenance of this capability. Uniqueness refers to those PSFs that are sustained by firms through legal limitations like licenses or patents (Teece and Pisano, 1994; Teece, 2007). It was considered that the organic certification and symbols confer uniqueness to the offerings of these firms and sustain their ability to perpetuate the chemical-free attributes that deliver health benefits to their customers. It should be noted that other standards that may also confer some uniqueness to the offerings of these firms exist in these markets. For instance, red tractor standards have been noted by farm businesses and appear to be gaining recognition in terms of reducing chemical use in agricultural offerings (Loeb, 2019). Nevertheless, the organic standard appears to be highly recognised in terms of the chemical-free attributes of these offerings.

6.2.5 Summary of the strategic resources that deliver physiological benefits

From the above analysis, it was found that four strategic resources have the potentials to deliver physiological benefits to customers of structurally diversified farm businesses. Notably, customer responses only aided the identification of two of these strategic resources, i.e., short supply chain capabilities and organic production

capabilities. Whereas the other two, seasonal production capabilities and meat hanging capabilities, were identified from farm business responses. Further, it was found that all the examined farm businesses seem to have developed more than one strategic resource to deliver taste benefits to customers. However, only a few firms have adopted organic production capabilities that ensure the delivery of health benefits to customers. Instead, most of these firms are assuring customers of their responsible use of chemicals input concerning this benefit's delivery. In the case of livestock producers, they appear to have partially adopted organic production capabilities through free-range activities that also promote health benefits. Also, it was found that all the identified strategic resources can be actively and passively sustained by firms that possessed or deployed them through third parties. The active sustaining factors found were organisation and replicability, while the passive sustaining factors were inimitability and uniqueness (See table 6.1). In all, it was noted that the examined firms strategically deployed these strategic resources to deliver value to their customers.

Table 6.3: Showing the strategic resources that deliver physiological benefits and their corresponding sustaining factors.

Physiological Benefits	Attributes	Strategic Resources	Product Group	Active Sustaining Factors	Passive Sustaining Factors
Taste Benefits	Freshness	Short supply chain capabilities	Crops & Livestock by-products	Organisation & Replicability	Inimitability
		Seasonal production	Crop	Organisation	Inimitability
	Flavour	Meat Hanging	Livestock	Organisation	Inimitability
Health Benefits	Chemical-free	Organic Production capabilities	All	Organisation	Inimitability & Uniqueness

6.3 The strategic resources that deliver psychological benefits & their sustaining factors

Psychological benefits describe benefits that are indirectly accrued to the customers. These benefits are not realised from the direct consumption of a product. Psychological benefits are one aspect of psycho-social benefit (Gutman, 1982) and concern those benefits that impact the individual customer. From the customer phase, these benefits were found to be associated with choice and convenience. The attributes that customers associate with the delivery of their choice benefits were variety and distinctiveness, while their convenience benefits were associated with personalised services, low price, and accessibility.

6.3.1 Strategic resources that deliver choice benefits

Choice benefits concern customers' desires to seek variety in the offerings of farm shops and farmers' markets. The dominant attribute customers associated with this benefit was variety. Correspondingly, responses from farm businesses suggest that variety may be an attribute associated with choice benefits. Further, responses also indicate that farm businesses associate stimulation values with the variety-seeking behaviours of customers. Stimulation values concern the strive for excitement, novelty, and change (Schwartz *et al.*, 2012). For instance, Frances' statement identified variety, and its underlying stimulation motives, for her customers and appear ready to deliver the choice benefit these customers seek:

I think it's really good to have a high diversity of crops cos I think it gives your customer something different to try... Like with tomatoes, we grow the normal salad tomatoes but we also, this year, have about 15 different kinds of tomatoes and we sell

them in punnets, as a mixture of colours, and people love that. It's one of our bestselling things.

It was noted that the responses concerning variety were mainly from crop producers. Further, it was suggested that the means by which these crop producers deliver variety to customers was by farming multiple crops simultaneously, as explained by Peter.

We do rock-salads, mixed-salads, fennel, cucumber, tomatoes, lettuce [Laughs]. It goes on and on, courgettes, peppers, spinach, broad beans, french beans, runner beans, leeks, salad-onions, early carrot. We are cropping in the end of March. We are cropping spinach and salads, and we will be picking spring greens as soon as.

These responses suggest that polyculture capabilities may be a strategic resource that delivers variety in crop offerings. This capability provides customers with a wider range of products which encourages their variety-seeking behaviours (Kahn, Kalwani and Morrison, 1986; Jayanthi and Rajendran, 2014).

6.3.1.1 Polyculture capabilities

Polyculture is the cultivation of various crops within the same field (Jelley, 2017) and was practised by all the crop producers examined in this research. Furthermore, crop producers also argue that polyculture capabilities may also help improve their yield by improving soil fertility and protecting crops against disease. Peter explains.

We move crops around... we try to grow a wide variety of crops; we don't have monocultures of one particular crop, which makes it more susceptible. We grow several different varieties to try to reduce the diseases that way. It is really about

looking after the soil at the end of the day. Getting the soil fertility good, healthy plants and producing healthy food.

Peter's statements suggest that polyculture capabilities may have some implications on health benefits by insinuating that the process produces healthy food. In any case, polyculture capability was found to be the strategic resource that promotes variety through choice benefits; however, it was found that this strategic resource may only be possessed by crop producers. In contrast, respondents in the livestock product categories seem to specialise in the production of a single breed of animal, as noted in Watson's statement:

It is now pretty much Limousine [Cow breed]. Stockmen tend to have a preference; that's what they have been working with. You almost go into the psyche of the animal and get to know how they move and stuff like that. To just go and change your breed, you need to figure those feeding plans again; you need to figure out how to handle the plans. Change, often, isn't a good thing in farming; usually, it causes disruption.

Nevertheless, some responses from these livestock producers seem to suggest that their offerings offer a different variety of products to the overall meat market. This is similar to arguments that posit that the agricultural offerings in farm shops and farmers' markets are alternatives to conventional offerings (Ilbery and Maye, 2005; Forssell and Lankoski, 2014), thereby providing some sort of variety to customers. This argument was also noted in customer responses in the last chapter. There, it was associated with a different attribute, i.e., distinctiveness. Distinctiveness was found to be motivated by security values as customers seek to ensure the supply of specific offerings. Responses from farm businesses did not identify distinctiveness with choice

benefits, perhaps explaining why distinctiveness was not a dominant attribute associated with these markets' offerings.

6.3.2 Strategic resources that deliver convenience benefits

Convenience benefits concern the cost, time, and effort customers associate with acquiring agricultural offerings from farm shops or farmers' markets. Customers dominantly associated their preferred shopping experiences realised through personalised services with the delivery of this benefit. Other attributes were also mentioned concerning this benefit, including low price and accessibility.

Concerning personalised-services attribute, it was found that customers were motivated by hedonistic values (Schwartz *et al.*, 2012) since they seek an enjoyable shopping experience as they shop in these markets. Farm business responses also noted that customers sought an enjoyable shopping experience and suggested its delivery was intertwined with the services they offered. These services include providing information to customers concerning the provenance of their offerings, as explained by Clark when speaking of his customers:

What you would call 'foodies' - they like their food. They like to know where their food comes from. They like the provenance aspect of it. In that, this has come from a farm, and he [farmer] knew this beast, and he has butchered it. That is what they like. They might pay a little bit more for that experience.

While Clarke relies on his expertise to provide this experience to his farmers-market customers, it was noted that farm shop respondents may be able to offer a wider scope of experiences to customers because of the possibility of offering customers a practical experience on the farm; as part of this service. This added experience was not possible

with farmers-markets respondents. Roger narrates an added experience he provides customers in his farm shop:

They are interested in the story behind the food. I've realised we will never compete with supermarkets... So, we need to offer something different from them. So, we are all about more of the story behind the food and kind of the experience of being on the farm is what we offer our customers... we only pick about 20% of our fruit, the other 80% is picked by our customers...and that's all part of the experience

Other services that add to customers' enjoyable shopping experiences concern how customers can practically cook the food they buy from these producers. Responses in this category suggest customers consider this after-sales service to be part of the service they expect from these producers. In one extreme case, a customer sought assistance to cook a Christmas meal on Christmas day – Robert narrates

We do turkeys at Christmas time, and we do steak pies and big joints and meat and mutton and that. A lot of people get a bit carried away at Christmas time, and they're not usually cooks but, at Christmas time, they want to make a big show. A little lady phoned us on Christmas morning, all a panic because she'd bought two boneless turkey roasts and needed advice because she didn't know how to cook them.

Another set of responses suggests that these experiences were enjoyable because these farm businesses, as service providers, have made an effort through pleasant communication with customers to ensure they enjoy the services that are being offered to them. Graham explains:

I think you have to make sure that the customer, actually, enjoys their experience of shopping with you. Your staff is cautious, look after them well and make shopping a

pleasant experience for them... the person asks how they are? how was the particular joint they bought, say, one month ago, for Christmas? Did they enjoy that? You don't get that at your supermarkets and all that. You make shopping a pleasant experience for them.

The above responses suggest that these farm businesses provide these services to facilitate the purchase and use of their offerings. In this view, customer service capability was identified as the strategic resource that underlies these enjoyable shopping experiences that customers seek.

6.3.2.1 Customer services capabilities

Customer services describe those activities that enhance or facilitate the purchase and use of a product or service (Baird and Thomas, 2014). In this study, it was observed that these activities focus on the services farm businesses offer to customers before, during, and after the sale of an agricultural product. It was noted that these activities required the farm business to engage the customer to facilitate the purchase of their products. For instance, Peter, like Roger and Clarke above, relays a pre-sales service that he offers customers:

Once a week, we have a woman who comes in. A herbalist, who actually sits there and gives people advice on food, on diet, and so on. So, she will recommend the products in the shop.

Like Robert above, Goode considers it a duty to offer an after-sales service to her customers.

You talk of the different cuts and what people can do with it. And then I ask what they have done with it? I will exchange recipes cos I see that as part of my role as well.

As concerning low price attribute, respondents in the crop category did not fully affirm the arguments of their customers, which suggest that crop products in farm shops and farmers' markets may be cheaper than those in competitor outlets – as Eddie's statement suggests

Things like carrots can be cheaper here. There are other things like when you look at the size, say a cabbage is £1, but I am selling a cabbage at £1.50 and mine is twice the size. Mine is not a small cabbage. It is a proper cabbage

It should be noted that Eddie's claim of providing cheaper offerings was not echoed by the other farm business respondents. Moreover, the actual cost of offerings did not appear lower than the competitor's prices; this would have indicated convenience pricing (Karoubi and Chenavaz, 2015). However, Eddie's statement highlighted a recurrent theme that was echoed by other respondents concerning the pricing strategies of competitors like supermarkets. These responses suggest that competitor agricultural offerings may not be cheaper in a like-for-like comparison; despite being perceived as cheaper by customers. It is claimed that the cheaper perception of competitor offerings is because these competitors may be disguising the real cost of their agricultural offerings. Roger explains:

Well, bacon is a good example. You buy bacon in a supermarket; I don't know the price of it off the top of my head, say it's £5/kilo. When you cook it, your big piece of bacon turns to something very small. It's because it's been cured with a liquid. They pump liquid into it to cure it. Whereas if you buy dry-cured bacon, you might get £7

or £8 a kilo. When you cook it, you get a big piece of bacon. Then you compare, well, am I getting more for my money with the expensive bacon?

Notwithstanding, it appears that the pricing strategies of competitors have been effective since the prevalent perception among the examined customers is that the agricultural offerings of farmers' markets and farm shops are costlier than those offered in supermarkets. In all, responses from the examined businesses did not reveal any strategic activities aimed at presenting the agricultural offerings of these firms as low-priced. Similarly, responses did not also reveal any activities targeted as delivering convenience benefits via the accessibility attribute. Responses suggest that farm businesses did not strategically select the location of the businesses based on convenience considerations; rather their locations appear to be pre-selected. All the examined farm shop respondents cited their shop on their farm while the location for farmers' markets was selected by the operators of these markets. In all, the above discussion identified the strategic resources associated with the psychological benefit farm businesses provide. Next, the sustaining factors for these resources are identified.

6.3.3 The active sustaining factors for delivering psychological benefits

Concerning the sustaining factors for the identified strategic resources that deliver psychological benefits to customers, responses suggest that an active sustaining factor (ASF) for polyculture capabilities may be replicability.

6.3.3.1 Replicability

As noted, replicability sustains strategic resources through a firm's ability to transfer the valuable outcome of strategic resources from one economic setting to another (Teece and Pisano, 1994). This ability allows the presentation of offerings to multiple

markets (Hamel and Prahalad, 1990). The analysis indicates that firms were strategically employing polyculture capabilities to offer new products to markets. Responses that support this view argue that polyculture capability is sustained by offering new varieties of crops to customers. For instance, Arnold has been able to supply his variety to many farmers' markets by leveraging this strategic resource – Arnold explains:

I've brought in new varieties. Now doing purple cauliflowers and purple orange, purple carrots, white and yellow carrots, golden beetroots. Customers are looking for something new from me, so I've brought in new varieties, new crops: purple sprouting broccoli, tender stem broccoli. For me, it's about trying to bring in new products that will interest the customer.

6.3.3.2 Organisation

Furthermore, Arnold's statement suggests that he has had to re-organise his business activities to deliver variety to customers. Recall that organisation sustains a strategic resource by re-organising business activities to exploit the strategic resource (Barney, 2011). Crop producers have strategically organised their production processes to ensure the perpetual exploitation of the choice benefits perceived from the multiple offerings offered to customers. This affirms organisation as another ASF for delivering variety to customers.

Similarly, organisation was found to be the ASF employed for the sustenance of customer service capabilities. From the responses of the examined farm businesses, it was noted that they were well aware of the enjoyable shopping experiences customers associated with the patronage of their farm shops and farmers' markets. For farmers'

market respondents, it was noted that these markets had been organised by a third party to enhance the enjoyable shopping experiences of customers. In Scotland, farmers-markets are mostly organised by a third-party organisation like local authorities (Macleod, 2007). However, farm businesses that partake in these markets provide that personal touch that enhances their customer's shopping experiences. Nevertheless, the farm businesses in farmers' markets are only a part of an overall enjoyable shopping experience offered in these markets. Frances's statement highlights the organisation of these markets towards enhancing an enjoyable experience for customers and notes her role within it:

I think the experience, especially, of going to the Edinburgh market is great... some people don't even buy anything, and they just come cos there are people to talk to, there is coffee, there is someone playing music, and it's a really nice environment.

In farm shops, however, these personalised shopping experiences are fully under the control of the farm business. These businesses seem to have organised various activities around giving the customer an enjoyable experience through services that are personalised for customers that visit their farm shops. Robert explains the rather broad range of services he offers customers:

We do have a good customer base of local and further afield people who come and they enjoy their experience. I think it's an experience as well. They come down here; there's a coffee shop in here. If you come out of the shop, we produce around the shop; then there is the butcher. Then you come over here for a coffee and a snack.

It appears these farm businesses also provide services for different market segments including young families.

A lot of young moms come to us because they are needing something quick for their tea. They bring the kids in. You can leave them in the car; it's right outside the door, it's secure... The kids will play in the corner with toys, or they go out to the play park; it's secure out there. The kids can stay within the area, and they're not going to wander off.

The analysis indicates that these farm shop respondents are strategically exploiting these customer services capabilities by constantly accommodating personalised services that are lacking in competitor firms. Hence, maximising the value that is accrued to their firm via this strategic resource.

6.3.4 The passive sustaining factors for delivering psychological benefits

Concerning the passive sustaining factors (PSF), responses suggest that polyculture capabilities may be sustained by Inimitability.

6.3.4.1 Inimitability

Inimitability sustains a strategic resource due to the limited ability, or unwillingness, of a competing firm to imitate or replicate that strategic resource outcome (Hamel and Prahalad, 1994; Teece and Pisano, 1994; Barney, 2011). In this case, it seems competing firms may be unwilling to imitate polyculture capabilities because of the difficulty of the process. Arnold explains the difficulty

It's just difficult; it's a difficult job. You have to plant regularly. I would start planting, for example, broccoli, I start planting broccoli in March, and I plant a little bit every week until August. So that's March, April, May, June, July, six months. Every week I plant a few more plants, broccoli; normally, broccoli takes about 90 to 100 days to

reach maturity... if you want to have a regular supply at harvest, you have to have regular planting.

Similarly, inimitability appears to also be the sustaining factor for customer service capability. This conclusion is based on the assumption that competitor firms cannot precisely imitate the personalised experiences offered to customers in these markets. Responses suggest that differences in market locations, the specific activities, and the personal circumstances of customers, amongst other things, make it difficult for competitor firms to replicate this strategic resource.

6.3.5 Summary of strategic resources that deliver psychological benefits

The above analysis found that two strategic resources can potentially deliver physiological benefits to customers of farm shops and farmers' markets. The first, polyculture capabilities, was found to be the strategic resource that delivers choice benefit, although it was noted that this capability was only relevant to crop producers. The second, customer service capabilities, appear to be relevant to all producers. It was, however, noted that farm shop operators may have a greater potential and scope for delivering this benefit.

In all, these farm businesses were well aware of these benefits and the underlying strategic resources associated with their delivery. As such, they have strategically employed organisation and replicability as active factors to ensure the value-creating potential of these strategic resources is sustained. Further, the difficulty of imitation suggests that inimitability is another factor that passively sustains the value-creating potentials of these strategic resources (See table 6.2).

Table 6.4: Showing the strategic resources that deliver psychological benefits and their corresponding sustaining factors.

Psychological Benefits	Attributes	Strategic Resources	Product Group	Active Sustaining Factors	Passive Sustaining Factors
Choice	Variety	Polyculture capabilities	Crops	Replicability & Organisation	Inimitability
Convenience	Shopping experience	Customer service capabilities	All	Organisation	Inimitability

6.4 The strategic resources that deliver sociological benefits & their sustaining factors

Sociological benefits describe those benefits that are indirectly accrued to the customers. These benefits are not realised from the direct consumption of a product. Sociological benefits are another aspect of psycho-social benefit (Gutman, 1982) and refer to those benefits that are accrued to a perceived group or community. From the Customer phase analyses, it was found that ‘preserved local communities’ and ‘promoted moral principles’ were the sociological benefits sought by customers in their patronage of farmers’ markets and farm shops. The attributes associated with preserved local communities’ benefits were local products & local business, while interpersonal relationship was the attribute associated with promoted moral principles.

6.4.1 Strategic resources that deliver preserved local communities’ benefits

Preserved local communities' concern benefits customers associate with local products and local business attributes of agricultural offerings. Similarly, responses from farm

business respondents suggest an awareness that customers perceive this benefit in their offerings and support their businesses for its realisation - as noted in Diana's statement

A lot of it will be support because a lot of them realise that supporting our local product like that is actually supporting a big, wider community; because if people support our business and our business is here and our business flourishes, we are going to use things from other local businesses, whether it's buying raw ingredients for animals, or cows, or feeding... there are jobs for people employed locally who are going to then spend in the community.

Concerning local product attributes, it was noted that farm business responses considered this attribute in terms of the production method used in the production process. These responses explain that local products attributes are a result of a production system that employs a *natural* approach to agricultural production as described by Diana:

We are just as natural as possible... We don't put excessive amounts of fertilizers on. We don't put drugs into the cows unnecessarily. We certainly don't use growth hormones and all that kind of stuff. So, we are doing it as basically as we can, as simple a system as we can. The cows eat grass in the summer months and are indoors in the winter, but that's purely to suit the soil and the weather which are out with our control...

Respondents used various descriptions to explain this natural process concerning the production of local products. Some of these terms include traditional, extensive, not-mass produced, non-conventional, and slow-grown (livestock producers). It was found that these descriptions were employed to emphasise the difference between the local

products they offered, and the attributes of products offered by competitors, i.e. commercial producers. The claim is that commercial agricultural products were essentially different from their 'local' products because of a tendency for commercial producers to employ processes they considered to be unnatural. Marlon, for instance, highlights an unnatural diet that may be used by commercial producers:

We got Irish cattle, but it was traditional feeding. They would get hay as much as they could eat, turnips, and then 11 o'clock, they would get feeding like oats and stuff to bring them on...You wouldn't feed animals offal. Again, it's another example where they fed something to an animal that was completely unnatural. Cattle would eat grass, it would eat turnips, and it would eat oats, but it wouldn't eat animal offal, given the choice.

Furthermore, the natural production processes that these firms employ to deliver local products attribute rely on the natural fertility of the soil for growing crops and the natural pasture for breeding livestock. This bears similarities to the extensive farming processes, which is a farming method that relies on the natural environment for growing crops and rearing animals (Castree, Kitchin and Rogers, 2013). Thus, suggesting that extensive farming capabilities may be the strategic resource that underlies local product attributes.

6.4.1.1 Extensive Farming capabilities

Extensive farming capabilities describe a farming approach that employs natural processes that place low demand on external inputs and the environment. Extensive farming methods are based on the logic of quality and are often contrasted with the intensive farming method - which is based on the logic of efficiency and associated

with commercial farms (Holloway *et al.*, 2007). The reliance of extensive farming methods on the natural habitat usually results in lower productivity when compared to intensive farming. It is argued that intensive farming also employs ‘unnatural’ inputs like pesticides, fungicides, and fertilizers to ensure higher productivity (Castree, Kitchin and Rogers, 2013; Eurostat, 2018). This contrast was also drawn by respondents when comparing their natural processes to commercial processes. Smith expressed these sentiments using an interesting analogy

I think it's just the fact that we are less intensive. You find that there's a more natural diet. We are not chasing the high yields, which means that we can be more natural. Eating grass, less purchase feed, we are in a very extensive basis here... we feed them just more natural products. We let the cows give us the milk that she's naturally capable of producing instead of trying to force her with genetically modified, supplement-based feed.

Such responses affirmed extensive farming capabilities as the strategic resource that underlies local-product attributes to deliver preserved local communities’ benefits. However, it has to be noted that many of these farm businesses use some form of ‘unnatural’ input, e.g., fertilizers and pesticides. Nevertheless, their production processes tend towards a more natural farming method when compared to commercial production processes. As noted, the examined farm businesses tend to sparingly or responsibly use these unnatural inputs like fertilizers and pesticides to sustain the perception that their offerings are free of such unnatural inputs.

Interestingly, farm businesses' responses made very little reference to the geographic location where their local products are produced. It should be recalled that customers

(especially in urban areas) considered the geographic location where agricultural products are produced to be an important criterion for delivering perceived local communities' benefits through local product attributes. However, responses from farm businesses did not seem to consider the production location as an essential factor for the delivery of this benefit. Instead, business respondents emphasised their extensive production method as the major factor in delivering this benefit since it assures the local products attribute embedded in their offerings. It was considered that farm business respondents took it for granted that customers assume that their farms produce these products within their perceived communities or geographic boundaries. Notwithstanding, responses suggest that these businesses did not consider production locations to be a crucial factor since many commercial producers are also located within the same geographic space - yet, they produce offerings that do embody the attributes of the local products that are offered by the examined farm businesses.

Heath: The fields all round about are owned by these big farms... I think they are farming four thousand acres. They are all chemicals, our nearest neighbour over there and them, they all grow barley seeds and stuff like that. It's a different thing.

In contrast, responses concerning local-business attributes highlighted the geographic location of these businesses as a crucial factor in the determination of this attribute. Farm business responses consistently made references to geographic boundaries concerning this attribute. The geographic boundaries they expressed were similar to the perceived communities that customers expressed. However, many farm business respondents emphasised communities in Scotland and referred to them as villages or counties. For example, Graham expressed it in terms of a village:

Before, farmers sold locally to the local village. That happens in countries like France, where a village has local butchers, and they have a local farm. They'll have a cheese shop; they'll have a baker and all these little local things. Everybody will go to get fresh bread every morning. That's not died down in France; that's still there. They'll have a local dairy, all the farmers, they are all quite small farmers.

Furthermore, local business attribute was routinely expressed by farm business respondents as meaning the same as small businesses. In these responses, small businesses were constantly contrasted with large businesses – usually supermarkets. Robert's account expresses this juxtaposition with reference to the changing times:

That was way back when supermarkets weren't very big, and it was all independent small shops... They would have butchers. They'd have a baker. I would say that was the ideal time because people shopped small amounts every day and every second day. They spoke to the greengrocer... They had a one-to-one relationship with them. They enjoyed that. Times have changed.

The changing times alluded to by Robert may explain the benevolent motivations of customers as they try to keep alive these small businesses in order to achieve their goals of preserving their communities. Benevolence values concern caring for the welfare of others with whom one is in frequent social contact (Schwartz *et al.*, 2012). While responses from some farm businesses welcomed this benevolent attitude and considered it to be necessary for their survival, other responses suggest that it is a symbiotic relationship and not a benevolent one. These respondents argue that farm businesses play a crucial role in preserving the communities of customers and should

be recognised for their role. Peter passionately explains this mutually beneficial relationship:

If you don't support, I won't be there. So, there is a bit of mutual interest there, but on the whole, it does feel a little bit patronising, that support. That they will look out for the small farm... I employ local people, a lot of the customers, maybe, their kids work here, or relatives work here... I'm not a charity. I don't advise people to buy stuff just to sort of keep me in place.

It should be noted that Peter's sentiments were mostly echoed by farm shop respondents who expressed a sense of entitlement that was based on the visible role they play in the community. This role includes maintaining a pristine look for community lands and facilitating economic activities through the employment of local workers and local suppliers. Though these arguments were posited to justify the patronage farm businesses get from their customers, as deserved loyalty as opposed to benevolence, it also signalled the strategic resource that may deliver preserved local community benefits through local business attributes. It was considered that this strategic resource should involve a visible display of the benefits these local businesses provide to local communities. These may then be perceived by customers as preserving these communities. As such, public relations capability may be the strategic resource that promotes local business attributes.

6.4.1.2 Public Relations capabilities

Public relations refer to the practice of relating an organisation to the public to ensure mutual understanding and adaption (Doyle, 2016). Whilst the activities of these farm businesses may be preserving the local communities of customers, it was, however,

not strategically presented to customers in that view. Public relations may help to promote the activities of these firms as activities that preserve communities. For instance, farm businesses may communicate their seasonal production or extensive farming activities to the public as enhancers of their communities. While, some responses highlighted the effectiveness of public relations as a way to engage local communities, as noted from Marlon's statement below; however, it was found that the engagement of these businesses with their customers did not aim to promote the idea that they are preserving the local communities, even though they were.

I started doing newsletters in the 80s. I put out newsletters and told them what was happening on the farm. I tried to make it humorous and don't complain because you've got to remember the people that are reading it; they've got problems of their own. They don't want to listen to you moaning. You were telling them in a nice way what you were doing here and people that work here and people that had worked here in the past.

Moreover, only a few respondents acknowledged the relevance of promoting their businesses as preservers of their local communities. Contrastingly, responses suggest that public relations capabilities may be a strategic resource that is atypical of many farm businesses, even when acknowledged:

Jim: I'm quite willing to work with local schools, communities because we feel like part of it. Because we are small, we are able to engage and host people. Without sounding big-headed, I think because of our background; in some respects, we are not typical farmer's cos, we are quite happy to talk to people. Farmers, I won't say they don't talk to people but are not necessarily very good at engaging with the public.

Notwithstanding, public relations capability was found to be the strategic resource that underlies the local product attribute that delivers preserved local communities benefits perceived by customers.

6.4.2 Strategic resources that deliver promoted moral principles benefits

Promoted moral principles concern the fostering of relationships that promote principles that customers consider to be moral. It was found that customers associated the activities of the examined farm businesses with an ethical farming system that promotes principles of fairness, justice, and moral responsibility. Correspondingly, they consider these farm businesses to be part of a larger moral community to promote these principles (Banerjee and Quinn, 2022). This may explain the universalism values that motivate the buying decisions of these customers. Universalism values concern the understanding, appreciation, tolerance, and protection of the welfare of people and nature (Schwartz *et al.*, 2012).

Also, the attribute customers associated with this benefit were found to be interpersonal relationships. Notably, this attribute, unlike other attributes, was not directly associated with the product or service offerings of these farm businesses. Instead, customers perceived this attribute beyond the offering of these firms. Nevertheless, only a few farm business responses acknowledged an ethical motivation behind their business philosophy. Marlon was one of the few respondents that took a moral stance concerning his business philosophy; his decision was based on this narrated experience:

I went on to a pig farm more than 50 years ago because it used to breed pigs... this farmer was an excellent stockman, but he bought his pigs from all different farms, and

then he fattened them up... So, he started putting antibiotics in the feeding. It got into such a state that he couldn't get an antibiotic to counteract the bugs. I saw this, and I saw those pigs dying, dehydrated, red scour, and I thought, 'Well, this is not for me'.

It was noted that all the responses that expressly affirmed a moral position in their business philosophy were producers of organic products. In contrast, responses from the remaining producer groups suggest that necessity or expedience was the motivating factor behind many of their business philosophy, i.e. as opposed to moral considerations that are perceived by customers. Diana's explanation typifies these responses:

At the end of the day, we've got to make a living, and we've got to farm with the farm that we've got, and the area that we've got, and the soils that we've got. So, it's whatever suits our way of life and whatever is sustainable... But I'm farming it as naturally as I can but making a living off it; to me, that's sustainable. I don't reckon I'm damaging the countryside or anything.

When the moral alignment of their business activities was highlighted concerning their business philosophy, responses largely support the view that the promotion of moral principles was not a primary motive for their business activities and philosophy. These responses suggest that the moral alignment of their activities, as perceived by customers, may be a fortuitous coincidence.

In responses where a moral philosophy appears to underlie the activities of these firms, it was found that the fostering of interpersonal relationships with customers was not the goal as may be noted from Frances's statement:

It's about the people, the community around us, its about the environment all the way down to the structure of the soil. It's just caring for all of that and doing something that we love...When I talk about this, then it sounds very wonderful; maybe that isn't communicated enough... I suppose the reason why I don't talk about it is cos I assume people come to us because they want to buy organic produce and they have an understanding of organic production,

France's proposed approach, which suggests that customers can learn from her farming activities, was similar to other responses that seem to view the customer as an outsider. These responses suggest that customers can simply be informed about the activities of farms and the food system they seek to actively promote. Perhaps a consequence of this perception may have given rise to the one-way communication that was observed between these businesses and their customers. These businesses adopt one-way communication as opposed to two-way communication which is required to enhance the interpersonal relationships that promote this benefit. Charley's statement encapsulates this perception:

I think we've opened ourselves up to the public and, in a way, we kind of educate the public on what goes on, on the farm, on a small farm. That's become a bit of a responsibility, opening the shop. I didn't think we realised that at the time. I think we've become like educators. Customers come in and ask, from all over the world, ask us all sorts of questions.

Furthermore, it was noted that these one-way communications, which sometimes appeared interpersonal, were typically aimed at highlighting the benefits of firm

offerings and not aimed at promoting those shared moral principles sought by customers as may be noted from Roger's statements:

I have a more direct, intimate relationship with our customers. So they know I communicate clearly, how we grow, how we do things, and why we are doing that, and hopefully, they get half that level of trust.

Although these one-way communications may result in relationships that allow customers to closely examine the activities of these firms that are aligned to their moral principles, this conclusion was not strategically contrived by the examined farm businesses. Moreover, these one-way communications may not be sufficient to deliver the promoted moral principles benefits sought by customers. While one-way communications may help build trust in these firms through a closer observation of their activities, this benefit's delivery requires the building of interpersonal relationships specifically aimed at promoting those moral principles customers perceive from these activities. Thereby suggests that interpersonal relationship capabilities may be the strategic resource that delivers this benefit to customers.

6.4.2.1 Interpersonal Relationship capabilities

Interpersonal relationship capabilities here refer to those social activities that satisfy customers' need for belonging to a moral society (Baumeister and Leary, 1995). It describes the interpersonal communications that build those relationships with members of a community that shared similar worldviews. This form of interpersonal communication promotes the self while acknowledging social requirements (Borisoff and McMahan, 2017). The self refers to customers seeking information about a firm's offerings, while the social requirements refer to the relationships and networks

customers build with producers to promote their principles. Interpersonal relationship capabilities facilitate the relationships that foster those communications which mediate between the personal understanding of the individual customer and the socially justified understanding of the wider network (Rawlins, 1985; Borisoff and McMahan, 2017). Essentially, this form of interpersonal relationship capability requires that firms perceive the customer, as well as other members of the food ecosystem (Bernardi and Azucar, 2020), as active participants and members of this shared moral ideal.

However, analysis indicates that these farm businesses consider the customer as an outsider to small farm businesses' food ecosystem, i.e., outside the network of examined businesses and their suppliers. This suggests that these firms may have not fully developed this capability. Correspondingly, this strategic resource was not identified from the activities of the examined farm businesses, based on their responses.

Additionally, the analysis did not indicate a potential for the examined firms to develop this strategic resource. This was because only a few responses highlighted a moral philosophy concerning their business activities, which is a crucial factor for the development and delivery of this strategic resource. Nevertheless, interpersonal relationship capabilities were considered to be the strategic resource that underlies the delivery of promoted moral principles benefits through interpersonal relationship attributes.

The above discussion highlights the strategic resources that deliver sociological benefits. Next, the sustaining factor associated with these strategic resources is discussed.

6.4.3 The active sustaining factors for delivering sociological benefits

As concerning the sustainment of the strategic resources that were identified for the delivery of Sociological benefits, the analysis suggests that an active sustaining factor (ASF) for extensive farming capabilities may be organisation.

6.4.3.1 Organisation

Farm business responses concerning extensive farming capabilities suggest that these businesses were quite aware of these capabilities and strategically organised their activities to ensure their exploitation. Extensive farming capabilities emphasise the relational dimension of these offerings (Dunne *et al.*, 2011) because customers perceive the activities of these farms in relation to the animals they tend. It should be recalled that organisation is concerned with the exploitation of an acknowledged strategic resource (Barney, 2011); as such, the explicit knowledge of these farms relating to this strategic resource affirms organisation as an active sustaining factor for extensive farming capabilities. In addition, extensive farming capabilities embody elements of slow-growing and organic production capabilities that were also found to be sustained by organisation.

6.4.3.2 Replicability

Another ASF that sustains extensive farming capabilities appears to be replicability. This was concluded based on responses that suggest that this capability may be responsible for keeping some of these businesses alive and invariably preserving the local communities perceived by customers. In this view, extensive farming capabilities were presented as the capability that allowed these firms to offer their existing offerings in new markets; Robert explains:

The market that we were supplying into was dwindling and wasn't there, and the future didn't look great... It wasn't just a fairy idea that you wanted to supply local produce to the local areas straight away because we felt it was our duty-bound to do that. It was because we needed to find a proper income source that gave us a big return... not all farmers are there for the benefit of the community. But the biggest percentage of farmers are trying and make a living.

Like many other respondents, Robert initially supplied the wholesale market, and it appears the local product attribute, which is underlined by extensive farming capabilities, allowed them to replicate these beneficial outcomes in new markets, i.e., to farm shops and farmers' markets. Thus, affirming replicability as an ASF of this strategic resource. This is also a reaffirmation of organisation as an ASF since these firms must have re-organised their activities to deliver local products to these new markets.

6.4.4 The passive sustaining factors for delivering sociological benefits

The passive sustaining factors (PSF) for extensive farming capabilities seem to be inimitability. This is based on the analysis of responses that indicates that the low productivity associated with this capability may be dissuading competitors from imitating the strategic resource.

6.4.4.1 Inimitability

Again, inimitability, here, concern the unwillingness of competitor the imitate the valuable outcome of strategic resources. As noted, extensive farming capabilities result in low yields due to the natural farming processes required in the deployment of

this strategic resource (Castree, Kitchin and Rogers, 2013). From responses, it appears competitors may be unwilling to settle for such low yields, Heath elaborates:

If you went to a conventional farm, that's all picked [points to some small looking unpicked leeks on the soil bed]...With that size, that leek is never going to grow. It's got no help on its own, but what in the soil... it's got no competition against weeds... Like broccoli, from a field of broccoli, you might only get a sixty per cent harvest from them. It depends on the weather as well. Some years we get a better harvest, but they are getting a hundred per cent cut.

Concerning public relations capabilities and interpersonal relationship capabilities, farm business responses did not reveal any sustaining factors. In the case of public relations capabilities, it was noted that these businesses scarcely acknowledged the strategic relevance of this strategic resource in preserving the local communities of their customers. As such, the strategic resource did not seem to have been developed towards the promotion of this benefit in the examined farm businesses. This is perhaps because many of these farm businesses are not completely convinced by the benevolent motivations that underlie this benefit. Rather, they seem to consider their role in preserving communities as being mutually beneficial, as may be noted from Tom's statement

I'd like to think there's a loyalty with the customers, you know [sighs]. If their circumstances change and they couldn't afford to come here, then they stop coming. They don't come here to tell me, "Oh, we stopped coming because we can't afford to". You just don't see them. So, I like to think I'm loyal to them as long I like to think I look after them. If it works the other way round, I just can't tell you.

Similarly, interpersonal relationship capabilities did not appear to have been developed by these businesses for promoting moral principles benefit as sought by customers. This is chiefly because the examined farm businesses did not seem to perceive their business activities from a moral perspective, as perceived by their customers. As such, none of the sustaining factors was found suitable for the sustenance of this strategic resource. However, Frances suggests that firms may need to reorganise their businesses to sustain this benefit. Insightfully, she suggests a re-organisation that may be more inclusive of the customers' moral philosophies.

Frances: Obviously, we don't do this for money. We do this because we love and we care about it, and we want to share that with people; feed people good food and have people join us and volunteer, and get that experience working with the land, and being away from the city and like I said, we want to become a social enterprise.

6.4.5 Summary of strategic resources that deliver Sociological benefits

The above analyses found three strategic resources that can potentially deliver the identified sociological benefits to customers of farm shops and farmers' markets. However, the findings suggest that only one of these strategic resources appears to be possessed by the examined firms, i.e., extensive farming capabilities. The other two strategic resources were not found to be possessed by these firms based on responses; these were public relations capabilities and interpersonal relationship capabilities.

In the case of public relations capabilities, firms appear to acknowledge this capability but did not seem to consider its development as part of their value-creating activity; whereas interpersonal relationship capabilities may not have been developed because these firms do not appear to acknowledge the two-way communication with their

customers that is required for the development of this strategic resource. Moreover, firms also require a moral alignment with customer perceptions to ensure that these interpersonal relationships can fully deliver the perceived benefit, i.e., promoting moral principles. Instead, these firms still view the customer as an outsider to their food ecosystem and engage them in one-way communication. Consequently, responses did not reveal any sustaining factors for these strategic resources (See table 6.5 for the summary).

Table 6.5: Showing the strategic resources that deliver Sociological benefits and sustaining factors

Sociological Benefits	Attributes	Strategic Resources	Product Group	Active Sustaining Factors	Passive Sustaining Factors
Preserved Local Communities	Local Product	Extensive Farming capabilities	All	Replication & Organisation	Inimitability
	Local business	Public Relations capabilities	All	None found	None found
Promoted Moral Principles	Interpersonal Relationship	Interpersonal Relationship capabilities	All	None found	None found

6.5 Summary of analysis

The preceding analyses identified ten strategic resources from the responses of the examined structurally diversified businesses (See table 6.6). It was found that these strategic resources were fully acknowledged and mostly possessed and sustained by these firms except for public relations capabilities & interpersonal relations

capabilities. Notably, these two strategic resources involve the fostering of relationships with customers of these firms. The former with the wider public, including customers and the latter with the actual customers of these firms. The findings suggest that only a few of the examined firms acknowledged and possessed public relations capabilities. It was further indicated that farm businesses may not seek to develop this capability due to an aversion to public engagement.

Similarly, interpersonal relationship capabilities did not appear to be fully acknowledged by the examined businesses. This is due to the differing view of firms and customers, which impacts how firms develop relationships with their customers. While customers perceive these firms as moral organisations that are co-part of their broader food network, the examined firms did not appear to share the same perception and relate to the customer as outsiders to their food networks. Therefore, favouring one-way communication with customers, as opposed to two-way communication that fosters those interpersonal relationships that promote the moral principles of their customers.

Furthermore, it was found that these firms mostly relied on organisation and inimitability for the sustainment of their possessed strategic resources. The reliance on organisation suggests that the value-creating potentials of these strategic resources were well known to firms in the sector. This knowledge is affirmed by the successful replication of these strategic resources in different markets. Interestingly, the findings concerning inimitability did not suggest that the knowledge of these strategic resources was tacit; rather, it indicates an unwillingness for competitors to imitate the valuable outcomes of these firms even with a clear knowledge of these activities. The analysis shows that competitors were unwilling to imitate the valuable outcomes of these

strategic resources since it impacts their value-creating strategies. This suggests that inimitability was mostly influenced by the path dependencies (Klüppel, Pierce and Snyder, 2018) of these competitor firms and not the causal ambiguities or social complexities of the examined farm businesses.

Table 6.6: Showing the strategic resources and their associated attributes and sustaining factors.

Attributes	Benefit categories	Strategic resources	Sustaining factors	Product categories
Freshness	Taste	Short Supply Chain capabilities	Organisation Replicability Inimitability	Crops & Livestock by-products
		Seasonal Production capabilities	Organisation Inimitability	Crops
		Meat Hanging capabilities	Organisation Inimitability	Livestock
		Slow Growing capabilities	Organisation Inimitability	Crops
Chemical-free	Health	Organic Farming capability	Organisation Inimitability Uniqueness	All producers
Variety	Choice	Polyculture capabilities	Organisation Replication	Crops
Shopping experience	Convenience	Customer Service capabilities	Organisation Inimitability	All producers
Local product	Preserved local community	Extensive Farming capabilities	Organisation Replication Inimitability	All producers
Local business		Public Relations capabilities	None found	All producers
Interpersonal Relationships	Promoted moral principles	Interpersonal Relationships capabilities	None found	All producers

6.6 Conclusions

The object of this chapter was to explore and identify the strategic resources with the potential to deliver and sustain value for structurally diversified farm businesses. The analyses identified ten strategic resources, with value-creating potentials, for these businesses. These strategic resources were short supply chain capabilities; seasonal production capabilities; meat hanging capabilities; slow-growing capabilities; organic farming capabilities; polyculture capabilities; customer service capabilities; extensive farming capabilities; public relations capabilities; and interpersonal relationships capabilities. These strategic resources have the potential to create value for customers based on the benefits sought by these customers. They also embody the potential to capture value for firms based on their possession and deployment. Further, the findings also revealed that these firms possessed the ability to deploy and sustain these strategic resources except for two, i.e., public relations capabilities and interpersonal relationship capabilities. In the next chapter, the implications of these findings and the contributions to theory and practice are discussed to conclude the thesis.

CHAPTER 7: CONCLUSIONS

7.0 Introduction

The purpose of this thesis was to explore the competitive potential of structurally diversified businesses in the UK farming sector. To this end, the thesis explores the rural economies where these farm businesses operate to identify the diversification strategies and the entrepreneurial opportunities that exist in their markets. It identifies the benefits their customers sought from local foods in two diversified activities commonly used by farm businesses i.e., in farmers' markets and farm shops. These benefits highlight the attributes of local foods that signal areas of opportunities that farm businesses may exploit to create customer value. The thesis then explores strategic resources by focusing on those that are most aligned with customer needs and embody the potential to improve farm competitiveness. Also, it explores the factors that sustain the value-creating potential of the identified strategic resources. The findings revealed that the examined firms possessed the ability to deploy and sustain most of these strategic resources except for two, i.e, public relations and interpersonal relations capabilities, which did not appear to be fully acknowledged by these firms.

In this chapter, the thesis is concluded by demonstrating that its aims have been addressed. First, the research objectives are revisited to summarize the key findings. These findings are discussed in the context of the research problem and literature reviews that were instrumental in developing the questions. Following this, the thesis contributions and their implications for theory and practice will be discussed to ensure that this work advances the current state of knowledge. Finally, the limitations of the thesis are acknowledged before suggestions for future research are outlined.

7.1 Summary of the literature and findings.

This thesis aims to explore the strategic resources of structurally diversified farm businesses that can potentially create value through opportunity exploitation as well as examine the factors that sustain the value-creating potential of farm businesses. Chapter 2, discusses the research works that have examined the diversified activities of farm businesses and how these have focused on the ability of these farms to discover entrepreneurial opportunities in their markets (Tonner and Wilson, 2015; Radicic, Bennett and Newton, 2017). It is suggested that a resource-based perspective can complement the discovery approach by exploring how entrepreneurial opportunities can be exploited. The resource-based perspectives argue that farm businesses can develop and sustain a competitive advantage, in this instance an entrepreneurial advantage, by deploying strategic resources to exploit opportunities in farm shops and farmers' markets (Penrose, 1959; Barney, 1991). As such, this research bridges the knowledge gap by identifying strategic resources that exploit entrepreneurial opportunities. Furthermore, the review that was undertaken in chapter 2, also, identified the entrepreneurial market opportunities for farm businesses in the growing trend of local food consumption in the UK (Aprile, Caputo and Nayga, 2015). The effective exploitation of these markets using strategic farm resources will assure the sustainability of farm businesses and the Scottish rural economy (ScotGov, 2020). Extant works have explored this growing trend by focusing on the geographic and relational dimensions of local food consumption (Labbé-Pinlon, Lombart and Louis, 2016; Farris *et al.*, 2019); however, the values of the proximity dimension (Eriksen, 2013), which explore the values that guide local food consumers, have had limited

empirical examination. The empirical examination of these values is a relevant contribution to extant research works.

In chapter 3, the review of resource-based literature sought to characterise strategic resources. This enabled their identification, in the context of farm businesses, for the empirical phases of this research. Following this review, it became evident that the ‘value’ character, which is an empirical indicator of strategic resources, was not endogenously determined by firms as often assumed within the theory (Hamel and Prahalad, 1990; Barney, 1991; Makadok and Coff, 2002; Teece, 2014). Rather, it was exogenously determined by customers (Priem and Butler, 2001b; Priem, 2007; Barney, 2011). This assumption appears to have encouraged the empirical neglect of the exogenous determination of value in the resource-based perspective. Consequently, the exogenously determined value indicator for strategic resources has been lacking in empirical research from the perspectives. This was a gap in the literature and a major limitation in realising the aims of this research since the identification of strategic resources are reliant on its exogenous determination. Accordingly, a framework was developed in chapter 3 to bridge this gap by accommodating the exogenously determined aspect of value creation. This framework incorporates the customer, who was revealed as the determinant of strategic resource value (Priem, 2007). The framework facilitated the development of research objective 1 to bridge this literature gap which is the key contribution of this work

7.1.1 Incorporating the customers' voice

ROI: To identify attributes that highlight the benefits customers perceive in the offerings of structurally diversified farm businesses.

Research objective 1 was developed to identify the product and service attributes that customers perceive as valuable from the examined firms' offerings. These valuable outcomes are the benefits perceived by customers, and they represent the exogenously determined value-creating potentials of strategic resources. Crucially, these benefits are embedded in the product and service attributes of a firm's offerings (Woodruff, 1997; Mahajan, 2020); therefore, they signal the endogenously developed strategic resources that underlie their delivery through these attributes.

The analysis in chapter five revealed these benefits and their corresponding attributes. In all, six benefits were found to be associated with seven dominant attributes. Notably, it was found that not all the attributes were associated with the products & service offerings of the examined firm. Some attributes were found to be associated with the relationships customers develop with these firms. This finding suggests that customers perceive benefits beyond the product and service attributes of firm offerings.

From a market-based perspective, the literature review in chapter 3 that guided the development of the operationalised framework for this thesis suggests that the customers' determination of value amounts to an evaluation of customer perceptions of a firm's product & service attributes and the benefits of their utility (Woodruff, 1997; Zubac, Hubbard and Johnson, 2010; Leroi-Werelds and Streukens, 2011). However, the findings of this research suggest that customers are evaluating the value of agricultural offerings beyond their product and service attributes. These added perceptions of value were found to be embedded in the relationships customers forge with firms. This view affirms the arguments of local food researchers that conclude that the customers' assessments of agricultural offerings go beyond the intrinsic qualities of the offerings (Labbé-Pinlon, Lombart and Louis, 2016; Farris *et al.*, 2019).

Correspondingly, the analysis found that customers assessed local food offerings in both the geographic and relational dimensions as noted by Eriksen (2013). However, this work highlights the values dimension as a dimension of customer assessment that guides customer behaviour and invariably the creation of strategic resources in structurally diversified farm businesses.

Following the development of RO1, two further research objectives were developed to ensure the realisation of the research aims. Research objective 2 was developed to identify the strategic resources that underlie the benefit delivery, while research objective 3 explores how the identified strategic resources can be sustained. These questions anticipated the identification of the attributes identified from the customer analyses in chapter 5 - an outcome that aided the identification of strategic resources and their sustaining factors in chapter 6.

7.1.2 Identifying the strategic resources

RO2: To identify the strategic resources that embed attributes in the offerings of structurally diversified farm businesses.

RO2 facilitated the identification of strategic resources with the potential to be sources of competitive advantages for structurally diversified farm businesses. The analysis in chapter 6 identified ten strategic resources that can be deployed to deliver the six benefits sought by customers. While most of the identified strategic resources were found to have the potential to create value for customers by embedding attributes in firm offerings, some strategic resources were found with the potential to create value beyond the embedding of attributes in product and service offerings. Instead, these

strategic resources created value within the social relationships these firms forge with their customers.

Like the market-orientation perspectives discussed above (section 7.1.1), the resource-based perspectives also implicitly assume that strategic resources create value for customers by the embedding of attributes in agricultural offerings to deliver benefits (Hamel and Prahalad, 1990; Barney, 2011; Teece, 2015). This implicit assumption is based on the conceptualization of value creating strategic resources as resources with the potential to create value for customers. Here, the value created for customers is embodied in the benefits customers perceived from the attributes embedded in these agricultural offerings (Teece and Pisano, 1994b; McWilliams and Siegel, 2011; Gregorio, 2013). Nevertheless, the analysis in chapter 6 revealed strategic resources that do not only deliver benefits through the product and service attributes of these farm businesses. Rather, these strategic resources combine farm business capabilities to embed benefits in relational areas perceived as valuable by customers of these firms. Thus, extending the potential for farm businesses to develop value-creating strategic resources beyond the attributes embedded in their agricultural offerings.

While RO2 facilitated the identification of value creating strategic resources that may be the basis of competitive advantages for firms, RO3 explores the sustainability of the identified strategic resources, i.e. the basis of a firm's sustained competitive advantage.

7.1.3 Sustaining captured-value

RO3: To identify the sustaining factors associated with the strategic resources of structurally diversified farm businesses.

RO3 was concurrently explored in chapter 6 and found that the sustaining factors proposed by the resource perspectives (discussed in chapter 3) may only be effective for sustaining strategic resources that embed attributes in agricultural product and service offerings. Notably, the sustenance of strategic resources with value creating potential beyond the embedding of attributes in product and service offerings did not reveal any suitable sustaining factors from the analysis. This suggests that the proposed sustaining factors may not be relevant for sustaining strategic resource value that is embedded in social relationships. Therefore, a different approach may be required to sustain the value-capturing potential of strategic resources in these relational areas.

The resource-based perspectives proposed several factors to sustain the value-capturing potential of strategic resources (Teece, Pisano and Shuen, 1997; Barney, 2011). Since the analysis in chapter 6 did not reveal any sustaining factors for the strategic resources that deliver benefits in relational areas, it may be argued that the sustaining factors for these strategic resources may be different from the proposed factors (Teece and Pisano, 1994a; Barney, 2001b). The findings suggest that it may be necessary to include the customer in managing the sustaining factors concerning strategic resources in relational areas. This is because customers are an integral part of the relationships that harbour these relational strategic resources. Thus, implying that the customer may have to be included in the value creation processes of these firms through their shared management of these sustaining factors. This view is opposed to the view that only firms can perpetuate value through their sole management of sustaining factors (Barney, 1991; Teece and Pisano, 1994a).

7.2 Thesis Contributions

The above discussions of the research findings affirm the realisation of the research aims as guided by the arguments of extant theories and appropriate methodological practices. While the findings of this study presented some areas of alignment with extant theories and practices, it also uncovered areas that extend existing research and theory; and in some cases, stand in contrast to the current literature. Accordingly, these areas are re-examined to explain the distinctions and propose the thesis contributions. Further, the implications for the practices of structurally diversified farm businesses are discussed.

7.2.1 Contribution 1: Extending the empirical scope of the local food dimensions.

It has been noted that the growth in local food consumption may bear opportunities that can be exploited to improve the viability of farm businesses and invariably rural economies (Aprile, Caputo and Nayga, 2015; Meyerding, Trajer and Lehberger, 2019). To effectively exploit these opportunities, an understanding of the values of local food consumers may provide insights for predicting their buying behaviour. As noted, extant works have empirically explored the geographic and relational dimensions that drive local food consumption (Labbé-Pinlon, Lombart and Louis, 2016; Farris *et al.*, 2019); however, there has been a lack of empirical works that explore the values that motivate local food consumers. This work contributes to extant works on the local food context by empirically exploring the values that underlie the motives of local food consumers. In addition to the geographic and relations motives that drive local food, this work found that the values driving local food consumption were hedonism, security, benevolence, universalism, and stimulation. Thereby adding to the existing

literature that has explored the local food context (Labbé-Pinlon, Lombart and Louis, 2016; Farris *et al.*, 2019; Chicoine, Rodier and Durif, 2022).

7.2.1.1 Implication for practice: rural and urban market segments.

The exploration of the values dimension of local consumption is relevant for farm businesses because it allows farmers to appreciate and adapt their businesses based on the dominant values in different consumer groups. This work has shown a difference in the values that motivate rural and urban consumers of agricultural offerings. The analysis found that rural customers are dominantly influenced by hedonistic and benevolent values. Thus, farm businesses targeting rural customers should emphasise the taste benefits that local foods provide. This approach will appeal to the hedonistic goals of rural customers and encourage patronage. Furthermore, the benevolence values expressed by rural customers were focused on the continuity of the farm businesses that operate in their perceived local communities. The perceived communities of rural local food consumers were routinely associated with the rural communities where farm businesses operate. It should be recalled that rural customers consider the survival of these businesses as synonymous with the survival of their rural communities. As such, farm businesses in rural communities should evidence their embeddedness in these communities; for example, by engaging and sponsoring social events in rural communities. Such engagements help build trust in these rural businesses and encourage patronage from rural customers seeking to meet their benevolent goals.

For urban local food consumers, it was found that their valuation of local food was dominantly influenced by security, hedonistic, universal, and benevolent values. Thus,

urban customers have a more extended scope for local food valuation. For farm businesses seeking to target urban respondents, they should emphasise the health benefits associated with local food consumption in addition to the taste benefits of these agricultural offerings. It should be recalled from the analysis that urban customers made connections between taste and health benefits of local foods; as such, have a broader scope of intrinsic motives that guide their local food purchases. Furthermore, it was found that urban respondents also consider their universal values in their valuation of local food to promote their moral principles. Again, suggesting a broader scope of the extrinsic motives that guide urban local food consumers i.e., beyond benevolence motives. As such, farm businesses should enhance their interpersonal relationship with urban customers by promoting and engaging in activities that foster these moral principles. For instance, activities that highlight workers' welfare or the sustainable nature of their production systems should be included in their marketing message. Also, farm businesses may register their businesses with standards organisations that emphasise their moral or sustainability principles e.g., by evidencing compliance to payment of a living wage.

7.2.2 Contribution 2: Extending the theoretical scope of value-creation in the resource-based perspectives.

The resource-based perspectives assume that firms can endogenously sustain a competitive advantage from the possession of heterogeneous and imperfectly mobile strategic resources (Penrose, 1959; Barney, 1991). As noted, the value character, which is an empirical indicator of strategic resources, was found to be exogenously determined by customers while endogenously captured by firms (Hamel and Prahalad, 1990; Teece and Pisano, 1994b; Priem and Butler, 2001b; Priem, 2007). Exogenous

value is referred to as created-value and describes the specific qualities of products that provide benefits to customers (Bowman and Ambrosini, 2000). Endogenous value is referred to as captured-value and is concerned with how firms capture the value generated by an existing strategic resource (Peteraf, 1993; Bowman and Ambrosini, 2000). These value concepts combine to complete the value-creation processes from a resource-based perspective. In this view, value-creation concerns the identification of strategic resources by their ability to create value for customers and the exploitation of strategic resources by their ability to capture value for firms.

However, there is a gap in existing resource-based research because captured-value has been the central focus of its existing frameworks and studies, e.g. Hult *et al.*, 2006; Nath, Nachiappan and Ramanathan, 2010; Mu *et al.*, 2017; Hidalgo-Peñate, Padrón-Robaina and Nieves, 2019; whereas created-value has not been empirically explored within the perspective. Since this research is primarily concerned with the identification of strategic resources, the exclusion of created value was considered a major gap in the resource-based theoretical perspective.

This study considers the bridging of this knowledge gap as the major and overarching contribution of this work. This gap was bridged by the inclusion of the customers in the determination of value. Practically, it was effected by operationalizing a framework that empirically explored created-value in alignment with the theoretical foundations of the resource-based perspectives. The operationalised framework conceptually accommodates the customers as a value indicator as proposed by the foundational papers of the resource-based perspectives (Hamel and Prahalad, 1990; Barney, 1991; Teece and Pisano, 1994). By operationalising a framework that includes the customer in the determination of value (i.e., created value) alongside the value

construct emphasised by the resource-based perspective (i.e. captured-value); this research has contributed to the theoretical foundations of the resource perspectives by extending the scope of value creation in the perspective. The relevance of this extension is that the full scope of value creation is accommodated in a resource-based framework. Thus, value-creation in this perspective is no longer limited to an exploration of captured-value but also accommodates the exploration of created-value for strategic resource identification.

The findings of this research also affirm this extended view which suggests that value is not only endogenously captured by strategic resources but also exogenously determined by customer perceptions as suggested by critics of the resource-based perspective (Priem and Butler, 2001b; Priem, 2007; Kraaijenbrink, Spender and Groen, 2010). For instance, an identified strategic resource - extensive farming capabilities – was expressed as a source of value by the examined firms. These farm businesses assume that the value captured from this strategic resource is inherent in the higher quality of their agricultural product and service offerings. In other words, these farms assume value creation in terms of their ability to capture value from deployed strategic resources. However, customers did not perceive the value of this strategic resource solely in terms of its ability to capture value through its higher product quality outcome. Rather, customers also associated the value of this strategic resource with benefits that concerns the preservation of their communities. These customers assume that the patronage of these agricultural products will sustain the viability of farm businesses and, by extension, preserve their wider communities and rural areas. Effectively, these customers are determining the value of this strategic resource based on its ability to create value and not solely on the capturing abilities of

farm businesses. Further, customers are also identifying valuable outcomes that may not have been identified by these farm businesses through value capture. In the case of extensive farming capabilities, customers identified value areas beyond the product and service offerings delivered by this strategic resource, thereby identifying an area of value creation that may be exploited by firms but would not have been identified by solely examining captured-value.

7.2.2.1 Implications for practice: Created value and opportunity creation

This extended view of the value construct has significance for opportunity creation in farm businesses. That is if opportunities are considered to be market gaps that businesses can potentially exploit to profitably serve their customers (Huslan *et al.*, 2016). The resource-based perspectives argue that opportunities exist because of competitive imperfections that exist in product or factor markets (Barney, 1986; Barney, Alvarez and Anderson, 2013). Using the above instance as an example, the imperfect knowledge of the examined farm businesses concerning the value-creating potential of extensive farming capabilities presents an opportunity that may be exploited by these farm businesses. Thus, the knowledge that customers seek to preserve their communities through their patronage of farm shops and farmers' markets is a value-creating opportunity that can only be determined by customers from the exploration of created-value.

In this view, created-value presents those demand-side narratives that enhance the farm's ability to create opportunities in its markets (Nambisan and Zahra, 2016). Thereby extending the scope of opportunity creation in the resource-based perspectives to include the development of strategic resources for creating value

(Priem, Li and Carr, 2012; Gummerus, 2013); i.e., alongside the development of strategic resources for capturing value (Barney, 1991; Peteraf, 1993). This means that farm businesses can also base their strategic resource development on the opportunities that are presented in their markets from customer perceptions. Thus, accommodating those demand-side narratives that guide the development of strategic resources based on their potential to deliver value to heterogeneous customers (Priem, Li and Carr, 2012; Boysen *et al.*, 2015).

7.2.3 Contribution 3: Extending the scope of value delivery

The above contribution also impacts the scope of value delivery, as suggested by Zubac *et al.* (2010), whose empirical framework was adapted for this study. This finding suggests that value delivery in the proposed framework may also be extended to accommodate the extended perception of customer-determined value. In the framework, Zubac *et al.* (2010) suggested three dimensions for value creation, i.e., managerial, technical, and marketing. Correspondingly, they argue that strategic resources were associated with managerial-, technical- and marketing- capabilities. While this study agrees that these activities embody strategic resources that may provide value for customers, it also found that relational capabilities may also provide value for customers. Thereby extending the conceptual scope of value delivery that suggests a greater potential for value-creation.

This contribution was facilitated by the phenomenological method that was found suitable for the investigation of customers' benefits in the first empirical phase of this research (Customer phase). The mechanism employed for this phenomenological approach was the means-end chain (MEC) model (Gutman 1982), which encouraged

customers to reveal those benefits they associated with the offerings of the examined firms. Typically, the MEC model explores the physiological dimensions of offerings that convey benefits to customers who seek to realize their purchasing goals (Gutman, 1982). However, the phenomenological approach employed in this research allowed for the exploration of those psycho-social dimensions of customer benefits that impacts customer valuation of offerings (Zanoli and Naspetti, 2001; Hsiao, Ju Rebecca Yen and Li, 2012b).

In contrast, Zubac et al.'s (2010) framework only accommodate the physiological dimensions of offerings in its proposed managerial, technical, and marketing dimensions. This is because these dimensions concern those benefits customers realise from the utility of an offering. Consequently, the framework did not consider the psycho-social dimensions that also impact customer perceptions of value judgements. By considering those psycho-social dimensions of customer value judgements, this study revealed strategic resources that were embedded in the social relationships customers forge with firms. These socially embedded strategic resources (e.g., interpersonal relationship capabilities) are not embedded in the utility of an offering, which is associated with the managerial, technical, and marketing dimensions of firm activities; rather, they are associated with the relationship dimensions of these firms. Thus, the potential for value creation is extended by the added dimension.

7.2.3.1 Implications for practice: The relationship dimension and value creation

As noted, this extended scope of value delivery suggests that farm businesses can extend their scope of value delivery beyond the managerial, technical, and marketing dimensions as posited by Zubac et al. (2010). This is relevant because relational areas,

which were not associated with value creation in the resource-based perspective, have been found to be a dimension where farm businesses can create value for customers and, accordingly, capture value for their businesses. Thus, the examined farm businesses may develop strategic resources in this relationship dimension to expand their value-creating potentials and improve their competitiveness. On the whole, their success will enhance the viability of rural economies.

7.2.4 Contribution 4: Relationship dimension and Hierarchical needs

The extended view of value delivery also implies that benefit delivery to customers may have a hierarchical dimension alongside its linear dimension as suggested by proponents of the resource-based perspectives (Teece, Pisano and Shuen, 1997; Zubac, Hubbard and Johnson, 2010; Barney, 2011). This argument is based on the findings that suggest the prepotency of sociological benefits. It seems these sociological benefits are hierarchically delivered to customers in alignment with the hierarchical delivery of customer needs (Maslow, 1987). In contrast, the resource-based perspectives suggest that firms deliver benefits to customers in a linear fashion. Zubac et al. (2010) explain this sequentially delivery of benefits in the following order 1) benefits embedded in the product & services of firms, 2) benefits delivered at the time of use and 3) benefits delivered after use. Although this linear delivery of benefits is supported by the finding of this study in relation to those benefits that are perceived from the product and service offerings of these farm businesses; however, the linear delivery of benefits does not fully explain the benefits that are not embedded in firms' offerings i.e., sociological benefits.

From the thesis analysis, it was found that customers consider the benefits perceived from embedded attributes as lower-level benefits. These lower-level benefits are relevant for delivering physiological and psychological benefits. These physiological and psychological benefits are aligned with those lower-level benefits that ensure the realisation of customers' basic needs, which concern the sustenance of life and their safety (Maslow, 1987). Having realised these lower-level benefits, it appears customers seek to realise higher-level sociological benefits that are aligned to their sociological needs, like their relationship needs (Maslow, 1987).

In this view, it may be argued that customer benefits are delivered in the following hierarchical order: lower-level benefits (physiological benefits & psychological benefits) and then higher-level benefits (sociological benefits). This argument is demonstrated by the findings of this research that show that all the examined farm businesses were capable of delivering the lower-level benefits while most of them lacked the capabilities to deliver the higher-level benefits. Thus, it is reasonable to conclude that the prepotency of higher-level benefits requires that firms must first possess and perfect the strategic resources that deliver the lower-level benefits before ascending the hierarchy to develop strategic resources that deliver higher-level benefits. Crucially, this hierarchical view signals a change in customer needs and, correspondingly, a change in agricultural markets. This is crucial because the ability to align changes in customer needs may be made possible with this hierarchy of customer benefits which embodies a framework that may predict the direction of market changes.

7.2.4.1 Implications for practice: Customer needs ascension and firm value propositions

The revealing of sociological benefits that are not perceived from attributes embedded in offerings suggests an increased sophistication in customer consumption needs of agricultural food offerings. This implies that customers may have ascended the needs hierarchy because they are increasingly concerned with those relational aspects associated with a farm's business value delivery. Thus, customers are not only interested in the functional dimensions that deliver benefits through products and service offerings but are also interested in the social dimension of these agricultural products in their evaluation of value. Therefore, it may no longer suffice for farm businesses to assume that customers only base their buying decisions on the lower-level benefits, i.e. physiological and psychological dimensions. Rather, farm businesses should note that customers may also be considering the higher-level benefits in their evaluations. For instance, customer insistence on promoting their moral principles concerning sociological benefits requires farm businesses to prioritize environmental and social issues in their operations. These concerns signal the possible changes in the future needs of customers and, as such, should be a guide to the future positioning of these farms concerning their value-creating strategies. Such considerations will ensure that farm businesses are properly positioned to adapt their value-creating strategies to align with future market changes. It will also align the strategies of farm businesses with a dimension of customer value that has long been recognised in local food discourse (Eriksen, 2013; Farris *et al.*, 2019)

7.3 Thesis limitations

As alluded to in chapter 4 of this research, all research works embody some type of limitation as long as it is positioned within a particular paradigmatic worldview (Bryman, 2012; Flick, 2018). For instance, this research work, which identified its appropriate paradigmatic positioning within the subjectivist paradigm (Burrell and Morgan, 1979), embodies those limitations associated with this positioning. Although this subjectivist positioning was found suitable for the exploratory nature of the research; it, however, mandated that the research relied on the inter-subjective interpretation of collated data in its analytical processes. Consequently, the research is limited in the broader applications of its interpreted meaning beyond its examined context. While it is reasonable to assume that aspects of these interpreted meanings also exist within the wider population of the examined agricultural sector, as noted from similar works with comparable outcomes (Baker *et al.*, 2004; Qendro, 2015b; Carson *et al.*, 2016; Garner and Ayala, 2018); nevertheless, an objectivist standpoint may have yielded different findings from those found here. In addition, an objectivist approach may have enabled the generalization of the inter-subjective narratives found in this research to the wider sector.

Furthermore, a cross-sectional study approach was employed to collect data in the two empirical phases of this research work. This approach resulted in a snapshot of data from both customer and farm business respondents. Although this approach facilitated the important findings discussed in the thesis; however, it made it difficult to incorporate emerging trends that may have further enriched these findings. A notable emerging trend is the growth of food assemblies within the farm sector (The Food Assembly Team, 2017; Bernardi and Azucar, 2020). This trend employs the

technological changes in agricultural food distribution to advance the direct marketing activities of farm businesses by providing an online market for agricultural offerings. A longitudinal study may have been beneficial in capturing this emerging trend within this study. It may be assumed that the data captured from this direct marketing channel would have provided more information on the central subject matter of this thesis, i.e. the value-creating potentials of diversified firms. Correspondingly, the overall research may have gained further insight into the strategic resources inherent in the sector and approaches to improve the competitive positioning of diversified farm businesses in the industry.

Methodologically, the research may have been limited by the absence of phenomenological methods of inquiries that are specifically designed for strategic management inquiries. It should be recalled that this research combined two theoretical perspectives to frame its empirical inquiry, i.e., a market-based perspective and a resource-based perspective. These perspectives respectively framed the customer and the farm business empirical phases of this research. While the customer phase of the research employed the means-end chain model, which is an established phenomenological model for marketing inquiries (Gutman, 1982), no phenomenological method was found to be specifically developed for strategic management inquiries as required for the farm business phase. Thus, the phenomenological approach assumed a generic inductive posture for the analyses in that empirical phase (Thomas, 2006). Although this approach was effective in this research, since the research mainly relied on the lived experience of customers as input data for directing its farm phase inquiries; nevertheless, it may have limited the depth of analysis in the farm phase since the lived experiences of farm respondents were not

systematically examined with a dedicated phenomenological model. Such an examination may have provided more nuanced information on the relational aspects that have emerged as a crucial contribution of this research.

7.4 Future research

As noted from the limitations above, the applicability of this research may benefit from further research that will quantitatively examine the inter-subjective narratives from an objective perspective that focuses on the wider farm sector. The efficacy of a positivist stance will be of particular relevance if employed to quantitatively examine a causal relationship between the identified strategic resources and the performances of firms that possess these resources. Such works may take the form of a comparative analysis of the performances of firms that possess the identified strategic resources and those that do not possess them in the sector. The outcomes of such research will introduce some objective results that may revalidate these findings and thereby facilitate the generalizability of the intersubjective narratives that were found in this research.

Also, future researchers should explore the values that underlie the motives of local food producers. In this work, the values of local food customers were identified, and the findings suggest that farm businesses may not share the same values as their customers concerning local foods. Rather, expediency and survival were noted to be factors that drive farm businesses toward local food production; however, the values that underlie these decisions remain unclear. Future works may qualitatively explore these motives and highlight the values of these farm businesses and those they share

with the customers. Such work will inform the discourse on the values that drive local food production.

Lastly, future research should further explore the interpersonal relationships that may be forged between farm businesses and their customers. While it has been shown that customers engage in these relationships to realise sociological benefits they associate with their moral & ethical principles; nevertheless, very little information is available on the motivations of businesses that may also be engaged in these relationships. This interpersonal relationship, which suggests increased customer involvement in firms' business activities, and vice-versa, may be effectively examined by a longitudinal study design. Such a study may explore the development of these relationships as it impacts customer perceptions of business offerings and their impact on the business structure and value-creating potentials of farm businesses. It is recommended that a suitable phenomenological method is also employed in this endeavour to ensure that the lived experiences of both farmers and customers are fully captured in the study.

7.5 Conclusions

This chapter has synthesised the essence of this thesis into a coherent whole. The chapter has demonstrated that the thesis' overall aim for exploring those strategic resources that can sustainably improve the competitiveness of diversified farm businesses in the Scottish farming sectors has been realised from the study. The chapter also discussed the contributions of the thesis to ensure that the state of extant knowledge in marketing and strategic management fields is advanced by this study. Specifically contributing to the market-based and resource-based theoretical

perspectives, respectively. The chapter also explored the implications of these contributions for their relevance to the practices of structurally diversified farm businesses seeking to improve their competitiveness in the sector. Finally, the implications of these contributions and the limitations of this study were re-examined to highlight areas for future research. This ensures that the knowledge gained from this study is sustained and continuously advanced by future researchers.

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APPENDICES

Appendix 1: Customer discussion guide

Customer Interview Discussion Guide.

Discussions open with an informal explanation of the research goals

Note: Respondents must be made aware that this research work does not seek right or wrong answers but is designed to understand, their purchase choices, from their perspective. The main goal will be to discover how their world views or values impact and shape their buying habits and choices. The interview process will simply facilitate this discovery process but does not aim to influence it.

Themes

- 1) Product and service attribute: The strategy proposed for identifying attributes is through eliciting distinction i.e. the distinction between the product/service under investigation and a close alternative.

i. Eliciting distinction

Areas of interest	Sample questions
Product Attributes	I. Why did you buy this particular product and not the regular (conventional) product? II. Is this product different from the regular product? How?
Service Attributes	I) Why did you use this outlet today instead of another outlet? II) Which outlets do you prefer buying the product from and why? How often do you visit this shop in a month as compared to other outlets that sell the product?

- ii. Selecting Key distinctions* - Respondents will be presented with their mentioned distinctions and asked to rate them in their order of importance. Those with the highest ratings will be examined further.

- 2) Further probing question for benefits and values identification: The selected distinctive attributes will be subjected to the standard laddering approach by asking 'why' questions until no further areas of association can be explored, in

each case. Typical questions will be variants of the question below for both product and service

i) *Why is ... important to you?*

3) Further information

On completion, respondents will be asked to add any further information or clarify issues they have discussed. Following this, they will be invited to ask any questions of their own.

i. *Do you have any questions you would like to ask me?*

Close interview with thanks and appreciation.

Appendix 2: Farm business discussion guide

Interview Schedule (Projected Duration - 60 minutes)

Run Time (mins)	Cumulated Time (mins)	Interview Sections
5	5	Research introduction and consent form signing
10	10	General questions
40	45	Focused questions
5	60	Closing remarks

Research introduction and consent form signing (5 mins)

The purpose of this investigation is explained to the respondent for consent.

The purpose of this investigation is to gather in-depth information from small farm operators concerning their diversified activities, and offerings, in farmers' markets and farm shops, as well as to identify and characterise the farm resources that are employed to perform these activities. The investigation will help to understand how farm businesses develop and sustain the products and services they provide in these markets to promote the success of their farms in the agricultural sector. Our discussion will last for about an hour and include questions about your customers and business activities.

General questions (10 mins)

Questions here are aimed at getting background information about the farm business and its farmers' markets or farm shop activities. Questions include

- *Can you tell me a little bit about your farm business?*

Focused questions (40 mins): Questions are centred around 4 major themes.

Theme 1: Questions that establish the motivations and expected business outcomes in engaging in Farmers' Markets and Farm Shop activities. Questions include –

- *What reasons influenced your decision to use farmers' markets/farm shops to sell your products?*
- *What did you expect to get from using Farmers' markets/Farm shops?*
- *What benefits does your business get from using Farmers markers/Farm shops?*

Theme 2: Questions that explore the farm-businesses understanding of their customers' demands for their business offerings in Farmers market/Farm shops.

Questions may include –

- *Why do you think your customers buy your products from these markets?*
- *What would you say your customers like about your products and services?*
- *When you say -- insert product/service attribute -- what do you mean?*

(Insert each product/service attribute identified by the respondent to identify their sub-attributes – if any).

- *Why do you think your customers like -- insert product/service attribute -- and what do they think they benefit from it?*

(Go through the identified product and service attributes).

Theme 3: Questions that identify and map the business activities and resources employed to deliver valuable outcomes in Farmers' markets/Farm shops. Questions include:

- Which farming activities promote -- *insert product/service attribute* --?

To Identify the strategic resources that underlie the benefits sought by customers.

Theme 4: Questions that identify how these strategic resources may be sustained.

Questions include:

- *What are the reasons why other farms do not just copy what you do differently?*

- *Are these particular activities used to promote other products or services within the business; if so, which ones?*
- *Does this farm perform these activities differently from other farms?*
- *If so, why do you do it differently?*

Conclusions (5 mins)

- Is there anything else you would like to add to this discussion?
- Do you have any questions you would like to ask me?

Close interview with thanks and appreciation.

Appendix 3: Sample of customers interview transcript

Peters' transcript

- I:** Thank you for granting me this interview, as I explained I'm examining competitive strategies that farmers employ and the skill they also need for that. So you explained that you bought organic lettuce and spinach from the stall these items why do you buy organic and not another type of vegetable?
- R:** Yes, from the farm. One it's healthier, two it's tastier, three, it's fresher and, four, it is supporting small businesses. What happens is that commercial large holdings are killing off small businesses and creating a lot of unemployment because of the mechanisation and things they use. So it's better to support fair trade and organic smallholders because we have many of them and it will create employment as well as have a personal relationship with them. So you know what's going on in their life and they know what is going on in your life. They can attend to your specific need, so if I tell them what I need they don't even

mind planting specifically what I need like strawberries. So it's a different lifestyle and an alternative to the capitalist system. That's why I and many others patronise; we are almost like a network, like a counter-culture network. We buy organic stuff, fair trade stuff for ourselves by ourselves; we do a lot of exchanges also, sometimes if we don't have money we do a lot of exchanges.

I: Why does that matter? considering the organic products themselves, you say it's healthier, tastier, and fresher - is there anything else that makes it different from the supermarket products?

R: Yes, I'm sure there are no deadly chemicals there and I have more trust and I also know the impact it has on the economy; the local economy.

I: Why do you think healthier ties into the no-chemical use but does this impact on the taste as well or on the freshness?

R: Yes, they are all connected. The fact that it's organic you can assume that they don't use any chemicals which means it's healthier which also means it is fresher because they don't use any genetically modified inputs; or fertilizers which kill the taste also. Also, it's fresh from the market, that is, it's cut from the farm and that same morning it is straight to the market. So, no delivery chain, no supply chain, no packaging, no supermarket, no refrigeration; so it stays fresh.

I: So if you had to rate these, that is taste, freshness and the idea of being healthier or no chemical, [which would you rate the highest] followed by taste and freshness as number three?

R: Healthier is number one. Yes.

I: As concerning the location where these are sold, that is the farmers market why do you go there, why not anywhere else?

R: It's because of the relationships I have with the farmers. The thing with buying organic produce is not like buying from the supermarket where you may have to deal with a checkout machine; here, you have a personal relationship with the sellers. If they don't show up the next time I see them I ask and I may be advised that their daughter was sick, so you see there is a personal relationship there. That's why I go or he may come to me as well with the produce. I have a friend who delivers fresh organic milk to your doorstep, you know like they used to deliver in the 70s, in the glass bottle. So that relationship is there.

I: Why does relationship make a difference to you?

R: It's about trust, when you have a relationship and I know the person they can tell me about the product and I can trust them. In supermarkets, all you can do is read a label but here you can actually ask the farmer and he explains to me and I can get more information. Also, he can customize it to my needs. I can

tell him, I need this crop can you plant it for me and if he does I'll buy it and try it. So it's like that; those are the things that make a farmers' market work.

I: You have mentioned that you have formed a relationship with the farmer. You trust him and you can customise your needs. However, why do you come to the outlet itself let's say for instance if the farmer supplies to a different location might you go there?

R: His name is Moyo. No, the outlet is at the core of why we do that, it's about community. As things are now we have lost community that sense of community has been lost and these farmers' markets are part of a movement to bring that community back. So we go there and it's a community, which is the only way we can see our neighbours and the only way we can have a chat. We live on the same street and never have a chat but when you go to the farmers market and become a regular you can now maintain those relationships so it's all about community. That is why we go to the farmers' market. You may go there and spend only one hour or buy only one product but for the remaining 15 minutes, you chat with your neighbours, sellers and fellow buyers. So again, it's about community, it is not about selling the produce to Tesco because some farmers sell to these supermarkets, but I would not go there to buy it. So, if Moyo starts selling his produce there and it's the same product that he's selling there and they tag it fair trade or organic or anything else, it doesn't mean I'm going to buy there. People who go to farmers' markets are going there because of the sense of community that comes with that life.

I: So that would be your most important reason for going to the farmers market?

R: Yes. For me and many others that go to the farmers' market. One thing is that sense of community that we are trying to realize because nowadays everything is through machines and very impersonal as they sell in Asda where you interact with machines. A second thing is to keep alive the small holding and employment and a third thing is a keep alive the skills. A lot of the skills required for these activities are dying out. For instance, making exotic cheese with pineapple or how to farm these things with your hand or how to create the organic mulch that is used on the farms rather than depending on chemicals like fertilizers to make them grow. Those skills are being lost so what we are doing is patronizing these people to keep those skills alive. I am also a craftsman, so when I make my leather or jewel crafts, like others, we go to sell them there. So what are the things we are looking for; one is it organic because we want the healthy thing and that freshness; two is it fair-trade, that is, is it an ethical product and three; in terms of the value we are looking for apart from these 2 things, is that, is it a skill or a craft that needs to be kept alive or does that person have an apprentice. Another that we are looking for is this idea of community. It is part of a community, part of a movement. What we have is that we have allotments, garden allotments, which encourage people to farm,

together, as part of a community and then bring those produce to the market for sale or to exchange with each other.

I: **What you seem to be talking about is a whole network that is bigger than the product itself?**

R: Yes, it's about the network and it's bigger than the product] so there are many things to it.

I: **I can see what you mean if I consider the product further.**

R: It has to be good for the environment

I: **It has to be good for the environment, what does that mean?**

R: Yes, we don't want a process where there is damage to the environment, and soil erosion through the use of machinery. You know the topsoil is downgraded by the poison that comes from those chemicals and goes from the soil to the water table below to the creeks and rivers to the sea; eventually, these get into the food system and the blood system.

I: **Is this view of the organic process important to you?**

R: Yes, my friend that makes it organic. A honey farmer in Scotland here was complaining that he could not make honey because the bees are dying off since all the surrounding farms use pesticides that kill these bees off when they go to collect their nectar. So we went from one beehive to another and were not able to collect any honey; in fact, the honey we collected was just enough to give back to the bees since we have to give them some honey for their food. Also, the local birds are dying off because of this pesticide use, these are things we are talking about when we talk about the environment.

I: **You mentioned healthier, tastier and fresher; why does it matter to you to be healthier?**

R: Well, it's about living a holistic lifestyle. It's about, not just living longer, but living a better quality of life when you are alive. It's about detoxifying your system. So what has happened is that the system we live in, the air we breathe, the food we eat, the water we drink, everything is synthetic and chemicalized. What we are trying to do is to detoxify the system as much as possible by going back to whatever is natural. Whatever is natural we believe if created by God or wherever it came from is what is good. The state of nature is good and healthy. What has happened is when you start the industrialization process and start chemicalizing these things then you damage the environment and damage people's health. So, we believe that whatever is as close to nature as possible is healthier.

I: **Why do you think that?**

R: Well, because we trust nature (laughs). Nature has been there for centuries and it was working. All the problems came from the modernization of nature.

I: **True, although the last person I spoke to concerning this mentions this natural process but also mentions that people are living longer now than they were before, how do you address that since he's not so sure that the healthier might be strictly correct because of the longer lifespan in these times?**

R: Well there are so many factors that make someone live longer or healthier; for instance, the medical system is much more advanced, and the drugs and pharmacy are much more advanced - that is why the quality of life comes to play. So a lot of the people who buy these things are also into healthy lifestyles; they mix, together, either yoga, capoeira or some form of exercise like hiking or walking, so there is that quality of life.

I: **This ties into the network that you have mentioned - it's a community?**

R: It's a community

I: **Why is the community important to you?**

R: Without community, you have very little to grasp. You have nothing to learn from and nothing to pass on and your values are very individualistic. As a society, for you to be there for your brother and for your brother to be there for you, or be there for your sister and for your sister to be there for you, you have to have this idea of community. And a lot of what happens is that we need to have those avenues to interact not through social media but to have a normal conversation about what is going on in each other's lives and be able to support each other. What happens in these farmers' markets is a lot of exchange of ideas, exchange of produce, and exchange of resources. A lot of innovation comes out of that. You go there, you see this guy doing something like making alcohol out of his barn and somebody says 'do you know you can add strawberries to this and change this whole flavour to make strawberry whisky', nobody has ever done that before; that is how it goes and you source from each other. So that's what you get from the community - that synergy, that innovation, where two plus two becomes five. It's a different way of thinking.

I: **I can see what you mean**

R: If you want to learn any of these skills, you can go to the farmers and ask

I: **when I consider the other attribute like tastier; you have explained healthier rather clearly and fresher is quite self-explanatory, When you say tastier, what do you mean?**

R: The vegetables are crunchier; even the meats and vegetables, are juicier. The flavours are stronger and more earthy. They are more pungent and more tangy. That is because these things have roots in the soil and not in fertilizers or

chemicals, also because the natural water has lounged there and the natural sunlight has lounged there. So when you taste these thin, the texture, the flavour the aroma all these add to the taste. Even the scent alone, some of the herbs you buy there when you cook with them you can smell; unlike when you buy from the supermarket you don't get that same pungent smell.

I: **So have described something physical that touches on all the senses**

R: Yes, all the senses.

I: **That was very clearly put, although you have made it clear that taste is a sub-reason the main reason for you is that it comes from a culture of community. I would like to examine that a little bit more. As concerning the community, you have explained that that is what gives meaning, why is that important to you?**

R: It is important because that's what differentiates us from birds and animals and flowers. As human beings, what are our values, where are we going, why are we here, what are we living for, what are we looking for, what are we willing to live for and what are we willing to die for? If not, it is all about amassing wealth. Eat, sleep, procreate and die. Then we are no different from the goat, sheep, cattle or trees. Ultimately meaning is important, meaning, to a large extent, cannot be individualistic, it has to be community bound; if not we would end up with a very selfish dog-eat-dog world, and that's the problem with the world, there are enough resources to go around. This is the idea of the farmers' market. This is the idea of organic produce, it is the fact that we have developed a capitalist system that even though we have enough land, and other resources like water, people are dying of hunger. So we are going back to systems, or formulating systems that allow us to give a more equal share of the resources to everyone. To develop systems that allow higher levels of employment rather than automation. To develop a system that does not deplete resources or intensify and pollute rather than purity. So, this is a whole different mode of thinking and it is all bound together, the environment, the community, the human rights and values, quality of justice, social justice, artistic skills, apprenticeship, learning a skill and passing it on, preserving your history, innovation, all of these things are tied together. So, when we look for value and go there, we are not just looking for the price we are looking for the healthiness, the holisticness, the taste, the environmental friendliness, the customability, the skill and craft, community, the relationships; in short so many things are bound together in how you use these artistic skills to present the product, that is important to us. So many things are involved, fair trade also. We want to trade in a way that doesn't deprive someone else of a livelihood and give a fair wage to the farmers. A big idea behind the farmers' markets is to let money go to the farmers. What happens with the supermarkets and large retailers is that they are killing the farmers a large chunk of the profits is held by middlemen and these retailers and they are taking all the profits off farmers. They dictate to the farmers what to produce and how much they will buy it for, the farmers cannot

tell them to sell the meats or eggs at this price. They set the price and a lot of farmers, especially in recent years, farmers have been complaining that the prices they set are driving them out of business, they are unrealistic. So, what you do with a farmers market is that you are removing the middleman. The buyer and the farmer come together; the community comes together and there is no room for the middleman. In that case, the profits, or almost all of it, go to the farmer.

I: So for you, although there is the whole idea of organic and the processes there, the farmers market for you is very important even if you found conventional products there?

R: Yes, because sometimes you just buy cooked food and have a chat with them. And they are happy, they are very happy to have a chat. Some of these people have put a lot of skills in and they recognise that even if you don't have the money to buy but just talking to them and appreciating what they do gives them joy. Some of them are not making a profit but they still come every day to that farmers' market because they get personal satisfaction from coming there.

I: If I may explore some clarity on what you have mentioned a few times about the capitalist system since this idea of a farmers' market is positioned as resisting that system, in this case, farmers meet their buyers, and the middleman is cut out. Why is it important that the middleman is taken out of the picture and if the middleman was fairer would that make a difference to you?

R: We fight this battle on many fronts, we realise that not everybody goes to the farmers' market and that many farmers, especially the larger holdings, will sell to retailers, so it's usually the small farmer that comes to the farmers' market. So, what you need to do is to make that system fairer. In a situation where the retailers have got the monopoly that cuts the large holder farmers, we also try to make that a fairer system. That's why we have fair trade labels, organic labels, and ethical pressure on retailers, like Tesco, to treat these farmers better and also to treat the animals better; don't use eggs from caged hens, allow them to roam free so they will have a better quality of life as animals before they go into the food system, or their eggs go into the food system. So, we try to make that system better because not everybody buys from the farmers' market. But you also try to have a better alternative, which for now we realize it's a minority but it's still very important, to develop a new form of economy and fight for that.

I: It sounds like you are quite happy to let the big guys deal with the big guys and you are quite happy to be involved with the small guys to make the community their work.

R: When we use the word happy, we use it relatively because this is a pragmatic approach since we can't change the world overnight. So, what we do is to make

the retail system and logistic system fairer; that's why we say treat the animal's rights, at least allow those animals to roam. Try to get organic produce better produced. Give the farmers a fair income for their produce, don't squeeze them out. Retailers cannot be making billions of pounds while farmers are closing down because it's not profitable. But we have the parallel system of farmers' market where those who are committed to it and see how that can go regarding how farmers can become more profitable and so on and so forth.

I: **That's an interesting way to view farmers' markets, and it comes from a long chain of fairness for produce, food chain members etc.**

R: If you trace it conceptually it comes like that from health, social justice and fairness along with the neo-liberal economy and so on. If you want to trace it historically, they have been buying and selling products in the UK for centuries, we call it the farmers market now but it used to be called the Edinburgh market; did you know the Haymarket train station was where we sold hay; and almost every city has a hay market because hay is grass and everybody has grass. This was how things were sold then, so what has happened is industrialization and modernization have scaled back these activities to a point where people that have these skills, the people and the community. We are now saying, let's keep them alive and grow them and protect them. So if you look at it historically, the butcher used to buy from the farmer, the local butcher and sell it on - same as the fishmongers. So we had these markets like Edinburgh Waverley train station used to be the Edinburgh Waverley market in the city centre. That was closed down and turned into a train station. It was only in the last year or two years ago that the council, with pressure from the community when they were doing extension, works at the station were forced to start a Friday market there at a platform - possibly platform 19. I can't quite remember which, so every Friday they allow a few stalls to sell organic produce. The first time it was opened, I and my group, African drummers, were called to open the Edinburgh Waverley market. That market, people simply see it as a train station now, but it used to be the market for the whole of Edinburgh, that was killed off by this system to the point that people don't even know or have any link to the market again.

I: **There are similar markets in Glasgow that are now stations, like the salt market.**

R: That used to be the salt market. do you know Barros? That used to be a market where people bring their wares in wheelbarrows. So, for us, history is important, the future is important and sustainability for the future is important; keeping the historic arts and crafts and traditions and lifestyles is important for us.

I: **Do you have any questions you would like to ask me?**

R: No

Appendix 4: Sample of farm business transcript

Clark's transcript

What is your farm about?

Our farm is based in Southwest Scotland just outside of Ayr. It is predominantly a beef farm and we specialize in Highland cattle which is a traditional Scottish breed. We have bred Highland cattle for almost three generations of the family. It goes right back to my grandfather. About 12 – 15 years ago, we decided to start butchering our own animals instead of sending them to market. We decided we would butcher our own and try and sell our produce at the farmers' markets. It has taken off from there.

How does that work with the farmers' market?

Well, when we first started the farmers' markets were good. They were very popular. There weren't that many farmer's markets in the country, but over the years the trend is that there have been more farmers' markets in each area. So, we have found ourselves that we have dropped a little bit in some areas. Our markets in Glasgow and Edinburgh, which is the central belt, remain very strong.

Which ones would you say have dropped?

Probably, the local ones around about here, in Ayrshire. They used to be very good, but they have dropped down quite badly in terms of sales. The city ones, in the West End, the one in Edinburgh, and Stirling is very good as well. Probably, the Ayrshire ones have suffered the most. Whether it is to do with the economic climate or Brexit. People don't know what is going to happen money-wise.

Why do some drop off and others don't?

I think it is maybe to do with the area and also disposable income. People in the West End maybe have a little bit more of a disposable income. I think also there is a perception that farmers' markets are expensive, but they are actually not way over the top in terms of prices. I think people think that going to the farmers' market is going to be expensive, and so they are not going to go there. We are actually not too bad, and you are getting good quality produce.

Do you think that part of the thinking behind it is the price?

Yes. It is that mindset.

Maybe the people in the cities can afford it a bit more.?

Yes. They have a bit more money. I think that is probably it. Also, I think in the city, it is a place to go. It is like a day out. It is a social thing. They will meet their friends

at the farmer's market, and maybe have a coffee or a burger onsite. It is a kind of social thing as well, which I think is good. We do one at Lomond Shores. It is a very good market for us and that is very much a social market. Customers will come, they will have a burger, and they will spend perhaps half of a day at the market. It is a day out for them.

Lomond Shores is a sort of a holiday thing and then in the centres as well, there is a sort of experience, but they don't feel like that in Ayrshire?

No. As I was telling you, the town centres are pretty run down. So, there is a lot of deprivation in Ayr and Kilmarnock, and Paisley. We tend to sell more lower-end products in those towns, for example, pies and sausages, but roasting joints, steaks and that kind of thing hardly sells.

Does it hardly sell there? So, what is the range of products that you sell at the farmers' market?

We sell the top roasting joints right through to steaks, mince, and stew. That is what we call our cuts. Then, we have got value-added products which are steak pies, sausages, and bacon.

Do you do pig as well?

No. We used to have pigs, but it is a friend of ours now that we buy pigs from and we just butcher them.

Do you butcher for your friend as well?

Yes.

So, you buy them from your friend and then you butcher them yourself?

Yes. We butcher it ourselves.

This range, apart from the pig, is there any other product that you buy from somebody else?

Yes. We do have a guest product. It is called Stornoway Black Pudding. It sells very well. It is a famous black pudding made up in the Western Isles. We sell a lot of that.

Do you just sell this at the farmers' market?

Yes. That is one of our add-ons. Everything else is pretty much our own products.

How big is your farm?

I have got just over 150 acres.

Do you do any farming yourself?

Yes. I am a busy man. The farmers' markets are during the weekends. Monday to Friday we are on the farm.

Is it just you on the farm?

No. I have got a helper. I have got an employee.

Is your employee full-time as well?

Yes. He works at the farmers' markets as well.

So, you work full-time on the farm and you go to farmers' markets?

Yes. It is pretty intense. We have got some sheep as well. We have got sixty females and they lamb in April. So, that is a busy month as well because it is all-night lambing.

So, you have got this situation where you take the products to the market and your approach at the market is a little different?

Yes.

Without making the markets different, in the sense of the market of the farm in Glasgow or Stirling, they come for the experience. Also, they come because it is good quality?

What you would call 'foodies'. They like their food. They like to know where their food comes from. They like the provenance aspect of it. In that, this has come from Alistair's Farm, and he knew this beast and he has butchered it. That is what they like. They might pay a little bit more for that experience.

Do you have to do anything to communicate that?

Yes. You have got to sell your product. In those areas that I have mentioned, we have built up a clientele of good regular faces. You need this at all markets. I mean, for a farmer's market to break even you need to hit £600 in sales every weekend. I need to make £600 on sales to break even. So, some of our Ayrshire markets are on the brink at the moment. They are just £500 - £600 which means we have to weigh up whether it is worth doing all of the efforts of doing all of that. The farmers' market rents are quite expensive for the amount of time you get for trading. In Glasgow, trading is 10:00 a.m. – 14:00 p.m. It is £72 for your stall which is expensive. Also, you have got transport and staff costs and by the time you add all of that up, that is what you need to get.

To make it profitable?

Yes.

On the whole, in the urban areas, you are going over that?

Well, in Stirling and Lomond Shores, (touch-wood) regularly they are over £1,400 - £1,500. Then again, that is all very weather dependent as well at the farmers' markets. If you have got a bad Saturday, right from the start you have got half of your takings because you are only going to get your hardcore regulars who will come out in the rain. They will come and support the market, but you are not going to get the passers' add-ons that you are looking for.

When you said about ‘support the market’, do you definitely feel that they support the market?

.Yes. Particularly in the West End and Partick, there are a lot of regulars there who know that the market is struggling at the moment in terms of trying to attract new producers because the stall fees are so expensive. So, for a smaller producer, it is a lot of money to shell out before they start turning £1.

So, they actually come out to support you?

Yes. Well, obviously they like the product. I think there is a bit of loyalty as well in terms of supporting us, and we have built up a bit of a rapport over the years.

So, yourself, you didn’t have to do anything per se, for them to do that?

Well, initially when we started we did, and we still do, sample days. We will send two people to the market with a stove and they will do a sample of a particular product. People will try it, and that is how you get new customers. It is by tasting the product on site. That works.

I saw a woman at your stand last year. She was doing that, and I saw her taste it. Then, she went away. Then, came back.

Yes. You plant the seed. You really need to do samples for them to taste it. You have to have a good knowledge of what you are talking about as well. In terms of telling the customer about it.

About the provenance of the product and the quality?

Yes.

When you say ‘quality’, you said that the quality of the beef is better, what do you mean?

Do you mean why is it set apart from any other breed?

Yes.

The highland cattle take longer to mature. So, to get to maturity we are talking 36 months before it is ready and before you can viably cut it up and butcher it.

That is 3 years.

Yes, it is. So, other cattle that you see in the supermarkets are very fast growing. They are ready in half of the time. It takes 12 – 14 months. They grow very fast and have big carcasses, but not much flavour because they grow so fast, and are pumped full of cereals like barley and corn to make them grow fast. Whereas the highland growing cattle we have are all grass-fed and it takes them a little bit longer to put that muscle or meat on, but in the end, it is a much tastier product. It is very well-marbled, as in the motilin in the muscle and that all adds to the flavour. Highland cattle are renowned for being very low in fat and cholesterol, and very high in protein and very rich in omega 3 as well. There are health benefits to it as well.

Do your customers know that?

We do have point-of-sale literature that we should put out so that people can read it. That is part of your sales pitch as well. “You know, it is a very healthy meat”. It is up with buffalo as well, in terms of being healthy meat.

How long have you been this beef?

It has always been Highland cattle, right back to the 1940s.

Why did you choose this initially? I mean, things have changed a lot.

My grandfather worked for very famous Highland cattle breeders. He was what you would call a ‘stocks man’, and he just fell in love with the breed and worked with them all of his life. He passed it on to my father and then down to me.

It is passed down.

Yes.

So, you have to feed it just with grass to make sure that you get the best quality, but is there anything else that you have to do?

No. They are predominantly grass-fed. When the mothers are expecting, having their calves, we give them a little supplement just to help with the condition of the cow, and the growth rate of the calf inside the womb, and so they get a little Cow Cure just about six weeks before calving to supplement them. They also get a few extra minerals just to help the condition. The calf is on its mother’s milk for the first few weeks and then it starts grazing as well. They stay with their mother from when they are born until about nine months. Next week we are going to be taking the calves from the mothers.

Are they breastfeeding for nine months with the mother?

Well, some of the cows will just say that the milk bar is closed, but some will keep going. Some will keep going. It depends on what grass is in front of them as well. If there is nice lush grass still, they will still keep producing milk. Others will dry up and it is finished so the calf has to get on and do it themselves.

From then on, is it grass all of the ways?

Yes, from then, it is. In the summer, if we have a good summer we will make silage grass and store it in big bales to feed them through the winter because obviously there is no grass in the winter. We have to keep that stored in black plastic bags that are really tight. What happens is that the grass ferments and it gives you a good item. It is like pickled grass. That is what we give them over the winter. The cows get that and so do the calves.

So, is it always grass?

Yes. Most of the time it is. As I say, they get a little femoral lick as well, and they get an energy mineral-like falsa sugar lick which is a high-energy thing that they really like. It is just supplementing them through. If all of their calves are housed so they

are not outside. They are indoors for the first six months. Next week, we will take them off of their mothers because they are still outside just now. We will take them off their mothers and put them into pens inside and they are fed silage and some minerals. It is always in front of them so that they can come and go and eat it when they want. They are also on straw. They are in there until March or April, until the new grass is ready on the pasture. Then, they get turned out into a different field so that all of this year's calves will run together. The heifers or females will run in one field, and the steers or bullocks will run in another field.

What is that for?

You don't want them to breed. With our bull calves, unless they are really good, we castrate them when they are born, unless we think there is potential for future pedigrees. Other than that, we just cut them, and they are destined for the food chain, but if we run them with the heifers, by the time they come close to finishing heifers are still cycled, coming out of feeding cycles and so the males still jump on them even although they are castrated. We can upset them, and they can lose their condition because they are working so hard to breed. We tend to keep the males and females separate.

Oh Ok.

Definitely. We have got two bulls at the moment and our problem is that our older bull has a lot of young daughters coming to the age for breeding and obviously we can't use him on his daughters. So, the problem is keeping him away from them and having the new bull with his daughters without him because he doesn't care whether they are his daughters or not.

Why don't you use him?

It is called line breeding. There are some breeders who will do that. They will line breed, but it can bring in a lot of problems in terms of inbreeding. So, I tend to just keep them away from that.

Maybe on the safe side, that is best?

Yes. You can get a lot of defects and things like that. A lot of breeders in America will do what they call 'line-breed' and so they will mate brothers and sisters as well just to try and get a super cow.

I have this name, but what should be done?

Well, with a different species like dogs, that is what has caused a lot of problems in, for example, French Bulldogs, in terms of their breathing. They have been line-bred and they have been too closely bred and the problem is that some of them can hardly breathe. The vets have to modify their lungs or throats so that they can breathe properly through their noses because of the line breeding. So, that starts to come into animal welfare. You know, should you actually be putting animals through that to get the perfect ones?

Is there a law against it?

No.

So, it's legal

Yes. Sure.

I don't know exactly what the morals are about that. There must be something.

A kind of ethics, yes. Well, I am against it.

I just wonder, sometimes you have to weigh up what is important, maybe to get to the perfect breed. When you talk about your customers, I can't understand why you continue with the markets if you say you are struggling, but why do they come?

I think they like our products. Why else would they come? There is a variety of stalls in the markets. They are not only coming to the one stall, they are coming to get fruit or bakery goods. There are a lot of bakers. They also come for fish. So, yes, they will come.

So, while they are there they may buy from the bakers etc.

The main thing as well is letting people know that you are there. We have tried to build up a FaceBook profile and we post every weekend. If people like our FaceBook page, we will post where we are every weekend to tell them we are here. A lot of people don't remember, for example, here in Kilmarnock we are only here once a month. We are not there every weekend. It is always the first Saturday of the month. It is just prompting and reminding them that we will be there. You could miss a few if you didn't.

You just mentioned that the taste of your product is different, it may be better, and obviously, there must be something there. Is there anything else that they might like besides the flavour?

There is also, as I said, the health benefits as well. So, you are high in protein and low in cholesterol which is pretty big in Scotland at the moment. High cholesterol, we have very bad diets especially on the west coast here, in Scotland. I think that is why there are so many fish and chip shops as there is a very bad diet on the west coast of Scotland. It is very fatty food.

Yes. I don't know much about that at all. What I have noticed is, from down south to here, these places are doing the same. They always have a fish and chips shop, but I don't know if there are a lot of differences.

I also think that over a generation type of thing as well, that with my Dad's generation families would cook more. They would have a Sunday roast and they would cook a meal every night, whereas, my generation is looking for convenience and looking for something quick, and necessarily maybe don't want to cook, and it is a matter of

opening it up and putting it in the microwave or go to a 'takeaway' shop. I think that makes sense.

Also, if you think about your type of farm and the market, you know your people, they like to cook?

Well, I don't have time to cook. That is why I have got a good wife. (Laughter) She wouldn't be pleased with me saying that.

It is just a fact of life. A culture.

That is how it goes.

That balance you talk about there, you are sort of doing the work, and she handles the other side of it. Does she do any part of the farm work as well?

She does some of the administration. She doesn't do any manual work because she has a job. She works full-time.

She works full-time somewhere else on the farm?

No, no on the farm. She works for East Ayrshire Council. She is a government officer. So, she works full-time. We have also got two children.

She works full-time as well, with two children?

Yes.

That is a lot of work.

Yes. It is pretty hectic.

She works as well and sort of help?

Yes. Particularly at this time of year. We do a lot of Christmas orders. So, there are a lot of orders that are coming out and we have to put that on a spreadsheet and database so that we keep on top of what we need, and things like that. When it comes to the 23rd December we are collating them all and we have to distribute them. It is quite busy. We have to take in extra workers just to help us to pack and sort things out, and to deliver orders.

On the butchering, are you involved there?

No. We have got our butcher based in Paisley Road West. He does all of the butchery and makes all of the pies. Everything is done up there. We send our cattle to the abattoir. It gets killed. Then, it gets sent to him. He packs everything for us. Then, we will go up on a Saturday morning. So, last weekend, we have four or five markets on; on the Saturday. You have to go up for each one to be fleshed out and then go.

Do you know of any farm that does the butchery? The butcher is separate?

That is right, yes.

What about the cost?

Well, when we first started out, it is something that I am looking at doing, which is bringing it all in-house. It is something that my butcher is keen on as well. He wants to incorporate his business with mine. So, he would effectively become employed by me instead of me being one of his customers. So, we are looking at that in the future. It would be akin to unit type thing instead of a shop because at the moment he does a lot of business for other Highland breeders as well, but not as much as for me. So, it is something that we are looking at.

For you, with what you have got on the farm, does all of it go to the farmers market, or do you do any of the supply work?

No. All of it goes to the farmers' market. Some of our pure Highland cattle heifer that we think are very good, we will bring on and sell at pedigree shows. So, we are taking it to a sale and other breeders will look to buy it. That is another revenue income.

It has to be top-notch?

We have sent a few to Germany, Sweden and Finland.

So, do you need a passport for them?

Yes. You need a passport for a cow. It has got an ear tag or two ear tags and it has got to match the passport and they have all got to be health checked and blood tested and quarantined for six weeks before they go abroad.

Does all of this increase your cost?

It is not my cost. It is the buyers' cost. Once the hammer goes down it is his responsibility, but some breeders will say, if they have got a big enough farm and a big enough holding area to attract potential overseas buyers, they will see then if they have room to quarantine that animal and can take it back to the farm for six-weeks, just so that it takes the hassle out of it. Some of them do that. I was going to show you some pictures. That is a stock bull. He is nine at the moment. Nine years old. He is actually for sale at the moment.

As long as he is producing good calves he will live. He could live for eighteen years or more, twenty years. We don't start using a bull until they are probably about two years old to two and a half years old, and then we start using them.

That is some of his daughters there.

Do the daughters also have horns?

They all have horns. That is a younger one.

It is a different colour.

It is called 'dun'. That is red and that is yellow. You get backs as well.

Do you get that from the same male?

It depends on what it is crossed with. I am trying to see if I have got a black.

How do you choose which one to cross it with? We know the breed is good quality. Do you have to check and see if that is good quality as well, or do you just know?

Well, there are particular traits I like personally like my father liked, and so it is a particular type that we go for. Whenever we are buying females we will always try and stick to that type. We always seem to have that one type and then it is just getting a bull to match that, that will produce good calves. That bull there has been a heifer breeder for us. He has brought a lot of good females and it is always females. He has been throwing an odd bull, but not so good on the males, but the heifers have always been very good.

So, in this particular case, the heifer seems to be best?

He is a female breeder.

So, in this case, females are better than males?

Yes. Any bulls that we have had from him have just not hit the spot.

Maybe he doesn't want any competition?

That is maybe what it is, but you get another bull and he might throw really good bulls. It just depends.

How did you get him?

We got him at a sale.

At the show, when you check a bull, you look at what you want and then you pick it. That takes some skills as well?

Yes. You have got to have a good eye and you have got to set yourself a budget too. If you go over your budget you can get carried away at these auction sales.

I used to buy calves at auctions, it was horrendous because if you want it and somebody else really wants it they keep bidding.

That is some auctioneer's dream because two people wanting something...

Yes. Is it possible that somebody can buy a bull that is not really very good, and it is for the buyer to beware sort of thing?

They have got to be pedigree. They are DNA tested.

With the calves, they can push it in there, and if you don't have a clue, you don't know.

There is a breeding warranty as well. So, you can get your money back if the bull doesn't produce. So, after it has run with the cows and then it doesn't happen, you have come back through what is called the 'Beast Bull Warranty Scheme'. So, if he

has been firing what we call 'blanks', you can get a claim against the breeder that sold them.

Do you get your money back?

Well, you get some of your money back, yes, or kill the bull.

Fair enough.

They are bringing out a lot of things now where it is tested so that they can put it in the catalogue, and you know that he is fertile. They do that now as well.

They can actually tell how fertile it is?

Yes. It is very scientific. They can also tell you what kind of steaks its future calves will produce, in terms of what their muscle structure is like. So, it is rib-eye and things like that, or sirloin. They can say, from his progenome.

It is different from when my father and his father done it because they always used their eye. It has always worked for them. Now, all of these modern statistic, according to EBVs (estimated breeding values) and it is like charts on whether they are going to produce good milking cows, and just good milk, good birth mothers, and all of these different statistics.

Sometimes, as a farmer, you think that it is a lot of work to do. What I asking is, does that make you feel like someone else is making this decision now? Somebody will take my cow, that I know is a good cow and they put it on the chart, but it may not be what I think it is. How does that make you...?

Well, I have never done that. I have never used EBVs.

What would you use to buy?

Not, really. I would still use my eye and my gut.

Is that a big part of it?

Yes. Definitely. If I like it, then I like it. Also, I am on the panel of judges for the Highland cattle. So, we judge at shows and sales and things like that. When the cows or the bulls come in, usually there is one that will catch my eye and usually that is the one, pretty much. If it has got something about it that has caught your attention and you like it, so usually I know fairly early on what one your first one is going to be. After that, it is a bit more difficult.

So, you sort of pick one out at the show?

Yes. Then, there is a second, third and fourth.

You talk about your 'eyes', the knowledge, confidence, and stats. Can you pass it on?

Yes. To Adam, my son, I can already him being very knowledgeable. He is only eleven, but he knows all of the cows by name. He knows all of the calves that match

one cow. When we are standing at a show he can pick out similar ones to me. So, whether it is passed down, I don't know.

Do you feel that he knows it? Maybe it is by being on the farm and watching you.

Yes. I think that is probably what it is. He has seen this from a young age, so it probably is that. Adam is eleven and Rowan is nine (my girl).

So, as it is now, would it eventually be Adam, or maybe Adam and Rowan, how does that work?

Well, at the moment, Adam is interested in the farm. I wouldn't say his mother was, she has seen how hard it is. I want them to go away and get an education. A degree in something, so that he has got some kind of backing, and the farm is there if he wants it when he is ready. I don't want to shove him into it. A lot of farmers around about, their sons miss out a lot on further education, and the farm is all they know. I think getting away from the farm for a few years, maybe to go to university and having a gap year and coming back when they are ready is a better way of doing it than feeling that it was that they were born, went to school, and then on the farm and that is all that they have experienced. It is alright for some people, and I suppose if they are happy enough with that, that is fine, but I think it is good to give them a choice and a little bit of experience of life out-with the farm.

So, they will have experience outside of the farm, but come back?

Yes. If he wants to. Then, we will just have to take it from there because I haven't really thought about it because, by that time, I will be pushing on and it might be the fact that the farm would have to go up for sale. It would be sad, but...

What does the farm mean to you?

There is a lot of blood, sweat and tears that have been invested in it. Basically, with myself, my father, his father and so there are a lot of cattle pedigrees that have been bred down the generations. There is a lot of what we call 'cow families' that we have had for generations. It has been for a long time and so they do become part of the family.

From what you said, does it feel like, if your son feels like he wants to be a musician, (? 00:44:08) and also, the animals are almost like you know them, is there anything else that might go with that as well?

Well, there is the financial aspect as well, and our home is built on the farm. So, there is a draw to the farm. I think obviously they are coming home. Adam is very keen on the cattle, so I will see what happens. We are not going to be pushing him.

I am not very sure that you can. The way things are now, I am not sure you can.

No. People are more single-minded. Yes.

On the farm itself, and the location is in Ayrshire, right, in the surrounding community, how do you think they view the farm?

We are in a pretty rural location. So, we don't have many neighbours. Probably the nearest settlement is Annbank or Coil, and I know a lot of people in Ayr. There are a few people from the villages who have worked on the farm over the years from most of the villages. So, I think they will see it as part of the community. A lot of them will come and buy eggs from us and meat at the door sometimes as well.

You have them come to your farm as well? It has been here for a while. You know, it is strange, I remember somebody talking about Tesco and the person was saying that Tesco is not local to us and so I go to a local farm to buy meat. I am thinking, well if Tesco is (? 00:46:33) and that local farmer is (? 00:46:37). So, do they feel like they own half of the farm as well? Do you feel like you are part of that in that you owe them something as well?

In terms of providing employment for the local community, there are opportunities there, seasonally, and we can offer them jobs and things like that. We also sometimes have 'open days' where we will open the farm and have a barbeque, and people will come and have a tour of the farm, and just get a little bit of knowledge of what is happening.

That is for local people, or do you advertise that?

We do that on FaceBook. Sometimes we will say that there is an 'open day, come and see us, to see what it is all about.

Does that bring local people?

You get a few locals as well, yes.

Why I was asking that is, I felt this sense of the local people as well. They might not be happy that the farm is going away. So, I was wondering if you felt something similar at all?

I think, and I don't know if it is a minority or a majority of the community, but it is probably the majority that probably doesn't understand the provenance of where their food comes from. So, they are pretty 'food ignorant', as in where does milk from? "Tesco's" is probably the answer you would get, and not a cow. Do you know what I mean? I think that is all to do with generations as well. I think this young generation, because of convenience, they don't think of where their food comes from and so maybe a lot of them will think of farms as 'smelly' places.

You might as well just go, let's put a Tesco there. What about this idea of these 'food ignorant' people, this term 'ignorant', and when you go to the farmers market and a customer thinks it is too expensive, how does that make you feel?

If somebody comes up and says that I get quite angry because they don't realize the effort that is being put into that, in the cost of production and things like that. It is not mass-produced. Things in supermarkets are all mass-produced. That is why you can buy things so cheap. The quality is not as good. If somebody comes up and says, "I can buy two packs of those pies in Farm Foods for £1. Well, I say, "You know, it is

not like for like. It is a totally different product". They are ignorant people that don't know much about food. Whether it is a social thing or a class thing, I am not sure, but people are looking at how much money they have got in their pockets as well.

So, your customers are a bit more well-off. Is that your regulars?

Yes. I would say in the cities, but in the provincial towns, it is a kind of mix. There are people who aren't well-off, but they will still spend money on good food.

Is that because they are food aware?

Yes.

They know what they want. Going forward for you, what do you think will happen with the farmers' market moving forward? What do you think of that?

I think I can see a lot of farmers' markets stopping, and maybe just the core ones in the cities will continue on. So, I am looking at developing a store, a farm shop, but not on the farm, in the city. So, it would be like a farmers' market all under one roof. It would obviously be that the beef would all be from my farm, but then I would have other people's produce in the shop as well. So, when customers come in we would be open from Monday until Saturday.

That is a good idea.

That is what I am developing at the moment. I am looking at different sites. The ones here in Ayr and potentially one in Glasgow. Then, if that was the case, I would have a manager in each of them because I can't be everywhere.

What about the farm itself, would that idea be a lifeline for the farm?

Yes. That is me looking because I am seeing some of the farmers' markets are dwindling and so I need to think about supporting the farm with other sales from other streams of income. So, having a retail presence in the town. I was talking about how town centres are going down and dwindling, but there is a lot of money going to be spent in town centres to regenerate them.

So, you can put that in.

Yes. I have got a little bit of inside knowledge from my wife working with the Council. She knows how much money is getting spent on certain areas to regenerate town centres here and there.

So, with that idea, you can plan?

Yes. Then, we will start off with a farm shop type idea, but then develop it to have a restaurant by doing steaks and so it would be like a steakhouse or something like that. A Highland cattle steakhouse near the farm shop. So, the farm shop would be open from Monday to Saturday during the daytime, and then you can go to the steakhouse for lunch and evening meals. Have a meal.

Like 'Frankie and Bennies'?

Maybe.

If you think about it in that way, what does it mean now? Do you consider farmers' markets to be part of your sales outlets?

They are at the moment, yes.

Without the farmers' market, what would you do?

Well, I would need to sell my cattle to other producers to finish and fatten on. I would sell when the calves are just off of their mothers. We wouldn't have as big an income.

So, it would be part of your income?

Yes, because at the moment we are turning over about half of a million over all of the farmers' markets because we are adding value to the beast by killing it, processing it etc. Whereas, if I just sold it as a calf I would get about 1/5th of that. I suppose your costs will come down as well. You wouldn't have the stall rents or the butchery fees and it would probably scale back.

So, it would scale back on what you spend, but also scale back on what you earn?

It is cost, yes. So, I don't know.

So, now the shop, and the farmers' market are core outlets?

Yes. They are core.

Would that be part of why you are really projecting quickly that it is already going downhill? You can see this happening and need to view my own farmers market in that sense?

Yes. I need to look to the future. I need to have something there. Farmers' markets are going down and I need something to fill that gap.

Why did you start the farmers' market in the first place?

When the farmers' market started about fourteen to fifteen years ago, there was a good uptake and people were very busy. It was a quick way of getting your product to market without having a big commitment to retail premises. So, you were there just once a month, or twice a month and you were only playing your £50 for stall fees, and you weren't committed to a huge rent or lease. It is a quicker way of getting your product to market without being committed long-term.

At the time, did the farm need that outlet, or was it just something that you wanted to see how it goes?

Yes. It pretty much happened, I would say, by accident. We did kill the odd beast for our friends and family and for our own freezer, and we got talking one night, and we were selling beef to our friends and said, "Why don't you try selling it? This is great!". Then, we looked at ways of how we could sell it and at that time the farmer's markets were sprouting up.

So, you caught it quite quickly?

Yes. It went from there. We were doing eighteen markets per month.

When you started, even though it was a sort of trial, and your business has sort of channelled its output in that direction as well, is that why you do so many markets?

Yes.

Do they keep expanding?

Well, we don't have enough cattle ourselves to produce all of it and so we buy Highland cattle. It has to be Highland cattle because that is a USP (unique selling point), and because they are Highland cattle. We buy them from other breeders. We are probably buying four or five per month from other breeders.

Is this just to meet your demand?

Yes.

Why don't they just go to the farmers' market themselves? Why do they sell it to you?

It is because a lot of them are older and they don't have the notion of doing it either. They maybe don't have a retail mindset, or how to add value to the product. It is maybe that they have been doing that for generations and that is all they do – just on the farm. So, that is what they do.

When they sell their products to you, and when you have a bit of a network going, do you just buy off them and that is it, or do they say that they will sell you one in a month, or two a month?

No. I tell them. I kind of give them an idea of what I am looking for. Then, they will phone up and say that they have got a beast ready in a few weeks, and do I want it. I can pencil it in. I need to plan three or four weeks ahead because the cattle have to be killed and hanged for three to four weeks before I use them. You have got to have a forward plan.

So, they can also project that they will be selling the cattle to this farmer, but is it just that period?

It is all year.

So, they can actually plan based on your business model?

Yes.

They can plan their own selves based on that?

Yes.

Do you have to be near your farm?

No. As long as they can get the cattle to the abattoir. They get the cattle to the abattoir, but having said that, two weeks ago we had to go up and collect two steers that were ready because of a logistical thing and they couldn't get a lorry in time and we needed them killed that week. We went up and got them. Usually, they get them to the abattoir themselves.

If you decided for some reason, for example, your son said, "I am not doing this anymore", will that impact on their business? Do you think it will really impact them?

Well, there are a few people doing Highland cattle. I mean, there aren't many, maybe in Scotland, there is half of a dozen to ten deals in retailing Highlanders. So, other than that, they would have to sell them through an auction mart and just get whatever price they get. There are other options for them.

I can see that you know everything about this. You are teaching your son also. If your daughter decided she wanted to be involved with it, would that make a difference?

I would be delighted, yes.

Would you encourage her to do it?

Yes. I mean, at the moment, if she wants to lead a calf I encourage her to do that. It would be around the show ring, just to get her interest. At the moment, she is not really interested. She is more interested in other things. She is very school-minded. She is very studious. She likes her school work and she is musical and is in an orchestra. So, she has got an interest.

My son hates school. I don't know what to do. It is a problem.

Is that right? What age is he?

He is six.

He is only just started. Is he in primary one?

Well, he is P2 now. He started at 4 ½ which I think was a problem.

A little bit too early.

Too early.

So, another year at nursery would maybe have helped.

We should have done that, and my wife did tell me, but I said, "Let him go".

Is he the youngest in his class then?

He is always the youngest in his class. It is a struggle. From what you just said about your daughter liking school...

It will maybe come?

Maybe. I strongly doubt it. The new school is really good.

Is that in Johnstone?

In Johnstone, yes. He is at St David's. It is the best school I have been to so far.

I think that helps as well if you have got good teachers and a good system.

Yes, and there are very few as well.

It is small class numbers. Eleven. His former school was fuller, and he didn't like that.

If your daughter hadn't been a clever person, what do you have in mind for her? Your thing started well in Glasgow and Ayrshire and it is becoming bigger. If they felt that they don't have to do farming anymore. How would you feel about that, if you were older?

Well, if she took the reins and took the business in a different direction, then I guess I would need to respect her decisions if she was in charge, but I would still like to think that I had a little bit of input in saying, "Well, do you know this was your father, grandfather, and great-grandfather who built this up. Have a little bit of support". They say sentiment shouldn't come into farming, but I think it does.

They said that?

Yes. They do say that.

No sentiments with farming.

You shouldn't be sentimental in terms of farming. If you get too attached to your cattle or with any livestock, you get deadstock. So, you should try and be pretty tough, but, I mean, I would support her if she was going in a different direction, ultimately, yes.

You would be quite happy to do it?

Hopefully, I will be sitting in my big mansion by then. (Laughter)

All of this progress, was it any different, or just be that 'you are taking over this farm'?

Well, it was me that pushed for us to develop the retail side and to go to farmers' markets, whereas, I think it is just a generational thing again. He was more keyed into pedigree breeding and producing females and trying to sell them and export them which is a good part of the business, but then I saw that the cattle that weren't good enough for breeding and we were fattening them up and selling at the auction mart. I was saying that we could get more money for them if we did this. So, that is how it progressed. So, I suppose, each generation has their own little spin, or aspect of how they see the business progressing.

How does that relate because you still value that?

The pedigree, yes.

Is it because you were brought up within that? For instance, your son is being brought up in that, but the market seems to be getting a bit bigger as well. Each generation might be different?

Away from that, yes, but I do make the point of having at least two or three calves minimum per year that we will keep and work with and show at local shows. We take them to sales so that he has got that interest, as in this is what it is about, and at the end of the day it is about breeding the Highland cattle, and what we do at the farmers' market is part of the bigger picture and helps this side of it as well. I think they both go 'hand in hand' and also it helps our sales at markets to say that all of our beef comes from pedigree Highland cattle.

The provenance.

Yes. It goes back to that.

What about the assets? What about this idea of the value of the properties, of the assets, you may not need so much? Maybe three or four cows. Why keep an asset that is worth quite a lot when you just need a small part of it? Why not just (? 01:08:25)? Is that something you might encourage or consider?

Well, at the moment we are using every bit of land we have got because I am actually having to rent more land to keep things separate. At the moment, there is not a parcel of land that is not utilized or has no potential. At the moment, it is not a problem.

If it came to that point where you are using less, do you have any (? 01:09:00), or is it just business?

No. There is certain part of the farm that are special. I suppose you go back to the sentiment things as well. Yes, but if we needed to utilize some of the assets, we would have to because at the end of the day you have got to have your business head-on.

That is what I was really coming at, which parts do you have to work on in the future?

Yes. At the end of the day, it is what puts food on the table if the business is working well.

You know you said something that made me think about this particular one. You said that if you went back to what your Dad was doing with the pedigree, and with the right females, and to cut them up well, you will still make a profit.

Yes, and my workload would reduce.

You can work three days per week forever. It is not so much about putting the food on the table at this point that you are really working for, you are sort of building something and if you build this with all of this work and what you say, the blood and sweat and history, in later times, if you think you might be attached to it, it might be regret if it has to go?

Yes. I think it probably would because you do put a lot of emotion into it. It is an emotional rollercoaster. It is ups and downs, highs and lows and at various times of the year. There are some weekends that, if it is a stormy weekend and markets are cancelled, that is a very low time because we have got all of this beef packed and ready to go to market, and nowhere for it to go and sell. So, there is that. It is very variable.

Yes. It is up and down.

Then, there are times when we are so busy, and it is good as there is plenty of money coming in. It is very variable. It is peaks and troughs.

Do you think you might communicate that sort of emotion to your son, for instance?

Well, I think he gets that in terms of if I come into the kitchen and he can tell my mood, he can sense it.

Yes. It sounds like they know, and they just keep quiet. It must become very formal.

Yes.

The big emotion behind it, is because I know at some point, I will love to do it and you may not tell him, but he knows this is what you want him to do?

Yes.

Do you think it might be pressure on him to want to do that, even if he didn't want to do it?

Perhaps, he might think this is what my Dad wants me to do. He might feel that, but I wouldn't like him to think like that. Possibly, he might.

Did you feel that when you were young, that this was your only choice, or did you feel like you could become a rock star or something?

Well, no. I have got a terrible voice. (Laughter) Well, actually, I went away and worked as an engraver for four years after school. So, I worked in a retail shop. It was plaques for sports awards and trophies etc. I worked in a sports shop for four years and met the public and I don't know if that helped me with the retail part of it. Then, I got fed-up engraving and I think the farm was pulling me back.

Is that what you are talking about with the 'pull back'?

Yes. I think I had to go and experience something different to know that the farm is where I wanted to be. Do you know what I mean?

Is it because the engraving was so bad?

I think my Dad and my Grandfather were saying, "You will work on the farm", but it was a generational thing. It was more like, "No. I don't want to work on the farm". I went to do a sports thing at college and I just fell into this job when I was seventeen.

It was part-time, and it just progressed from there. I worked up for four years doing engraving, and then I thought, "I want to go back to the farm".

When you made that decision when you came back, did you feel there was a relief in the house?

Yes. I could see that my Dad was sitting with a big whiskey, and saying, "I told you so".

What exactly did he tell you, did he tell you that you wouldn't make it out there, or you wouldn't want to do anything else? What exactly did he say?

It was a lot of emotional pressure as well. "Your grandfather really wants you to do it". I think that got my back up. I said, "That is almost emotional blackmail", to be honest, and as a youngster I rebelled against that and said that I wanted to try something different. "I don't want to be stuck on the farm. I don't want to do it". I think for those years I was thinking that I resented them for wanting me to do that, but ultimately, I went back.

Do you regret going back?

No. I love it. I wouldn't do it otherwise. I love it. I really do. I would maybe like to take a few Saturdays and Sundays off because I don't seem to get the time to spend with my family which I regret a little bit. At the moment, I am trying to have people that I can rely on and trust, that can maybe go to a market and sell so that I can have the occasional Saturday off.

When you are taking on more work, that will keep you even busier?

I know. We will see. It is trying to get that life and work balance that everybody talks about, isn't it? We will see. I am excited about the future. I am excited about what opportunities there are for us. So, as long as I have got that kind of drive and enthusiasm for it, then I think it will hold me and we will progress.

It will keep you going. Basically, (? 01:16:32), I don't think you can go wrong. I bought some from the farmers' market a while ago. I can't afford it because I am a student, and it was different. It was really good. That whole thing that we have talked about because she did explain to me that 'this is meat'. Even my wife, I didn't tell her and just made burgers and I gave it to her. She knew it wasn't from the supermarket. So, with 'meat', I don't think you can go wrong. I just don't know. The only competition for you would be, in Glasgow, for instance, they have got markets, they have got people there and so if you are introducing your market it is a new competition. Even now, who is your competition? Who are you competing against and who is fighting for your customers?

Do you mean at the market?

Yes, and when you try to expand.

At the farmers' markets, we are competing against other beef breeds. So, the likes of Aberdeen Angus. There are other farmers that go to the farmers' markets that necessarily don't have a particular breed, but just have beef. What they call 'Scotch beef' which doesn't come from any particular breed, but it is Scottish grown and bred.

Is that important to people?

Well, at the farmers' markets there are certain rules that you have got to adhere to. It has got to be Scottish, home-produced, butchered and all of these different criteria. You have got to adhere to it. So, there couldn't be anybody at any of the approved farmers' markets selling beef from Europe, or from Ireland. That would be against market rules.

So, if you introduce a new market?

Do you mean like a shop?

Yes.

Like retail premises?

Yes.

Well, we would be competing against the likes of Wholefoods and probably Waitrose, higher-end grocers.

Why don't you just supply Waitrose then?

It is because I think supermarkets screw you over. I wouldn't deal with a supermarket.

Have you ever dealt with them?

I wouldn't deal with them.

I would have thought, whenever I go to the supermarket it is usually the ones that seem to sell larger quantities. Nobody really talks about Waitrose or the higher-end of Sainsbury's. Do you think you might have more value there?

Waitrose sells Highland cows on their shelves, but only at Christmas. So, a lot of Highland breeders will send their cattle down to England abattoirs in a big lorry. They will send a lorry up to pick up maybe 40 beasts for Christmas, or maybe more than that. I am not sure exactly how much it is.

You don't think that would be an opportunity for you?

Well, the top price they are paying is about £4 per kilo. So, if I retail it, I am looking at £15 to £18 per kilo. If I have got the opportunity and the means to retail it myself, then it is a no-brainer. You have got to do it yourself.

You are young and strong enough to do it.

They are paying about £4 per kilo.

Meats I see are almost £10 per kilo and they are paying £4 to the farmers?

Yes. £4 per kilo. I mean, our retail price is comparable. I think we are a little bit cheaper than Waitrose actually.

But, they are buying at £4 per kilo?

Yes. Top price is £4 per kilo and it is all graded as well. So, depending on the quality of the marbling of the meat they will pay as little as £3 per kilo. Now, they are penalizing as well. So, they just want certain carcass rates and if it is 400 kilos they want, for example, if you have a beast that is 500 kilos they will only pay you for the 400 kilos.

That is mean.

Yes. So, you get penalized on that extra 100 kilos that are on the carcass, and you don't get paid for that. So, that is £400 potentially that you don't get.

Why don't they give it back? So, you don't get that back from them?

They will only pay a maximum of 400 kilos, but that is for supermarkets though. They are like puppet masters. They have got the control. I have got a second cousin over on the east coast. He has a big arable unit and they grow a lot of carrots. They are contracted to Tesco. Every year they have promotions in Tesco. So, it will be like, 'buy 1 kilo of carrots and get 1 kilo free'. So, he was looking at his orders coming in for this particular week and it was double the order. So, instead of 5 tons, they wanted 10 tons. Until he got his invoice purchase order in and matched up, and he said, "Well, you got 10 tons that week and you are only paying for 5 tons". They said, "Yes, that is because you sponsor all of our promotions if you look at the small print in your contract". So, they only paid for the 5 ton and he sponsored the offer. When you see offers in supermarkets, it is at the producers' cost.

That is legal?

Yes. That is why supermarkets can. They screw the producer, basically.

I have started talking to farmers about these things. It is harder and harder for you to buy things from the supermarket. I understand what the background is, a bit more. I am suspecting, and it might be the same for everyone in non-food. It is possible. Sometimes I wonder how they get something from all of that weight, the packing on the shelves. (? 01:16:32).

I can see the benefit of the supermarkets for people needing affordable items because they are on low incomes because it is cheaper. When you are sitting on the other side and you are the producer and they are saying, "5 tons of carrots and I am only paying for 5 tons, but you give me 10 tons".

That isn't fair.

At Tesco, you are getting 2 kilos of carrots for the price of one, and that is great.

And, they sell more. You don't deal with them at all?

No, but I have got a few friends that are milk producers, but that is very, very hard as well, at the moment.

That is one of the biggest concerns with supermarkets. I spoke to a milk producer and he stopped with the supermarket because he said something about loss leaders. So, what happens is that customers buy cheap milk and they will buy other stuff too.

They buy other stuff, yes.

They are driving on the rate of losses and they had to just stop, and now they have their farm shop to sell it. According to them, it is the best decision they made.

Yes. Cut the ties with the supermarket. I mean, one of my best friends has got 90 dairy cows. It costs him 17.5p per litre to produce the milk and he is just getting 18p at the moment. Last year, at the worst he was getting 10p and so he was losing money.

Why do you keep selling to somebody if that happens?

It is because a lot of them are contracted and they can't get out of the contracts.

Do contractors make a loss?

Well, they dictate the price.

Maybe they are taking advantage and maybe the farmers need to get lawyers into that?

Well, I think we tried that before and having a cooperative.

Like a union?

Yes. We do have a farmers' union that does fight hard for its members, but it is hard sometimes.

Well, thank you very much. I wouldn't want you to miss picking up your child. Do you have any questions you would like to ask me?

No

Thank you.