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"Green Branding" as an effective positioning strategy for Irish agri-food products in the German market:

- Key learnings from the success of the Kerrygold® brand.

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"Green, green, forty shades of green.
I close my eyes and picture the emerald of the sea" - *Johnny Cash*

Abstract

The interest in topics such as the environment, health and sustainability has increased dramatically in recent years, due to concerns about global warming and demographic change, giving way to the concept of "green branding".

This bachelor thesis proposes the application of a green branding strategy in order to position Irish agri-food products in the German grocery retail market, and explores its potential effectiveness and current relevance. Firstly, this work intends to offer an overall understanding of the characteristics and implications of a green branding strategy. Secondly, it analyses the connection with Ireland as a country of origin for agri-food products, by putting forward the different arguments for its suitability for the respective products. Finally, the key learnings regarding the successful implementation of a green branding strategy are discussed, based on a real-life best-practice case.

This research employed previous academic and trade literature to develop a theoretical foundation for understanding the concept of green branding in a marketing context. Various forms of industry, consumer and retail insights were used to identify the extent of demand for green brands in Germany and to analyse strength and weaknesses of the Irish agri-food industry in this regard.

An expert interview with the Marketing Manager for Kerrygold in Germany was conducted to uncover points arising from the best-practice application of a green branding strategy.

The findings indicate that there is significant theoretical and practical evidence to suggest that the application of a green branding would be an effective positioning strategy for Irish agri-food in the German consumer market.

Statutory Declaration

"I hereby certify this thesis is my own work and contains no material that has been submitted previously, in whole or in part, in respect of any other academic award or any other degree. To the best of my knowledge all used sources, information and quotations are referenced as such."

Philippsburg, February 28, 2019

Hannah Riordan

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Table of Abbreviations

B2B	Business to Business
B2C	Business to Consumer
CCM	Conscious Consumer Market
ISOE	Frankfurt Institute of Social-Ecological Research
LOHAS	Lifestyles of Health & Sustainability
NPI	New Product Introduction
POS	Point of Sale
PR	Public Relations
SKU	Stock Keeping Unit
UK	United Kingdom
USA	United States of America
USP	Unique Selling Point
WTP	Willingness to pay

INTRODUCTION

1 Introduction

Ireland is world famous for its "greenness". This image is rooted in the fact that more than two-thirds of the country is farmland and 80% of this is used to grow green grass. The mild oceanic climate that surrounds the island, bringing plenty of rain, creates fertile soil for the animals to graze on almost all year round. They can be sustained almost completely by nature, fed on grass rich in vitamins and nutrients. This contributes to the fact, and perception, that Irish agri-food products - especially meat and dairy - are some of the highest quality in the world. Subsequently, it should come as no surprise that the agricultural and farming industry is a significant driver of the Irish economy. Exports from the agri-food industry account for more than 12% of total Irish exports (Nies, 2017). Germany represents Ireland's third largest export market in Europe for food and drink in terms of value. Last year the market was worth over €600 million (Bord-Bia, 2018).

Like other nationalities, Germans have traditionally viewed Ireland as the country of "forty shades of green" (Corrigan, 1996). They have romantic associations characterised by nature - crystal clear waters, free-roaming cattle and sheep, and acres of fresh green grass as far as the eye can see. In fact, the keyword "nature" has gained critical importance not only in Germany, but also in many other countries, as a result of major global trends affecting food consumption in industrialised societies: Health concerns and sustainability (Asioli et al., 2017).

In a world where seemingly, everything has become mass-produced in shiny factories, these trends imply that consumers are increasingly looking for transparency. Firstly, they are concerned about the origin and production methods of their products, particularly when it comes to food. (Ottman, 2011). The more "green", "natural", "cruelty-free" and even "organic", the better.

Secondly, the modern German consumer is increasingly health conscious, with health-related issues being one of the two main reasons for purchasing more natural and organic products (BMEL, 2017). In line with this, sales revenue from organic food has increased fivefold since the millennium, putting Germany in second place behind the USA worldwide (Arbeitskreis Biomarkt (Various sources), 2018; FiBL, AMI, & IFOAM, 2018).

Thirdly, in relation to the trend for sustainability, mainstream consumers are not only worried about the environment and the challenges faced from climate change, but also about the welfare of the species living in it (Weigand, 2017). Over half of respondents in a survey carried out in Germany about food quality requirements saw cruelty-free farming as an important cachet.

One could argue that because of its climate, soils and farming methods, Ireland has always enjoyed an obvious natural advantage, in a world where consumers are increasingly seeking less artificial and more natural food products. For a long time however, this was neither appreciated nor fully exploited by its indigenous agri-food sector in general. This began to change in the mid-90s. The Irish export industry identified the environment as a factor in boosting its overseas sales performance (Corrigan, 1996). More recently, the state agency responsible for promoting Irish agri-food products, “Bord-Bia” (The Irish Food Marketing Board), has also recognised the opportunity and is actively linking Irish products to the positive image of Ireland’s pure and natural environment. Various initiatives have already been put in place and there are plans to further develop this approach in Germany in the coming years (Nies, 2017)

The Kerrygold brand was however somewhat of an exception and is indeed an excellent example of a brand which has managed to use Ireland’s natural greenness and purity to its advantage. Kerrygold branded Irish butter was first introduced into Germany in the 1970s and has since become the nation’s best-loved butter brand (GfK Media, IFAK, Ipsos, & and Communication Research, 2019). This gives cause for thought about whether a green branding strategy can also be applied to other Irish agri-food brands to position them more effectively in the German grocery retail market.

The concept of green branding has been researched and discussed by numerous academics and professionals worldwide in a very broad sense. The general practice and implications of this trend have been widely discussed in terms of definition of the target market

"LOHAS" (people who follow "Lifestyles of Health and Sustainability"), and its outlook for the future (Kotler, 2011). Many articles can confirm a more positive consumer perception of food and beverage brands when positioned in a "green" light. However, studies on the application of a green brand image specifically for products from the agri-food industry are scarce. Furthermore, academic literature about the positioning of Irish brands with respect to the environment and sustainability are relatively limited to theories about national brand image in Irish tourism (Patterson, 2009) and do not discuss the situational context of the German market. A possible explanation for this could be a greater focus up until now on exports to the UK, which is currently Ireland's most significant trading partner, accounting for 40% of Irish agri-food exports (AFDA, 2018). However, the looming prospect of Brexit suggests an uncertain future for this industry. Ireland must think ahead and seize the opportunity to develop its export relationship with its other EU trading partners, for example Germany (European Commission 2018; Nies, 2017).

2 Research aim and methodology

2.1 Problem and objectives

The objective of this research is to explore in detail whether the German consumer would be more inclined to purchase Irish agri-food products such as meat, dairy and fish, were these to be marketed specifically as "green" brands. The first part of the research serves as the theoretical background and foundation for understanding the conceptualisation of a green branding strategy and perception of an Irish origin. The second part, consisting of a case study analysis, uncovers practical implications of a green branding strategy in Germany as interpreted for the successful marketing of Kerrygold. A summary of the evidence supporting the hypothesis that highlighting environmental aspects and benefits of Irish agri-food products in a branding context could prove to be an effective strategy to increase market penetration in Germany, will represent the conclusion and added value of this research.

In order to develop a clear structure for the evidence supporting the topic, the following research questions were set:

- What are the key implications of a green branding strategy, and what characterises it?
- Why does a green branding strategy represent an appropriate and relevant opportunity to effectively market Irish agri-food products specifically in Germany?
- What are the key learnings from the successful implementation of a green branding strategy based on the best practice case of the Kerrygold brand in Germany?

2.2 Research design

A combination of primary and secondary research was applied to provide answers to the research questions. These were derived from findings following a detailed literature review and by studying a real-world best practice example. By reviewing past academic literature from various marketing and consumer behaviour researchers, the definition of a so called "green" branding approach and its implications for implementation could be explored. This research also lends itself to the application of models developed by experts in the food and beverage industry to gain new knowledge in this area. To identify the need and trend for “green” agri-food products overall and in Germany, recent panel data from market research sources was used. A characterisation of the Irish agri-food industry, along with its status quo and efforts in Germany was achieved by referring to publications by Irish governmental agencies such as “Bord Bia” (English: “Irish Food Board”) and “Ornua”, formerly known as the “Irish Dairy Board”.

In terms of primary research, the researcher carried out a qualitative descriptive study to analyse the success of the leading Irish agri-food export brand in Germany – Kerrygold from Ornua Deutschland GmbH. The researcher arranged to meet with a senior Marketing Manager responsible for the Kerrygold brand in Germany. The interview took place on the premises of Ornua’s German subsidiary in Neukirchen-Vluyn, near Düsseldorf. The aim was to discuss strategic marketing opportunities for Irish agri-food products that could enable smooth market entry and penetration of the German market. Furthermore, the objective was to gain a deeper understanding of the key factors driving the brand’s success. Industry specific challenges relating to the grocery retail market for Irish food products were also taken into consideration, as well as how to overcome them. Although this descriptive study consists of a small sample, not representative of the entire Irish agri-food industry, the researcher was able to collect in-depth information regarding Kerrygold’s specific brand strategy that is usually not obtainable. By studying a company case on the basis of an industry expert’s opinion, the researcher also received confirmation that the employment of a “Green Branding” strategy can be advantageous in the current market context. A descriptive study usually serves to demonstrate evidence that a particular hypothesis is valid and establish the state of affairs (Ethridge, 2004). This can be derived for example from studying a specific company case in order to describe the situation more accurately (Dudovskiy, 2016). In this case, the research transpired in the form of an expert interview. Expert interviews are a form of qualitative research and refer to consultations with a person, who specialises in a certain field, most often members of a particular industry or company. It focuses on finding out relevant information relating to a specific product or service and consequently requires the interviewing of business people dealing with these products on a regular basis (Sreejesh, Mohapatra, & Anusree, 2014). As mentioned above, an expert interview does not form a sample of the target market but instead can provide specific company (and market) insights (Jobber & Ellis-Chadwick 2013, p.236).

2.3 Structure of this research paper

This thesis paper consists of two main sections, namely theory and practice. In the first part of the theory section, the concept of green branding will be discussed, with special attention to the definition branding. Towards the end of this section, the respective target group these marketing efforts are usually aimed at (LOHAS) will be examined and concludes with a definition of the "Green Marketing Mix". In the second part, the current status of the Irish agri-food industry will be demonstrated in the form of facts and figures. To explain the context of this research, Germany will be analysed as a target market and consumer nation of Irish agri-food imports, which concludes the theory section.

In the practical section, the empirical case study analysis of the Kerrygold brand in Germany will be presented. Finally, the results from both sections will be evaluated and the evidence proving the hypothesis will be summarised. In addition, this thesis will offer inspiration for future research.

THEORY

3 Literature Review – "Green Branding"

This chapter reviews the most relevant definitions and terms used in research about green branding. It explores the evolution and role of branding with a focus on the environment and sustainability and defines the specific target group being addressed with these efforts. The chapter further explains learnings about the concept of "greenness" in a marketing context and finally paints a picture for the reader of how Ireland has been associated with this concept past and present, lending opportunity for future marketing efforts.

3.1 Green Branding

3.1.1 Differentiation and Brand Image

The globalisation of the agri-food industry has led to increased competition in the market, resulting in a need for nations and food manufacturers operating on an international scale to seek sources of competitive advantage (Lassoued & Hobbs, 2015). According to Professor Michael Porter, competitive advantage is defined as a company's ability to outperform its rivals gained through attributes and resources (Porter, 1998) and is used by international companies to achieve export growth. He specifies two basic sources of competitive advantage: firstly, cost leadership, defined as a company having the lowest cost of operation in the industry; and secondly, (product) differentiation as the process of distinguishing a product or service from others to make it more attractive and unique (Porter, 1998). Ireland's agri-food industry does not benefit from the economies of scale that can accrue from having a large home market. The Irish market itself is comparatively small, and indigenous companies - for the most part - do not have the resources either to achieve economies of scale similar to those of Germany's agri-food sector or to create and promote international brands. For this reason, pursuing a differentiation strategy would seem to be a more sensible and effective approach to adopt for the Irish agri-food industry (Corrigan, 1996; Wafer, 1986).

Product differentiation can be achieved in a variety of ways for agri-food products. One possible way is via brand image (Wafer, 1986). Inspired by definitions from various researchers, Chen (2010) suggests a definition and explanation of brand image in his research paper "The Drivers of Green Brand Equity". Brand image can be understood as a set of perceptions about a brand reflected by associations consumers have with the brand. Furthermore it is a consumer's mental picture of a brand that is linked to a particular offering, whereby symbolic meanings are associated with the specific attributes of the brand, according to Cretu and Brodie (2007) and Padgett and Allen (1997), referenced by Chen 2010. If these brand attributes are perceived as benefits, then brand image can cover functional benefits, symbolic benefits, and experiential benefits for the consumer, as Chen (2010) cites Park (1986). According to Kotler and Keller, branding involves designing a very specific mental image of the brand for the target market (Kotler & Keller, 2006). This is regarded by many marketing researchers as a vital tool for implementing a brand in a competitive market, such as the one discussed in this paper (Forcada Sainz, Hartmann, & Apaolaza Ibáñez, 2005). As mentioned before, competitive rivalry in the global agri-food industry is rising. To be successful in this environment, Ireland's agri-food industry needs clear positioning by leveraging a strong and credible differentiation strategy focused on brand image – specifically brand Ireland. Finally, one should note that the scope of required branding in the agri-food industry has changed. Whereas in the past it only referred to packaged foods, these days, it must also include the branding of generic 'raw' agricultural commodities (Lassoued & Hobbs, 2015).

3.1.2 **"Green Brand Image"**

Building on the general definition of brand image outlined above, this subsection sets out to provide an understanding of a "green brand image" specifically. It has been defined as ''a set of perceptions of a brand in a consumer's mind that is linked to environmental commitments and environmental concerns" (Chen, 2010). As mentioned above, brand image can be leveraged by companies as a source of differentiation to gain competitive advantage. Of course, brand image only acts as such, when that brand image is perceived as favourable. Numerous researchers in the area have demonstrated that a green brand image has a positive influence on how the brand is viewed by the consumer (Forcada Sainz et al., 2005; Kennedy, 2018; Ottman, 2011; Weigand, 2017). What positioning a brand as a "green brand" means in practical terms has been illustrated by green marketing researcher, Forcada, as "…active communication and differentiation of the brand from its competitors through its environmentally sound attributes." (Forcada Sainz et al., 2005,

p. 10). This, is turn, can be understood as the differentiation strategy aspired by portraying a "green brand image" (Baker, 2003). Green branding originates from the broader term and practice described as "green marketing". Green marketing in a broad sense, refers to a range of activities applied by companies to satisfy the consumer demand for environmentally friendly and sustainable products, such as enhancing advertising, adjusting the product itself or changing the production methods (Baker, 2003).

Green marketing author, Jaqueline Ottman also specified the implications of a green marketing strategy as creating demand for the respective brand by communicating practical benefits and at the same time engaging consumers about environmental and social issues (Ottman, 2011). At this point, one might be wondering, why this thesis paper is suggesting a "green branding" approach or specifically a "green brand image" for Irish agri-food products and not some other kind of brand image with a different focus. However, considering recent consumer tendencies, global mega-trends and an uncertain future for our planet and its species, this approach sounds plausible. As mentioned by Chen (2010), environmentalism is becoming increasingly popular in the world, so that the sales of green products have dramatically increased in recent years, meaning more consumers are willing to pay higher prices for these green products, which are generally more expensive (Chen, 2010).
Kotler previously split brand decision criteria into two types: functional (Marketing 1.0) and emotional (Marketing 2.0) criteria. Formerly, marketers used this as a guide, and developed brands to deliver based upon one or both of the mentioned criteria. They have now come to the realisation that many of today's consumers are taking a further criterion into consideration, when selecting brands, and that is, how the company meets its social and environmental responsibilities.

This is something Kotler defined as "Marketing 3.0" in his paper addressing the demands of the conscious consumer, "Reinventing Marketing to Manage the Environmental Imperative" (Kotler, 2011). The reaction of many companies has been to launch products to meet these new needs. In Figure 1 below, an example taken from Mintel food industry market research is presented. It compares the share of products launched with natural, ethical and environmental claims, addressing the conscious consumer of all global new food product launches in recent years between 2016/17 versus ten years ago.

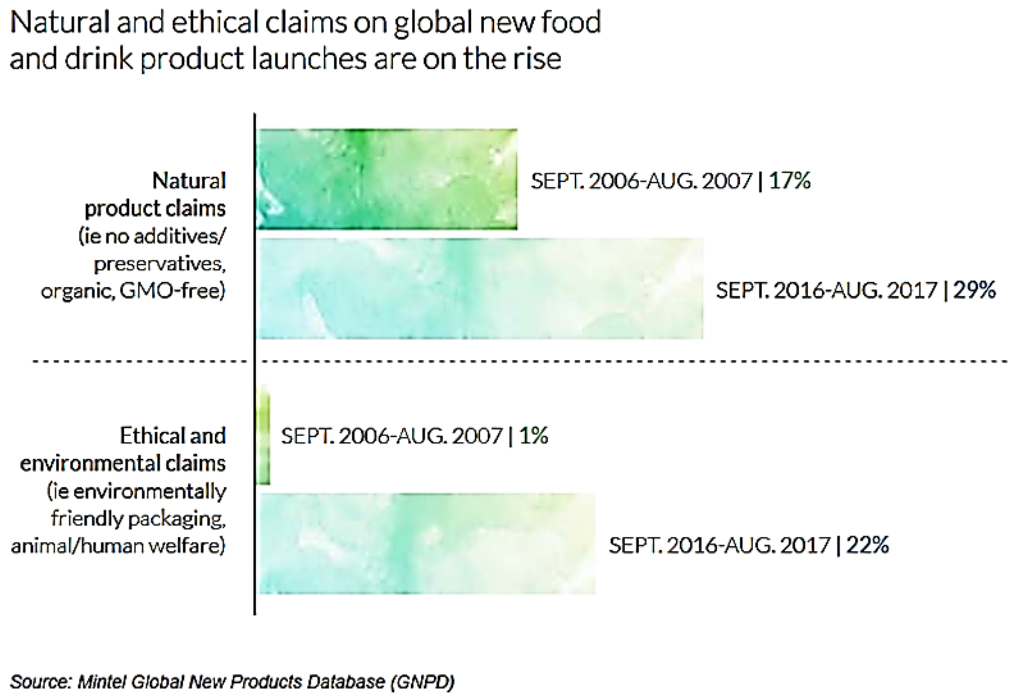

Figure 1: Percentage of new food product launched with natural/ethical claims 2006/07 and 2016/17 (Mintel Global Database, 2017)

The share of both natural and ethical/environmental claims has grown significantly. Products with "natural" claims, i.e. products free from additives, GMO or labelled organic, now represent almost a third of all new food products launched. Ten years ago, only 1% of new food products were launched with ethical/environmental claims. These days, this number has risen staggeringly to over 20 in 100 (Mintel Global Database, 2017). Evidently, manufacturers and companies in the food industry have recognised the growing demand for food products with such "green" attributes, and that these characteristics are linked to a favourable perception of the brand, which gives weight to the green marketing approach in general (Forcada Sainz et al., 2005). Chen (2010) refers to a pleasurable level of consumption-related fulfilment to satisfy a customer's environmental desires, expectations of sustainability, and green needs, which he calls ''green satisfaction". This can be achieved by adding "green" attributes to a product or brand image. What we describe as such an attribute and what the concept of "green" encompasses, will be defined in the following section. A further argument for the suitability of a green branding approach for products from the Irish agri-food industry is research by Corrigan (1996), who demonstrated that Ireland's overall economy had enjoyed significant growth since the deliberate promotion of Ireland's green image. Chen (2010) even used this an example to illustrate the effectiveness of green branding.

Danciu (2015) cites Pflanz (2014), who proposes the classification of green brands, depending on how deep the green or ecological issues have been integrated into the brand. In practical terms, Ireland's agri-food industry is presented with three brand classification options when considering pursuit of a green brand strategy. The first category of brands includes those which make environmental and social commitments their fundamental strategy, while the second group also covers brands which have these principles included in their core strategy. Finally, the third category relates to those for which environmental and social commitments are only incidental, and brand management simply takes advantage of the trend by highlighting some of green benefits related to the brand. Nevertheless, what all classifications of green brand strategy have in common is the main goal of gaining more consumers, as is the reason behind the branding of any product or service. According to the conclusions drawn by Danciu (2015) and Ottmann (2011) on the successful implementation of a green branding strategy, the main requirement is having green products that offer the consumer individual benefits besides the obvious ones for the general good of the planet and its species and resources. We will go into greater detail with examples of individual benefits in the section covering the target market for green brands. Another condition for a fruitful green branding strategy is offering greener products and brands with the expected price and level of quality, so that the consumer is convinced that he or she is not compromising. This of course must be communicated by highlighting the individual benefits that customers will gain from the purchase of the green brand and by reassuring them that any potential adverse environmental or social effects connected with it are minimal.

3.1.3 The concept of "Green" in branding

The concept of "green", also known as environmentally friendly, eco-friendly or nature-friendly, is a sustainability and marketing term referring to products and services, laws, guidelines and policies that claim reduced harm upon ecosystems or the environment. It also refers to being concerned with or supporting environmentalism and tending to preserve environmental quality, otherwise known as sustainability (Merriam-Webster Online Dictionary, 2019a). Capitalising on "sustainability", it assumes that the current generation can leave future generations with the same, or a larger basket of resources than we have at this point in time (Kotler, 2011). This refers, for example, to the conservation and conscious management of resources, such as water reservoirs, a pollution-free atmosphere, means of power and fuel and biodiversity. In the context of food products, the products on offer by "green" brands are very often intended to be more natural. This perception is also automatically drawn by a consumer for food products portraying a "green" image (Fanning, 2011). Practically any food or beverage product from a variety of categories, both packaged and fresh, such as cereals, snacks, frozen meals, but also meat, poultry, and dairy products can be positioned as "natural" and can legally display the term (Berry, Burton, & Howlett, 2017; Skubisz, 2017). The only requirement the product or brand has to fulfil to be considered ‘‘natural" is the exclusion of artificial or synthetic substances (McFadden & Huffman, 2017). In effect, this means that any food product containing natural flavours, sweeteners, or other plant-based substances can be labelled as natural.

In general the claim "natural" is fairly vague, whereby a "natural" product is defined as "existing in or produced by nature", "not made or caused by people," and "not having any extra substances or chemicals added" (Berry et al., 2017). The lack of consistent usage guidelines and ambiguity of the term offers brands flexibility, resulting in huge popularity of the claim, but also the threat of greenwashing, which will be discussed later in the limitations of green branding (Berry et al., 2017; Bord Bia, 2017; Mcfadden & Huffman, 2017; Schmuck, Matthes, & Naderer, 2018; Skubisz, 2017). Regarding consumer perceptions of "natural", food products are presumed to be organic, minimally processed by the manufacturer, or free of genetically modified organisms. Moreover, they are expected to be high in ingredients that promote health, for example fruits, vegetables, and whole grains. (Berry et al., 2017). The consumer may assume these features of the food, however in actuality the claim “natural” does not promise them and it may not be the case that they apply. A similar phenomenon can be observed for organic products, i.e. food produced without the employment of chemically formulated fertilisers, growth stimulants, antibiotics, or pesticides (Merriam-Webster Online Dictionary, 2019b). After cognitive processing of organic food products, participants in a study determined the term “organic” to relate to low calorie, a conclusion that is not necessarily accurate (Schuldt and Schwarz, 2010; Skubisz 2017). The alleged “health halo” from the field of food marketing - a form of the halo effect regarding health - may be contributing to these perceptions and conclusions for green, natural or organic food products (Provencher & Jacob, 2016). The consumer has a positive bias towards a certain brand or product because of favourable experience with other brands or products claiming the mentioned attributes. Considering that a green brand image has an overall positive influence on how the brand is perceived by the consumer (Forcada Sainz et al., 2005; Kennedy, 2018), this suggests that a green brand characteristic, such as “natural” might lead to an exaggerated positive assessment of the brand as a whole with a higher level of perceived healthiness, hedonism, environmental friendliness, and food safety (Asioli et al., 2017).

In branding, the concept of green entails a certain consumer attitude, whereby specific attributes are associated with the brand. Forcada (2005) divided these into functional and emotional traits. A green positioning strategy based on functional attributes focuses on conveying information about the environmentally-sound qualities of the product. It emphasises the fact-based environmental advantages of the product compared to competing conventional products regarding environmental issues (Forcada Sainz et al., 2005). This may refer to innovative production processes, sustainable farming, or improved animal welfare in the case of agri-food products. The other possibility is a green positioning strategy based on emotional brand attributes, or in other words the feelings affiliated with the concept of “green”. These have been identified as a feeling of well-being and contentment resulting from doing something for the greater good, social admiration from “humble-bragging” one’s consumption of “greener” products and a pleasant feeling of “feeling at one with nature” as Kals (1999) put it (Forcada Sainz et al., 2005, p.11; Schmuck et al., 2018).

However, researchers agree that the most effective and successful strategy for positioning brands with green concepts is, in fact, a combination of communication of both functional and emotional attributes, complementing each other. This would mean creating emotional benefits supported by information on factual environmentally-sound functional attributes of the brand. It is important that the brand communicates the benefits of its green attributes in a manner that stimulates appeal, but the claims must be backed up by real facts. This was also put simply by Ottman (2011), “a green brand has to walk their talk” (Kennedy, 2018; Ottman, 2011). The Irish agri-food and butter brand “Kerrygold” is familiar with the importance of the fact that claims relating to a “green” image must be backed up by actions, especially in a consumer market that prefers to put its trust in experts and facts, such as Germany (Mooij & Hofstede, 2011). How Kerrygold managed to translate this into practice will be analysed in the practical part of this thesis.

3.2 The Conscious Consumer Target Market

As is the case in every branding context, it is crucial to determine and typify your target market. After having identified what makes green brands and how one is positioned, it is essential for this analysis to understand which consumers they are aimed at and what motives them. As mentioned previously, many of today’s consumers are also increasingly basing purchase decisions on social and environmental aspects, a segment of the market Kotler (2011) labelled “conscious consumers”. From a cognitive perspective, this environmentally conscious or “green” consumer exhibits environmentally-aware attitudes and beliefs (Apaolaza Ibáñez & Hartmann, 2006). Marketers in industrialised parts of the world are increasingly making this consumer group their target market. In doing so, the objective is to deliver and market green products to these “early adopters” of sustainable products, otherwise known as “LOHAS” - lifestyles of health and sustainability - (Hingst, 2018; Mcfadden & Huffman, 2017).

3.2.1 **LOHAS – Who are they?**

The term "LOHAS" refers to a consumer segment which aligns its purchase decisions with the environment, health, fairness, and sustainability to a certain degree of manifestation. They make the overriding assumption that health and the preservation of the planet go hand-in-hand, and consequently use products that simultaneously support their personal and environmental wellbeing (Ottman, 2011; Pittner, 2014). In the acronym LOHAS, the "S" refers to "sustainability". Pittner (2014, p.16) cites Bedford et al.'s (2004, p.4) definition of sustainability in his book on strategic communication to target LOHAS as;

> …patterns of action and consumption used by people to affiliate and differentiate themselves from others, which: meet basic needs, provide a better quality of life, minimise the use of natural resources and emissions of waste and pollutants over the lifecycle, and do not jeopardise the needs of future generations.

Ottman (2011) also attempts to characterise this consumer group thus: the average LOHAS consumer or socio-demographic tendency would be a married, well educated, middle-aged female. Due to their above-average income, they gravitate towards being less price-sensitive than other consumers. Moreover, they are generally more brand loyal, since they will often associate their personal values with a brand, if these are well communicated. As mentioned, these consumers are well educated and aspire to educate themselves further. This means they seek out detailed information about products and regularly read food labels before purchasing a new product to identify those that are organic or cause minimal harm to the environment (McFadden & Huffman, 2017). The objectives of pursuing such a lifestyle and adopting values such as sustainability and dependability are apparently developing mindfulness, promoting health and giving this fast-paced society a reason to slow down. In order to realise these objectives, LOHAS consumers look for products and brands that meet their needs from an ecological, health and economic perspective (Pittner, 2014). Applying Maslow's hierarchy of needs, one can attempt to sort the LOHAS' objectives into different categories by prioritisation: namely health as a physiological need; sustainable quality as the need for one's own security, and that of the planet; the feeling of individuality explained by the need for selffulfilment; and finally, praise from other LOHAS consumers, or admiration from other segments as the need for social recognition (Rössler & Brenken, 2009).

3.2.2 Further segmentation of LOHAS

As noted above, there are different degrees of manifestation within the LOHAS segment, in terms of levels of consciousness of social and environmental issues, resulting in yet further differentiation and segmentation. Cohen & Muñoz (2017) created a framework, namely the CCM (Conscious Consumer Market) entry strategies matrix. This matrix assumes a segmentation of the market on the basis of two parameters: the scope of the target market, i.e. mainstream or niche, and the level of value alignment with what is considered the ideal conscious consumer. The Natural Marketing Institute identifies the core LOHAS consumer to be part of the niche conscious consumer market, being early adopters of new green products and consistently using and purchasing them. The remaining conscious consumer segments would be more likely to also consume mainstream products, if they offer some source of value alignment. Examples of current brands responding to different degrees of consumer consciousness and tailoring their offerings to suit specific segments can be extracted from Figure 2 below:

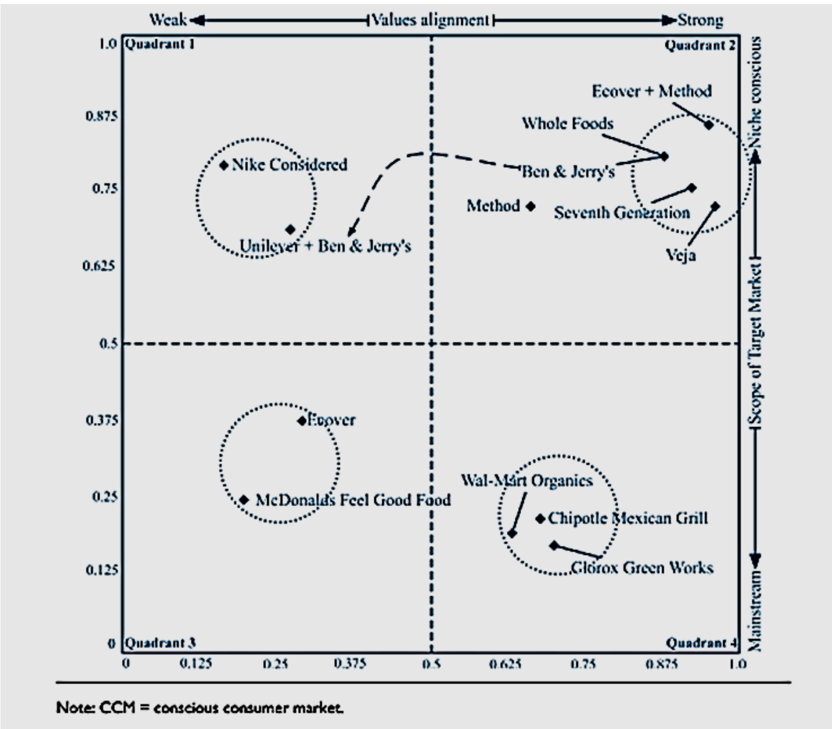

Figure 2: CCM entry strategies matrix (Cohen & Muñoz, 2017)

Taking an example from the food industry, Ben & Jerry's ice cream for instance has entered the niche CCM, targeting the core LOHAS group. Amongst other things, the brand Ben & Jerry's is marketed as 100% fair trade, and has developed a strong campaign to combat climate change centred around some of their ice cream flavours (Ben & Jerry's Germany, n.d.; Cohen & Muñoz, 2017; Woolverton & Dimitri, 2010). Ottman (2011) suggested another segmentation scheme apart from the extent of value alignment, specifically by grouping LOHAS consumers into their individual green interests. Consumers' reasons and motivations for buying green brands can differ, along with their priorities. So far, four interest focuses and LOHAS types could be identified: resource conservers, health fanatics, animal lovers, and outdoor enthusiasts (Ottman, 2011). For this study relating to the food industry and the branding of agri-food products, the second and third groups especially (health fanatics and animal lovers) are of high significance as their interests can be satisfied with greener food products.

3.2.3 LOHAS and their WTP (Willingness to Pay)

Kotler (2011) already suggested that the environmentally involved consumer, or LOHAS customer, may be willing to pay more than the average consumer. Given Ottman's (2011) description of the consumer group, this presumption would make sense, as they are characterised by an above-average income and lower price-sensitivity. Other evidence suggests that these consumers are in general more likely to pay premium prices and have a higher marginal WTP for natural or organic food products compared to their conventional counterparts (McFadden & Huffman, 2017). Chen (2010) confirms this theory, by correlating the dramatic increase of green product sales with an increased willingness to pay a higher price for these green products, which tend to be more expensive. The explanation for this can be derived from behavioural economics. In cases where choices imply higher costs, but can deliver benefits, the consumer will behave in an environmentally conscious way. So they'll purchase a green brand over the conventional one, if doing so seems likely to deliver sufficient benefits to balance out the higher price (Apaolaza Ibáñez & Hartmann, 2006). It should also be noted that the above-mentioned only applies, if these green attributes and benefits have been properly communicated. LOHAS are more likely to read food labels when purchasing a new food item and are willing to pay more for the green brands when they find signals of organic, natural or similar (McFadden & Huffman, 2017).

3.3 The Green Marketing Mix

In general, the Marketing Mix is defined as those major activities used to develop and sell goods and services. These activities include product development, pricing strategy, distribution systems and promotional programs, otherwise known as the so-called four "Ps": Product, Price, Place and Promotion. The first "P" refers to the product, described as "a good or service that satisfies consumer needs by providing value"; sold to consumers at a certain price, which is the "value of what is exchanged in return for the product". Where the product can be obtained and what movements it undergoes from the seller to the end buyer, is defined as the "place". To attract consumers to the place of distribution and ultimately purchase the product, it must be promoted, which is the final part of the marketing mix, "promotion". It entails the communication of the product benefits by the manufacturer or seller, and the reasons that consumers should decide to purchase it (Baack, Harris, & Baack, 2013). However in more recent years, marketing experts such as Kotler, have recognised the need to adapt and tailor this marketing mix to the demands of the new green consumer and to green product offerings (Kotler, 2011). The key difference between conventional and green marketing mixes lies within the objectives. For both, the two most important objectives are gaining consumers and increasing company profitability. However in the green marketing mix, the delivery of value aimed at satisfying needs of society and the environment through the 4 Ps is given a more significant role (Davari & Strutton, 2014).

3.3.1 **Product**

Green products are predominantly created through more environmentally-sound processes, and they strive to deliver further sustainable outcomes (or less negative consequences) after they are consumed, compared to conventional products (Dangelico & Vocalelli, 2017; Davari & Strutton, 2014). Ottman (2011) describes what a typical green product should look like. Green products tend to be sourced and manufactured more responsibly. This means that the processes involved are achieved more energy-efficiently through improved technology or with renewable energy. An example from the food industry is "Kettle Chips", who source energy for production completely from solar panels. They also sustainably and innovatively dispose of the cooking oil by reusing it as biodiesel to fuel their trucks (Ottman, 2011). Another way of designing a greener product, is reducing its toxicity and minimising waste of resources. Examples could be reducing the carbon emissions or saving water. With respect to food products, the aspired green product implications can include: being grown organically, fair trade, improved animal welfare, free range, grass-fed, and sustainable farming. Ben & Jerry's ice cream, which was previously mentioned in the context of conscious consumer market entry strategies, is an excellent example of a food product which meets several green product requirements. They offer high quality, premium-priced ice cream made with all-natural fair trade ingredients, while also promoting business practices which are considerate to the environment (Cohen & Muñoz, 2017; Ottman, 2011; Woolverton & Dimitri, 2010).

However, the challenge that food brands are often faced with is finding a way to demonstrate hidden characteristics of the products, such as being natural, free from artificial ingredients, pesticides, and hormones (Ottman, 2011; Woolverton & Dimitri, 2010). Customers can be enlightened with the help of product labelling, which will be discussed in the paragraph on green promotion (Asioli et al., 2017; Woolverton & Dimitri, 2010).

A special role is allocated to product packaging in the green marketing mix. Kotler (2011) and Ottman (2011) remark that packaging for green products should be developed to be biodegradable, easily disposable or preferably recyclable when possible. Even mainstream coffee house chain Starbucks make a good case by designing partially recyclable cups, promoting reusable ones and finally filling them with ethically sourced drinks (Starbucks Germany, n.d.)

3.3.2 **Price**

Generally, prices for green products are higher than those of the traditional equivalents. They are offered to consumers at a price-premium, which takes into account the additional cost that consumers have to pay to obtain the greener product (Dangelico & Vocalelli, 2017; Davari & Strutton, 2014). It relates to and is justified by various factors. One of these is higher production costs resulting from the brand or firm compensating for negative socio-environmental consequences by absorbing the costs themselves rather than the planet and its inhabitants “paying the price”. However, another motivation for green brands to demand a higher price is that they realise that the consumer is prepared to pay more for a green product, claiming to be more natural and beneficial to the environment – in fact they virtually expect it (Kennedy, 2018; Kotler, 2011; Mcfadden & Huffman, 2017). Building on the general knowledge about pricing strategy, brands reinforce customers’ beliefs by making the product visibly more “valuable” with a mark-up, compared to the conventional product. In this context, value refers to direct benefits to the consumer and overall societal and environmental well-being. This added-value for green food products can be achieved with a previously mentioned differentiation strategy, for example products with improved healthfulness or an innovative recyclable packaging design (Apaolaza Ibáñez & Hartmann, 2006; Davari & Strutton, 2014).

3.3.3 **Place**

The component “place” in green marketing refers to the management of distribution programmes for green products along the supply chain, and improving their organisation to ensure environmental consequences are minimised (Leonidou, Katsikeas, & Morgan, 2013). The decision about where a consumer can obtain a green product is crucial for its success. For example, Davari (2012) reiterated that a niche-like distribution strategy is often an ineffective choice for green products if the aim is to achieve a wide reach. The average consumer rarely actively seeks out green products unless they belong to the niche part of the conscious consumer market, LOHAS. Therefore, Davari recommends a more a mainstream approach, facilitating consumers to be exposed to green products across market sectors. In the food sector this would mean distribution of green products through mainstream grocery retailers and not just in health food stores, for instance. Before arriving at their place of purchase, there are various considerations that can be made behind the scenes to reduce the environmental impact of distribution programs for green products. This can include setting environmental responsibility standards for distribution and channel partners to adhere to, or collaborating on making logistics arrangements more efficient. Examples could be reducing emissions caused by transportation, or working together to ensure customers are able to return any recyclable packaging materials (Dangelico & Vocalelli, 2017; Leonidou et al., 2013).

Moreover, the concept of "reverse logistics" has been discussed as a significant tool characterising "place" in the green marketing mix (Dangelico & Vocalelli, 2017). Benefits to the company are cost savings, waste reduction and improved inventory management, due to the possibility to reuse materials, goods and equipment. Benefits to the customer are the possibility to recycle and promote sustainability. Kotler (2011) suggested the creation of more online market places for green products to reduce the carbon emissions caused by consumers driving to retailers. Dangelico and Vocalelli (2017) reference Esmaili and Fazeli (2015), who claimed that selling green products directly to consumers over the internet reduces the number of stages in the supply chain and reduces material consumption and decrease transportation. With respect to the agri-food industry, a green marketing mix could specifically imply re-localisation and therefore decentralisation of production. This considerably reduces the environmental impact of transportation, due to the geographical proximity to retailers (Dangelico & Vocalelli, 2017; Kotler, 2011).

3.3.4 **Promotion**

A successful green marketing strategy not only depends on companies creating green incentives, but also effectively communicating them (Apaolaza Ibáñez & Hartmann, 2006; Danciu, 2015). This communication strategy involves highlighting the brand's commitment to sustainability in more of its advertisements and demonstrating to customers exactly how they will benefit from purchasing this green brand (Apaolaza Ibáñez & Hartmann, 2006; Kotler, 2011). A number of methods and green promotional tools are used to convey such messages and information. One important implication of green promotion, is that green values must be sustained throughout the communication, which advocates for green lifestyles at the same time (Davari & Strutton, 2014; Ottman, 2011). One approach is by the means of a mission statement, which is composed in a way that clearly defines how the company or brand is green. To name an example from the food industry, the brand Stonyfield Yoghurt owned by Danone, has formulated its mission statement thus: “We’re committed to healthy food, healthy people, a healthy planet, and healthy business.” (Woolverton & Dimitri, 2010, p. 92).

Green promotion can also entail cause-related marketing relating to the green product. They can encourage participation and involvement from their consumer base to create a community for a cause, centred around environmental initiatives, for example. Involving and empowering the green consumer in a company’s CSR activities can in turn improve brand loyalty benefiting from positive word of mouth (Kotler, 2011; Ottman, 2011). Starbucks for instance created the campaign “You and Starbucks – It’s Bigger Than Coffee”, aiming to set an example for a more sustainable lifestyle (Ottman, 2011). The Irish agri-food industry has also managed to apply this concept with the sustainability program “Origin Green”, which will be elaborated on in a later section. As previously pointed out, the green consumer tends to actively seek information about brands to identify whether the brand is aligned with their values. To facilitate this, brands can, for example, present full disclosure about all production processes and provide access to this information online in the form of videos (Ottman, 2011). The Irish agri-food industry’s official German website for Irish beef puts this concept into practice. Interested consumers can read testimonials by the farmers producing their meat and go behind the scenes of Irish farms in videos (Irish Beef, n.d.). This will help accomplish the credibility and transparency required to be seen as a green brand (Ottman, 2011).

They say pictures are worth a thousand words. This is also the case in the promotion of green brands. Imagery is often applied in green advertising and its effectiveness has been confirmed by numerous green marketing researchers (Apaolaza Ibáñez & Hartmann, 2006; Forcada Sainz et al., 2005; Schmuck et al., 2018). Consumer research has found that there is an innate human desire to be more closely connected to nature. Images displaying pleasant natural scenery, lush fields, mountains and forests - referred to as “tree-hugging” imagery by Apaolaza Ibáñez and Hartmann (2006, p.677) - appeal to consumers and elicit positive emotions and attitudes (Apaolaza Ibáñez & Hartmann, 2006; Forcada Sainz et al., 2005). Here, the keyword “emotions” is defined as those euphoric feelings experienced in the great outdoors. As cited by

Forcada Sainz (2005), Kroeber-Riel (1984) and Kim et al. (1998) describe this mechanism of integrating emotional benefits into brand communication as so-called “emotional conditioning” (Forcada Sainz et al., 2005; Schmuck et al., 2018). Moreover, evidence from other studies indicates that the tool of imagery is particularly effective in the context of green branding. The communication of a product’s ecological attributes and benefits can be accompanied by vibrant images of nature, something described as “virtual nature experiences” (Hartmann & Apaolaza-Ibáñez 2008, p. 821), to enhance the green brand’s likeability and to subconsciously reinforce the claims (Apaolaza Ibáñez & Hartmann, 2006; Forcada Sainz et al., 2005; Schmuck et al., 2018).

Finally, in the context of green food products and the above-mentioned challenge of showing the customer the green benefits hidden inside the food, labelling can play a significant role in communicating the desired information (Apaolaza Ibáñez & Hartmann, 2006). According to Kotler (2011) green product labels require careful formulation in terms of claims referring to the content and environmental implications displayed on the packaging. A trend towards so called “clean labels” has emerged, with the objective of signalling and promoting green product characteristics contained in the food. A clean label often exists to communicate that the food product is free from artificial chemicals, has been produced organically, or is in general relatively unprocessed (Asioli et al., 2017). Furthermore, Asioli (2017) distinguishes between FOP (front-of-pack) and BOP (back-of-pack) clean labels. Whereas FOP should be used for more low-involvement promotional tactics, such as prominent images of nature, organic logos and claims such as “natural” and “simple”, BOP exists to provide precise information, such as ingredient lists, to satisfy those consumers who are already highly engaged and mindful when it comes to food purchase decisions (Asioli et al., 2017).

3.4 Ireland – "A Green European Centre of quality products"?

As is the case with other nations, outsiders have a certain overall perception of Ireland as a country, referred to as Nation Brand Image. This ideological image is made up of several associated attributes, assumptions, judgements, and even stereotypes (Fanning, 2011). The consequence of this kind of generalisation, is known as the "country of origin effect", whereby the consumer makes a connection between the product and a certain place, and evaluates the product based on its country of origin. This can lead to an either favourable or unfavourable perception, depending on the respective country and product category presented (Andéhn, Nordin, & Nilsson, 2016). Thakor and Lavack (2003) synthesised on this with a similar consumer behavioural effect, the idea of "brand origin", defined as a "place, region or country where a brand is perceived to belong by its target consumers." (Thakor and Kohli, 1996, p. 27), which in turn has implications for quality perception. In both cases, people's natural tendency to simplify and characterise nations in a certain way becomes clear. A prime example of this would be the overall perception that Germany is efficient, lending itself favourably as the country-of-origin of car manufacturers, such as Mercedes. The national characteristic of efficiency is presumed to be reproduced in the execution and performance of the product (Fanning, 2011; Thakor & Lavack, 2003). As a result, Germany has become positively associated with quality cars, particularly the brand "Mercedes", and vice-versa. Brand or country of origin are considered to be extrinsic product cues, i.e. attributes linked to the product, but not physically embodied in it, that consumers use to the evaluate the quality of a product (Teas & Agarwal, 2000). This is mind, it seems logical that country of origin or brand origin perception would have an important effect on a nation's export success (Fanning, 2011).

Fortunately for Ireland, it enjoys a generally favourable and positive national brand image abroad, something its tourism sector has also been leveraging for years (Fanning, 2011; Patterson, 2009). Here are two examples from the food and beverage industry that are testament to the fact that Ireland's nation image is widely appealing and one even non-Irish brands aspire to be associated with: Firstly, world-famous Irish beer brand, Guinness goes as far as using one of Ireland's national symbols, the harp, as its logo. Secondly, iconic American cereal brand "Lucky Charms" utilises stereotypically

Irish devices for its branding, implemented by shamrock shaped cereal pieces and a leprechaun mascot (Patterson, 2009; Simmons, 2006). Diving deeper into what constitutes Ireland’s nation brand image, one recurring theme is its environment and ever-green landscape as a USP or competitive advantage setting it apart from other countries. Ireland has long been described as the nation of “40 shades of green” due to its many lush green pastures, implying a pure and natural environment (Corrigan, 1996). The environmental conditions associated with Ireland are attributed to its geographical position as a small island with a rainy climate. Abroad it is perceived to be mainly unindustrialised with free-range livestock production contributing to high quality agricultural produce (Henchion & McIntyre, 2000). In addition, a study revealed that particularly German consumers are of the impression that Ireland is “green”, and consequently environmentally friendly, without a having great deal of knowledge or personal experience of the country (Corrigan, 1996). There is the wide perception among Germans that Ireland is also free from pollution, creating a healthy environment for optimal food production (Wafer, 1986). This was also reflected in more recent consumer research conducted by Bord Bia in 2017.

All this considered, it is no wonder that influencers in the Irish export industry concluded that applying a green brand image to the totality of Irish exports could be advantageous, and that the environment could “act as the cornerstone of a national brand image” (Corrigan, 1996, p.87). The same author quotes the former Minister for Tourism & Trade (and former Taoiseach (Prime Minister)) of Ireland, Enda Kenny, who proposed promoting Ireland as “The Green European Centre of quality products and services” (Corrigan, 1996, p.87). In addition, Ireland offers a Celtic history, implying a certain level of spiritual connectivity towards nature (McAuley & Pervan, 2014). Ireland, has been portrayed to modern mainstream society as a “moral antidote for consumerism and modern ills” (Fanning, 2011, p. 26), referring to globalisation and environmental destruction. This can offer satisfaction of today’s consumers’ growing need to keep the romance and traditional ideal of the food industry alive (Weigand, 2017). Even another one of Ireland’s iconic national symbols, the shamrock, communicates a similar message with its “…connotations of greenness and Christianity.”, as Henchion (2000, p. 631) puts it. As mentioned in the introduction, Ireland's export industry and with it, the food industry, has recognised the competitive advantage of Ireland's "Green Image" abroad and has gradually been putting it into practice, especially since research conducted by the Irish trade board, Enterprise Ireland, revealed that the majority of foreign retail trade welcomed an Irish green image with an environmental focus as credible and profitable (Corrigan, 1996). For instance, the Irish Food Board, has been actively displaying this image reliant on its unspoilt environment and grass-based food production by utilising visual elements homogenous with those used by Ireland's official tourism agency. Among others, this was remarked upon by branding expert, Dr. John Fanning (2011, p.28), author of "The Importance of Being Branded: An Irish Perspective" (Liffey Press, 2006), and chairman of the Brand Forum at the Irish Food Board. An instance demonstrating this has been extracted from Bord Bia's German website for Irish beef in Figure 3.

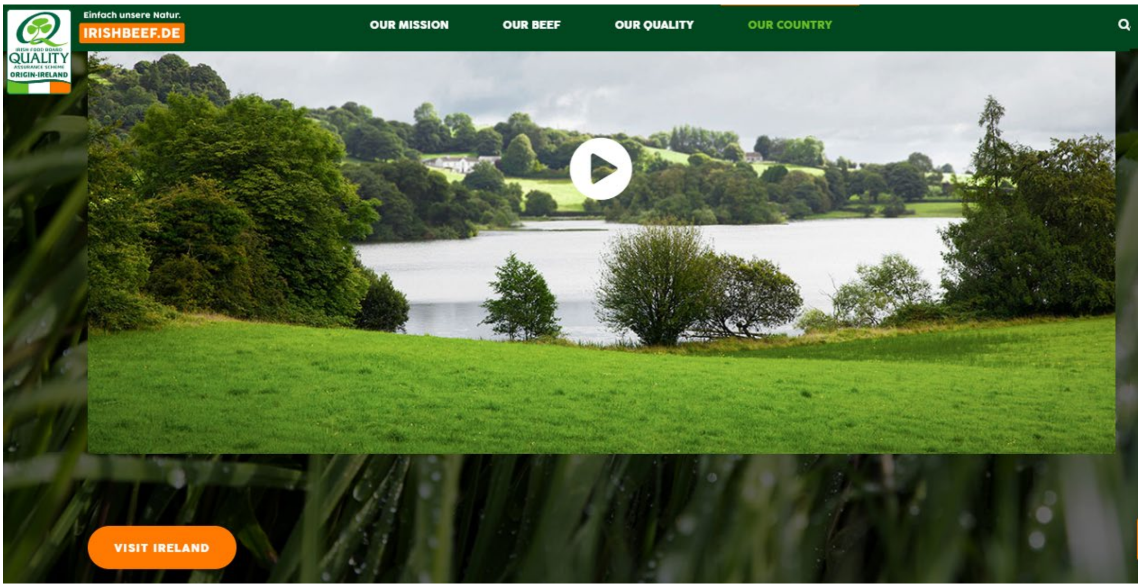

*Figure 3: Bord Bia utilising visual elements of Irish landscape homogenous with those used in tourism for the German website for Irish beef (Irish Beef, n.d.). (*translated with Google Chrome*)*

Another example of implementation of Ireland's green image into the international branding of agri-food products, is the Kerrygold brand used for butter, cheese and other dairy consumer goods (Henchion & McIntyre, 2000; Wafer, 1986). This will be capitalised on in the practical part of this research paper in form of a detailed case study.

4 The Irish agri-food industry

This section introduces the structure and nature of the Irish agri-food industry, demonstrating relevant facts and figures. It introduces major industry players and the co-operatives representing it, domestically and internationally. In addition, the current state of the Irish agri-food industry with respect to exports is analysed on a market and product category level. Industry strengths and its potential are also highlighted.

4.1 The nature of the Irish agri-food industry

The agri-food industry is a critical and fundamental component of the total Irish economy. Financial experts, Deloitte, even described Ireland’s food and drinks sector as a whole as the nation’s largest and most important industry (Deloitte, n.d.). It currently employs over 174,400 people, making up around 8% of total employment (DAFM, 2018b). The individual food categories belonging to the Irish agri-food industry have been defined by the Department of Agriculture, Food and the Marine (DAFM) and the Central Statistics Office (CSO), namely traditional products such as meat, dairy, seafood, and prepared consumer foods (Bord Bia, 2018). The industry relates to the commercial production of food by farming (Oxford Dictionary, 2018).

This agri-food industry is the oldest and biggest indigenous industry in Ireland, being predominantly in Irish ownership and spreading geographically very broadly across the country, embedded into the landscape (DAFM, 2018a). The land area of Ireland is around 6.9 million hectares, of which 4.5 million is used for agricultural purposes - just about two-thirds. A recent survey, undertaken by the Irish Central Statistics Office, showed that over 92.2% of this farmland consists of grassland used for grazing and pasturing (Central Statistics Office, 2016). This formation of the land is made possible by the country’s natural climatic advantage of a temperate climate, which has a favourable impact on a grass-based livestock production system (Agri-Food Strategy Committee, 2015). Due to this mild oceanic climate surrounding the island, there is plenty of rain, creating fertile soil optimal for growing grass for the animals to graze on almost the whole year round. This facilitates more efficient and environmentally sustainable farming (DAFM, 2018a).

Furthermore, Irish food and beverage manufacturing enterprises, resulting from the prerequisite of a strong agricultural industry, account for €26 billion of total turnover. This accounts for approximately 30% of all manufacturing turnover in Ireland (Agri-Food Strategy Committee, 2015). In turn, the agri-food industry also represents half of direct expenditures by the entire Irish manufacturing sector (Bord Bia, 2017).

The structure of the industry is a relatively dispersed one, with some main players and co-operatives. The two most significant players worth mentioning for the purposes of this paper are “Bord Bia”, the Gaelic name for the Irish Food Board and “Ornua” (formerly “The Irish Dairy Board”). As we will be analysing the Irish dairy co-operative Ornua as part of primary research and a case study in detail later on, only Bord Bia will be considered in this section. Bord Bia, established in 1994, is an Irish state agency with the aim of promoting sales of Irish food and horticultural products both at home and abroad. It provides support to Irish farmers and producers by offering a broad range of international marketing services. Part of their work is also promoting better production methods through innovation and setting "best practice" standards. It also facilitates and manages exports for the industry to compete on an international level.

4.2 Export in the Irish agri-food industry

The export business is not only hugely significant within the agri-food industry itself, but also on a national level, accounting for around 12% of total Irish exports in 2017 (DAFM, 2018c). This amounted to a value of at least €13.5 billion and represented growth of around 60% since 2010. (Bord Bia, 2017). The constant growth rate over eight consecutive years and the industry’s significance indicate that agri-food exports show great potential and are crucial in helping to sustain the Irish economy in the future. The development of Irish agri-food exports between 2009 and August 2018 in terms of value and volume is displayed in below in Figure 4 from the Central Statistics Office in Ireland.

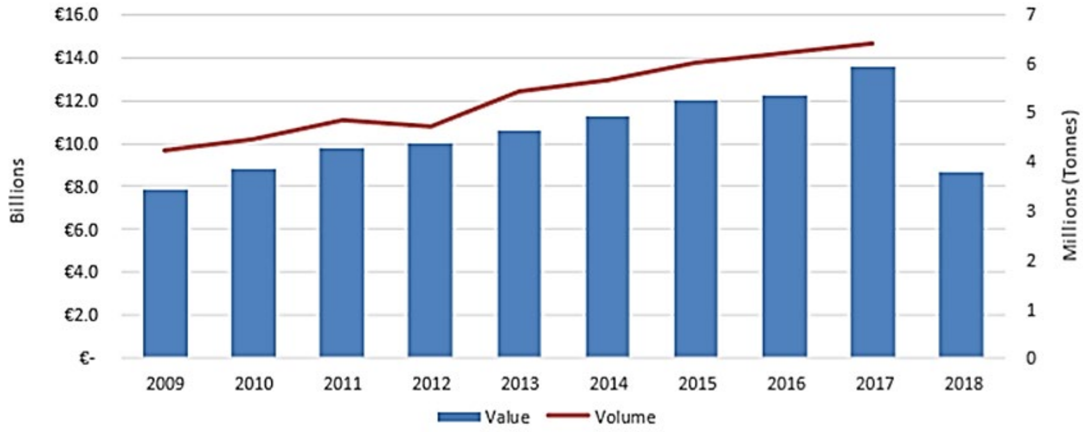

Figure 4: Value and volume of Agri-food sector exports by year, 2009 - August 2018 (Central Statistics Office, 2016)

In 2016, the distribution of Irish agri-food and drink exports among the different categories saw dairy products and ingredients accounting for the largest share with 30%. Ireland is in fact the 10th largest dairy export nation in the world, exporting 85% of all its dairy outputs. This is made possible by over 18,500 family-owned dairy farms producing around 5,400 billion litres of milk annually. In 2017, export values for Irish dairy produce and ingredients exceeded €4 billion (Bord Bia, 2017). Beef exports follow in second position with a 21% share, the biggest category in the meat sector by far. Despite the small size of the country, Ireland is the fifth largest beef net exporter in the world and the largest in Europe. All other remaining meat category exports add up to only 12%. Prepared consumer foods such as chocolate and frozen meals make up 17%, followed by beverages (13%), seafood (5%), and edible horticultural & cereal products (2%) (Bord Bia 2016; Enterprise Ireland 2017).

According to Bord Bia's annual export performance report from 2017, Irish food and drink is sold in 180 markets worldwide, with 35% of exports going to UK destinations, 33% to other EU markets and the remaining 32% to other international markets. Exports to the latter two markets exhibited higher growth between 2016 and 2017 than the UK market. This has brought about a shift in export distribution, resulting in a decline of the UK market share of Irish food and drink exports (Bord Bia, 2018). This may be partly explained by a reduced focus on the UK in the face of a possible hard Brexit.

However, most probably it is the result of increased marketing activity in other markets within the context of an overall market diversification strategy (Nies, 2017).
As demonstrated by Figure 5, Germany ranks third among these other European markets, just behind France and the Netherlands, with an estimated €600 million in export value for Irish food and drink (Bord Bia, 2016). On a global scale, it represents the sixth largest export market for Irish Agri-food sector trade (DAFM, 2018c).

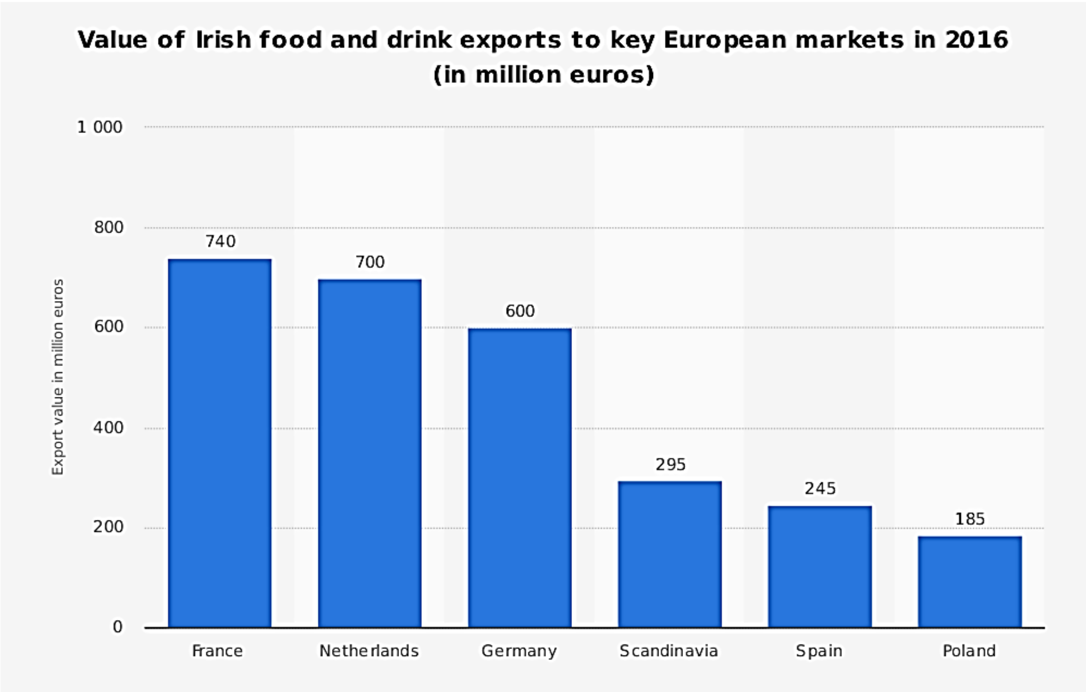

Figure 5: Value of Irish food and drink exports to key European markets in 2016 (in million euros) (Bord Bia, 2016)

It appears that Germans are not only drawn to Ireland as a popular and romantic tourist destination, but also to the country's local produce. Bord Bia's German Manager, Donal Denvir, proposed a possible partial explanation for this attraction:

…research found that there is a huge interest among German consumers around the topics of food sustainability, origin and animal welfare. Ireland, as a food-producing nation, was viewed favourably and the image of our food production system is one that is pure, green and natural where animals freely graze on green pastures." (Breen & Bord Bia, 2017)

In fact, a survey showed that German buyers placed Ireland second after Germany itself in terms of a positive environmental image (Corrigan, 1996).

5 The German consumer market for Irish agri-food imports

In this section, the potential of Germany as an import market for Irish agri-food products past, present and future will be explored. Firstly, an overview of Germany's Grocery Retail Market structure will be presented. Secondly, an analysis of current trends in consumer taste and behaviour regarding agri-food products will follow. Various strengths and opportunities, such as Ireland's "green" image among consumers will be identified, along with some potential threats and barriers faced, hindering possible new entrants. This section will conclude by discussing the development of particularly popular agri-food categories in Germany, and market opportunities linked to Ireland's national sustainability programme.

5.1 Overview of the German grocery retail environment

As the world's fourth largest economy, Germany is also the third largest importer of agricultural products, right behind the USA and China. This, in turn, means it is by far the largest market for food and beverage products in the European Union, with imports reaching over €90 billion in 2017 (USDA Foreign Agricultural Service, 2018). In 2016 the market was worth €234bn and is forecast to exhibit a growth rate of 10.5%, so that retail insights suggest that it will be worth €259bn by 2021 (IGD Retail Analysis, 2017). Taking this into account, it comes as no surprise that the German grocery retail market, with its over 83 million consumers, presented itself as a sensible market entry opportunity for established Irish players who have already taken the plunge (Hurley, 2018). Furthermore, the numbers explain the attraction opportunistic Irish agri-food producers would and ought to have for attempting market diversification post-Brexit. However, experts and strategists agree that there are many obstacles to overcome and a variety of demands and requirements when preparing to launch products onto the German food and drink market (Green Seed Germany, 2010).

The market is characterised by saturation, high consolidation, competitive rivalry and low prices. The comparatively low food prices are a result of the highly competitive environment in the grocery trade market due to the strength of discounters. (USDA Foreign Agricultural Service, 2018). This leads to slim margins for retailers, meaning food companies must bargain heavily to convince them to carry new products so that they can achieve the required sales figures (Hurley, 2018). The guideline for grocery retail pricing is set by the discounters, specifically ALDI (Hurley, 2018), due to their dominance as the most significant retail channel in the country with over 40% share of total retail revenue according to the German market research institute GfK (GfK, 2017). The popularity of discounters already pre-empts implications of German food purchasing behaviour, which will follow in the next section.

As mentioned above, German grocery retail is highly consolidated with the five largest domestic supermarket operators, namely Edeka-Group, Schwarz-Group, Rewe-Group, Aldi-Group and Metro-Group, accounting for around 85% of total sales in the sector (Bord Bia, 2017; USDA Foreign Agricultural Service, 2018). Not only does this consolidation lower the amount of flexibility and the ability to be selective of foreign manufacturers, but the German grocery retail environment is also considered to be very old-fashioned and unfavourable to new brands from a structural point of view. Most of the mentioned top grocery chains are characterised by a mix of head-office run outlets and independent franchise owners, meaning it is difficult to gain 100% distribution (Hurley, 2018).

Most German grocery retailers import products indirectly and prefer to purchase from central buyers/distributors, who specialise in importing specific food product groups. Quite often these wholesalers concentrate on food imports to Germany from a particular country of origin (USDA Foreign Agricultural Service, 2018). Of course, this also exists for Ireland as a country of origin, which companies such as Ornua have successfully used to their advantage (Hurley, 2018). These agents are highly knowledgeable of import stipulations, such as the certification, labelling, and packaging of products. They can therefore deal with any necessary documentation, and have warehousing and distribution channels in Germany (USDA Foreign Agricultural Service, 2018). This represents a gain for both the Irish producer and the domestic retailer in Germany.

5.2 German consumer taste and preferences – touchpoints for Irish agri-food products

In order to gain a better understanding of how a certain food product will be received by the German consumer, which in turn will determine its success, marketability and profitability, one must examine behavioural trends and general tastes regarding purchase and consumption. This of course also applies to agri-food products, making it essential for German consumer behavioural patterns to be taken into account for this study. Basic knowledge and frameworks by researchers in the area of consumer behaviour have been employed as well as considerations of cultural dimensions. In addition, current trends and tastes in Germany will be discussed, building on the general knowledge of consumer behaviour. Trends relevant to this study, such as the need for health and sustainability and the preference for green and organic products in Germany will be analysed and evaluated in terms of creating opportunity for Irish agri-food products.

Findings from consumer behaviour research suggest that the acceptance, choice and preference of food products are driven by both internal and external factors (Shepherd, 1989). From an internal point of view consumers vary due to their individual personalities, values, beliefs, and experiences. This influences their attitudes towards certain food products and determines the likelihood and nature of their purchasing behaviour. (Kuznesof, Tregear, & Moxey, 1997). However external factors also play a role when the individual decides to purchase one food product over another. Examples of these external factors can be socio-economic milieu, e.g. financial situation of the consumer. However, external factors can also be more ad-hoc, e.g. the immediate purchase or consumption environment at the POS (Kuznesof et al., 1997). Conclusively, marketers must be aware which factors form the most important purchase criteria of food products for the German consumer, and how they can influence these to promote the specific purchase of Irish agri-food products with the help of a green marketing strategy.

A recent consumer survey of the German public from 2017, asking them to list which criteria they most often base their purchase decisions of food products on, revealed the following outcome of the top 10 purchase criteria in Fig. 6. The survey was based on a sample of 1,045 German-speaking residential inhabitants between the ages of 18-65 and considered “in charge of the household”, i.e. predominantly or exclusively responsible for the regular grocery shopping and cooking (Statista-Survey, 2017). In the following, we will analyse the food purchase criteria most relevant to the successful application of a green marketing strategy and how they are driven by a variety of identified internal and external factors.

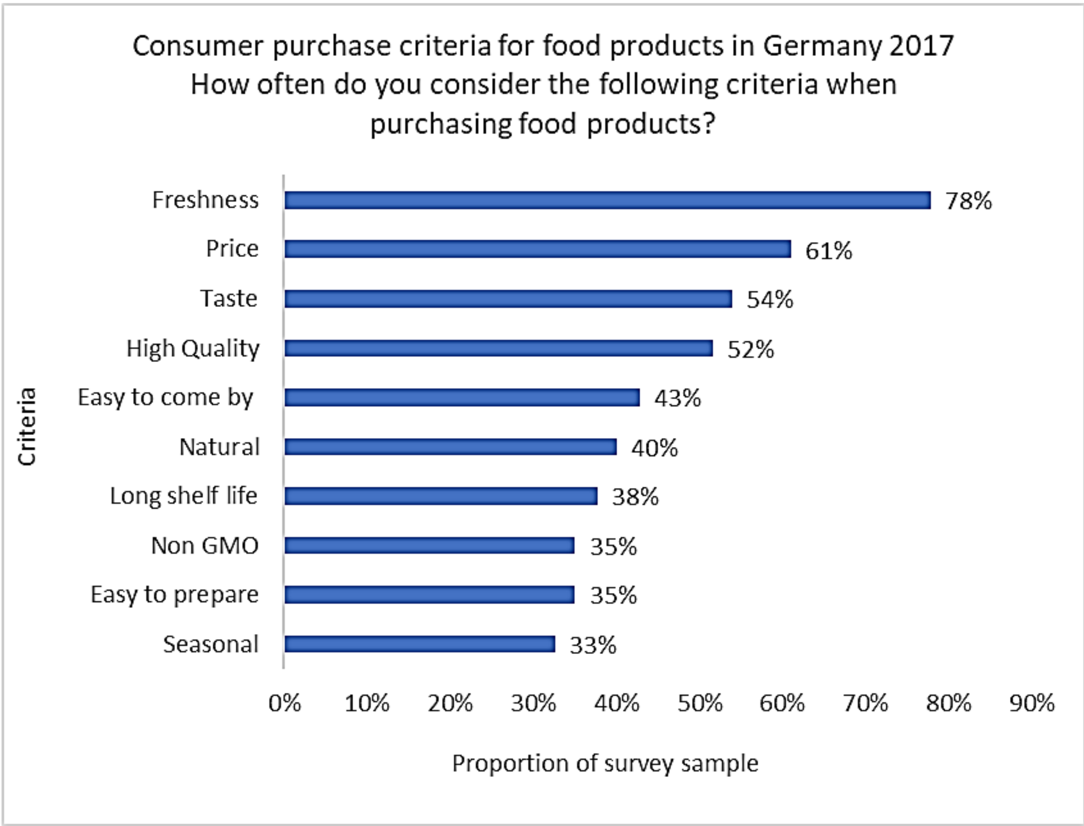

Figure 6: Consumer purchase criteria for food products in Germany, (Statista-Survey, 2017)

5.2.1 The German consumers' need for freshness

As Kilt notes in his analysis about the application of an adaptive marketing strategy in the world food market, the market is not a homogeneous one and countries' tastes and dietary preferences are still culture-bound, despite increasing globalisation (Kilts, 1990). Moreover specifically the retailing market - in this case the grocery retail market - has shown much stronger resistance to the process of globalisation than any other industry, as Martenson discovers in her discussion about whether standardisation is feasible in such culture-bound markets (Martenson, 1987). This in mind, it therefore follows that also the most important purchase motivations within the food category or grocery retail market differ across cultures. An individual's personal beliefs and values are related to the culture they were raised in, aspects of internal factors affecting consumer behaviour. One example, and an explanation for the number one purchase decision criterion "freshness" is the motive for purity in the food and drink (Mooij & Hofstede, 2011).

The fourth cultural dimension, "Uncertainty Avoidance" taken from the framework by cross-cultural researcher, Geert Hofstede, holds high significance in this context. He positioned Germany as a nation and culture with relatively high uncertainty avoidance (Hofstede, 1984). Uncertainty avoidance refers to the extent to which people of a certain culture feel threatened or uncomfortable with uncertainty and ambiguity. They try to avoid these situations and seek ways to decrease risk (Hofstede, 1984). Strategies to minimise uncertainty and risk include a need for more rules and formality to structure life. In the context of purchase criteria for several product categories, this translates into a search for purity, absolute freshness and food hygiene. Germans tend to trust experts and quality certifications, and are increasingly interested in transparency about the production methods of products, and their origin (Bord Bia Insight Centre, 2017; Kennedy, 2018; Mooij & Hofstede, 2011). One should note that this number one purchase criterion, "freshness", represents a great advantage for agri-food products of Irish origin, as consumer research conducted in Germany by Bord Bia, found that Ireland was viewed "…favourably as a food-producing nation, and the image of the country's food production system is one that is pure, green and natural…", in the words of Donal Denvir, the agency's German Manager (Bord Bia, 2017).

In addition to these internal values and beliefs, social mega-trends in the external environment, such as the fact that Germany's population is ageing, are resulting in increased health consciousness. People want to have more control over what they put into their bodies, fuelling the demand for products promoting or supporting health and wellness (USDA Foreign Agricultural Service, 2018). Regarding the purchase criterion "freshness", of course one can assume that a food product that is considered to be very fresh, implies a lower health risk.

5.2.2 **Requirement for high quality and low prices**

As is clearly visible from the graph, most German consumers are still very price sensitive, with "price" representing the second most frequently considered purchase factor for food products. Germany exhibits some of the most competitive food prices in Europe with the average consumer spending less than 11% of their total income on food and beverage products (USDA Foreign Agricultural Service, 2018). As also referenced earlier, discounters are the most popular grocery retail format in Germany, which only provides further confirmation that it is a particularly price-sensitive nation when it comes to the weekly food shopping. This is despite the fact that Germany is the world's fourth wealthiest country, measured by nominal GDP (IMF, 2018).

However, at the same time, the share of consumers willing to pay more for better quality is also rising. The quality aspect is so important to them that they are prepared to dig deeper into their pockets. This means the market must be capable of catering to both the low-price and high-quality premium requirements at the same time. The solution is to provide German consumers with value-for-money concepts (USDA Foreign Agricultural Service, 2018). The importance of quality is reflected by its high ranking among food purchase criteria, positioned in third place by consumers. The graph, below in Figure 7, depicts the development of Germany's private household consumer spending on food products within a 16-year period, between 1991 and 2017.

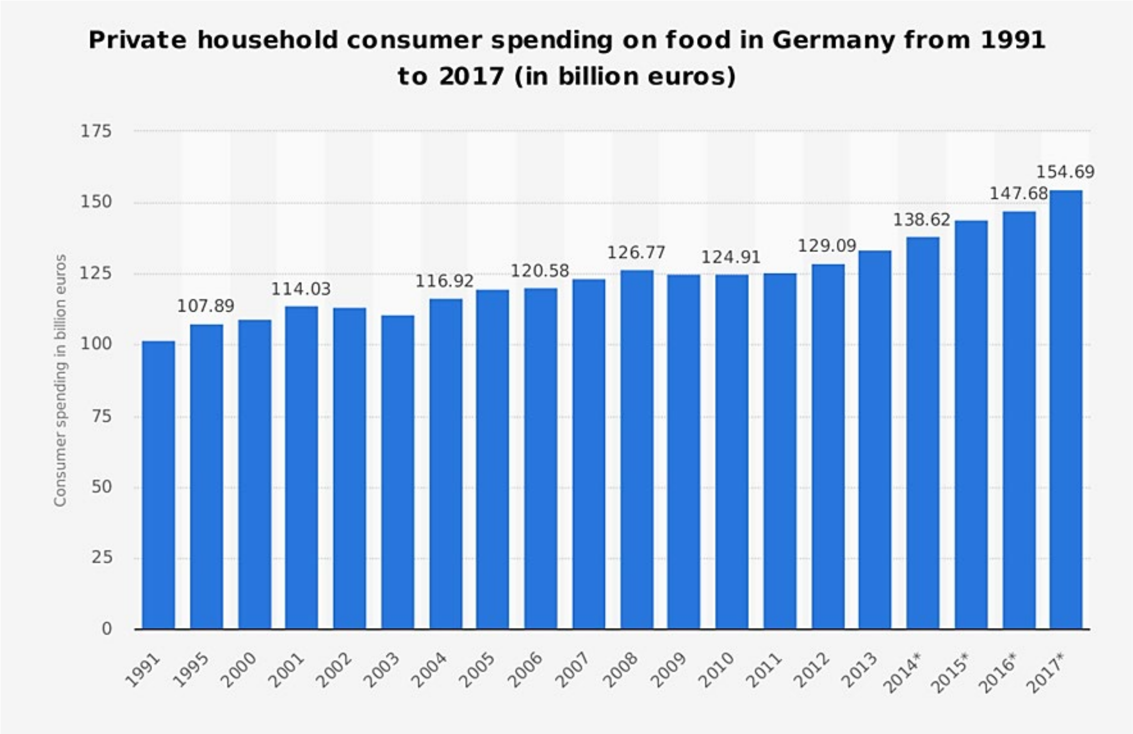

Figure 7: Private Household Consumer Spending on food in Germany (1991-2017) (Statistisches Bundesamt, 2018)

A constant upward trend can be observed in recent years, with consumer spending peaking in 2017 at around €155 billion (Statistisches Bundesamt, 2018). Perhaps consumers are more frequently valuing quality over price and their willingness to pay for products that fulfil certain quality attributes is increasing.

Diving deeper into what Germans expect from food when they purchase "quality" products, a consumer survey conducted in 2015 by major global food and drink producer, Nestlé, showed that asides from the obvious taste and safety criteria, over 50% of the sample respectively assumed a more "natural" product, better animal welfare conditions and no traces of GMO (genetically-modified-organisms) (Nestlé, 2016). As mentioned in the literature review about the perception of green products, consumers tend to see organic and natural foods and beverages as safer and higher quality products (Kennedy, 2018). Conclusively we can confirm that Germans seem to regard products labelled "natural" and organic products as high quality. According to further research on willingness to pay, German consumers are indeed also willing to pay a price premium when they receive the stated quality attributes (McFadden & Huffman, 2017).

The causal link made by consumers between products that are perceived as closer to nature and higher quality turns the rising demand for the keyword "quality" into a competitive advantage for the export of Irish agri-food products to Germany. Increasingly, Ireland is already regarded as "a green European centre of quality products and services", something the Irish export industry has already identified in the past and has been promoting abroad (Corrigan, 1996). One should note that the word "green" has been again put into immediate context with "quality" in Corrigan's claim. Moreover, the Irish Food board leverages this conclusion by promoting an image of Ireland based on its green environment (Henchion & McIntyre, 2000). Referring to studies investigating the relationship between "place" and "product" and proving the influence of country of origin on perceived consumer attitudes towards products, the German consumer has fundamental reason to believe that Irish agri-food products are of high quality (Thakor & Lavack, 2003). Keeping this is mind, it seems feasible for Irish agri-food products to be accepted and perceived as more authentic by Germans when positioned with a premium price and promising higher quality, despite the population's general price sensitivity (Hingst, 2018; Mcfadden & Huffman, 2017).

5.2.3 **Tendency towards "natural", "organic" and "non-GMO" food**

As mentioned above, German consumers are highly concerned about matters of sustainability, source, and animal welfare regarding the food that they buy, as established by the market research team of Ireland's state food marketing agency, Bord Bia (Bord Bia, 2017). Accordingly, over one third of the respondents from the survey on food purchase criteria claimed to look for products labelled "natural" and "non-GMO". This is driven by numerous internal and external factors.

On the one hand, the market presents a large share of the German consumer population classified as so-called "LOHAS", who are aiming to fulfil internal beliefs and values of a healthier and more sustainable lifestyle, especially with regard to their food choices. On the other hand, externally, consumers are worried about the environmental consequences of climate change and increasingly motivated by the industrialised world's health and wellness trend to optimise their diets (Apaolaza Ibáñez & Hartmann, 2006; Asioli et al., 2017; Kamm, 2016).

5.3 Germany's ethical consumers

According to market research studies conducted by Nielsen, GfK and the Frankfurt institute of social-ecological research (ISOE) over 25% of Germany's population would be considered part of the LOHAS (Lifestyle of Health and Sustainability) segment. This can be observed across all sociodemographic groups (Pittner, 2014). Moreover, in terms of general awareness of sustainably produced foods, Germany reached almost 100% in 2017 (Bord Bia Insight Centre, 2017). As reviewed in greater detail in a previous section of this research paper, these consumers view their purchasing decision and diets as a socio-political statement centred on protecting the environment. They try to consume more sustainable products and promote their own long-term health and wellbeing by following a diet that does not include GMO, and which favours organic and "clean-label" products. They also more often than not happen to follow a vegetarian or vegan diet (Ottman, 2011). Interestingly, Bord Bia's market extensive consumer research revealed that 2 out of 3 Germans check for nutritional labels on food packs and are concerned about GMO free foods more than anything (Bord Bia Insight Centre, 2017).

5.3.1 **The largest market for organic food in Europe**

To ensure that their food choices are as "natural" as possible and that they are guaranteed to be GMO free, this large proportion of German consumers categorised as LOHAS, tend to turn to organic products. Germany represents the largest market for organic food products in Europe and the second largest in the world (behind the US). It has become increasingly important to the German grocery market overall (FiBL et al., 2018).

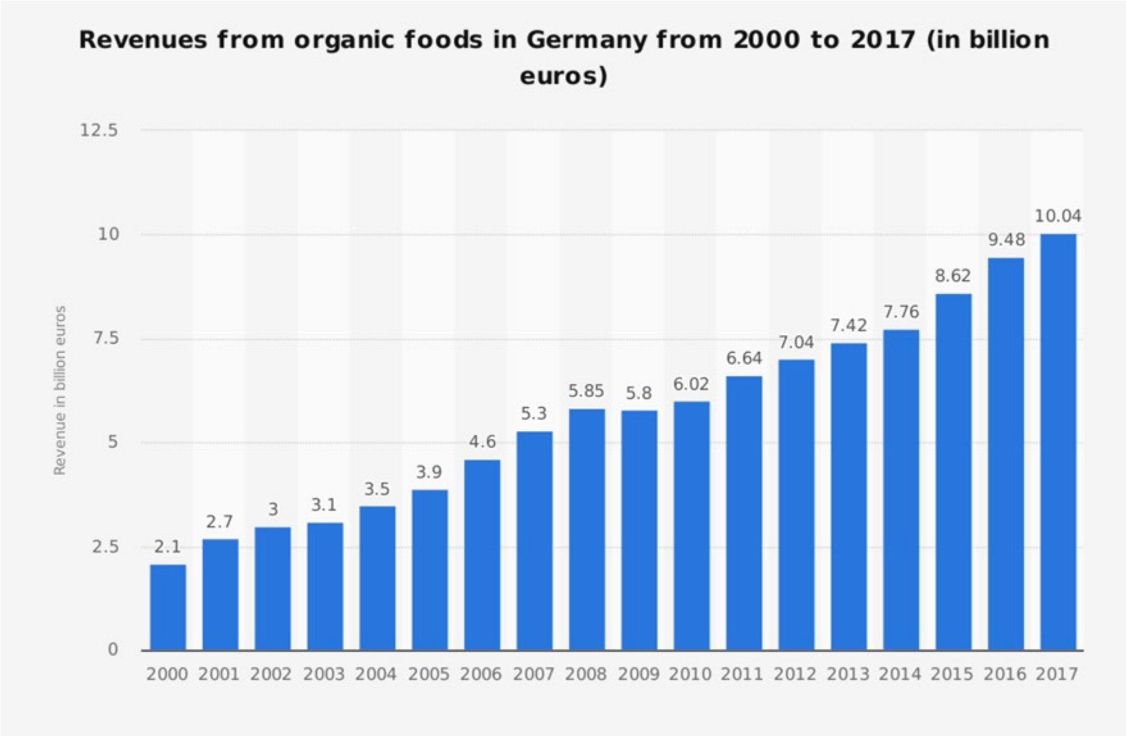

Figure 8: Revenues from organic foods in Germany from 2000 to 2017 (in billion euros) (Arbeitskreis Biomarkt (Various sources), 2018)

As demonstrated in Fig. 6, revenues from organic foods in Germany have increased fivefold from 2000 to 2017, consistently growing and reaching a record of over €10 billion in 2017.

In an online consumer survey concerning buyer behaviour carried out in January 2017 by the Department for Nutrition and Agriculture in Germany, with a sample of 713 respondents, the participants were asked to state their most important motivations in purchasing organic food. The results offered a clear indication: the top two reasons, with a 90% agreement respectively, were "improved animal welfare" and "the expectation of a more natural product with fewer additives and processing involved" (BMEL (Bundesministerium für Ernährung und Landwirtschaft), 2017). Evidently, Germany belongs to those Green marketplaces in the industrialised world whose consumers make their buying decisions partly on the basis of personal environmental criteria (Apaolaza Ibáñez & Hartmann, 2006). The external factors of climate change and environmental concerns are contributing to German consumers seeking a product that is overall less harmful to the eco-system and environment. An organic product promises sustainable farming, using more environmentally-friendly production methods and improved animal welfare. Referring to Ibáñez and Hartmann's definition of the "environmentally concerned" consumer, experiencing emotional states, such as guilt about the destruction of nature, perhaps paying the mark-up and consuming organic products makes them feel better about themselves and relieves some of the guilt about animal cruelty in farming. Another external force influencing the German consumer's purchase decision criteria, and resulting in a propensity to buy natural or organic food is the previously mentioned dynamic health and wellness trend triggered by demographic change (Asioli et al., 2017; Kamm, 2016; Ottman, 2011). The consumer perception of products labelled organic and claiming to be "natural" or containing "100% natural ingredients" as being more healthful and contributing to general wellbeing, was confirmed by studies on product labelling in green marketing research (Berry et al., 2017; Skubisz, 2017). This observation seems to apply to German consumers, firstly as they seek natural and GMO-free products, and secondly, because they turn to organic products for this very reason 90% of the time (BMEL, 2017).

The trend towards natural and organic products in Germany is not something new and can be traced back to the environmental movement in the 1970s. Since the 1990s this trend would even be considered mainstream and consequently addressed by many food manufacturers across all categories. For example, major players in the food industry the likes of Nestlé and Unilever, have created and successfully introduced organic product lines, such as „Maggi NaturPur" and "Knorr Bio", to specifically target consumers in Germany with a preference for more natural products with minimal processing (Kamm, 2016).

Research on purchase tendency and frequency of organic products in Germany found shopping behaviour to be similar to other European markets, with almost 85% of German consumers having at least once in their life purchased organic food. Fruit and vegetables are the products most regularly purchased as organic with a rate of 80%, followed by dairy products with around 70%. In terms of meat, organic beef is purchased by 6 out of 10 Germans, making it by far the most popular type of organic meat (Bord Bia Insight Centre, 2017). Suitably, two of Germany's top three most popular organic food categories simultaneously represent Ireland's two most significant agri-food products exported to the German market, namely dairy and beef according to Bord Bia's annual report (Bord Bia, 2018).

5.4 Origin Green – Irish food's sustainability guarantee for German consumers

This evident demand for more natural agricultural produce in Germany has not been overlooked by Irish food companies and marketing agencies and has in fact been used to their advantage to a certain extent. One prime example of this is the Bord Bia's "Origin Green" campaign, created to demonstrate and promote Ireland as a food producing nation which values and bestows sustainability. This nationwide sustainability programme represents the first of its kind in the world and unites government, the private sector and food producers reaching, as far as small family farms (Origin Green Initiative, n.d.). The long-term goal is to create a source of differentiation in the highly competitive global food export market by Ireland becoming the world's expert and leader in sustainable food sourcing and production by building on natural advantages.

According to recent figures, 95% of companies and farms involved in food exports are certified under the programme (Nies, 2017). In her presentation at Ireland's food industry strategy meeting "Foodwise", Bord Bia's CEO, Tara McCarthy, revealed that the sustainability concept "Origin Green" is to become the Irish industry's "unique selling point". The verification and certification needed in this plan can assure international consumers that agri-food originating from Ireland is consistently meeting their purchase criteria of improved animal welfare and natural sourcing. Requirements are the development of targets such as reduction of carbon emissions, water usage, waste disposal and improved conditions for livestock. Bord Bia has established that sustainably produced and organic food is increasingly demanded particularly by German consumers and is attempting to offer them a solution through Origin Green. They have already been making efforts to implement Origin Green sustainability credentials into the marketing strategy for various agri-food categories. One relevant example is the major campaign for Irish beef, entailing a multi-channel communication campaign bringing the notion of Irish family farms closer to the consumer to increase engagement. This is in line with studies suggesting that a "family" firm or brand image positively influences the consumer and encourages consumption. This can be explained by the fact that family-run businesses are perceived to be more trustworthy and authentic (Beck & Kenning, 2015; Craig, Dibrell, & Davis, 2008).

In addition, visits to Ireland from German food bloggers and journalists were organised so they could experience Irish beef in its "natural habitat". Research into the factors influencing the attitude towards and purchase intention to beef stressed that animal welfare and environmental issues were expected to gain significance and become critical feature in the future (McCarthy, Boer, O'Reilly, & Cotter, 2003). Today's German consumers are still clinging to the romantic idea that their food is not processed in massive factories, but still lovingly handmade, hence the so-called "craft" trend (Weigand, 2017). They hope to be presented with a story behind Irish beef. The Irish Guinness brand is a good example of strategic storytelling for marketing purposes (Simmons, 2006).

The main focal point of the marketing campaign is lives of authentic Irish beef farmers, their values and attitudes towards sustainability (Breen & Bord Bia, 2017). On Irish Beef's own website, the themes of nature and sustainability pervade the entire website. Visitors are presented with quotes from Irish farmers translated into German, for example:

> Proximity to nature plays a huge role for Irish farmers. Over centuries, protecting the eco-system and its most precious resources is our everyday life" or "We were sustainable, before it was "cool" (Irish Beef, n.d.)

Origin Green's slogan for Irish beef captures the campaign focus in a nutshell "Im Einklang mit der Natur", which translates as "in harmony with nature." (Irish Beef, 2018). Subsequently, it is fair to say that the Irish export industry has already realised some of the opportunity available in this distinct agri-food category, created by consumer preferences and trends in Germany.

PRACTICE:
CASE STUDY – KERRYGOLD

6 Empirical Case Study: The success of the *Kerrygold*® brand in Germany

In the following chapter of this research paper, a case study will be presented featuring the success story of Irish agri-food brand "Kerrygold" and its best-practice application of a green brand image for its export market. First the brand itself, its background and development over the years in Germany will be introduced. This will be followed by an analysis summarising findings relating to Kerrygold's marketing strategy in Germany, following a qualitative descriptive study in the form of an expert interview with Kerrygold's German marketing management. Subsequently, the key success factors of a green brand image acting as the brand's core marketing strategy will be examined in further detail. Finally, the practical implementation of this will be demonstrated by means of the marketing mix of a specific Kerrygold product.

6.1 Brand History and Evolution in Germany

The average German consumes around 6kg of butter every year and prefers to spread Irish butter – specifically Kerrygold - on their bread rather than the German substitute. In fact, Kerrygold enjoys the title of Germany's favourite and number one butter brand (Busse, 2010; Frankfurter Allgemeine - Wirtschaft, 2017). As market-leader since 2016, they have 17% market share among butter brands and 96% brand recognition. In 2017, over half of all households in Germany included at least one Kerrygold dairy product, now making it count into the top 10 FMCG brands (Ornua Co-op., 2018; Ornua Deutschland GmbH (Kerrygold Deutschland), n.d.d). The practically 100% brand recognition value across the country is thanks to many high-profile ad campaigns on German national television, and a slogan nicknaming the distinctively yellow butter, "gold from the green island" (Busse, 2010). Kerrygold is not a company, but the name given to the export brand for Irish dairy products by the dairy co-operative, Ornua.

This co-operative, founded in 1961, was originally called "An Bord Bainne" (The Irish Milk Board) and remained so until 2015. It represents its members, including around 14.000 family farms across Ireland, in the global marketing and selling on of its consumer brands, such as Kerrygold. Operating in over 110 countries worldwide with a headquarters in Dublin, it constitutes Ireland's largest exporter of dairy products (Ornua

Co-op., 2018). In Germany, Ornua operates from its location near Düsseldorf as the subsidiary, Ornua Deutschland GmbH., which has recently even expanded thanks to the growing demand for Kerrygold products. The butter brand was first launched in part of West Germany in 1973, when Ireland joined the EEC and benefitted from removal of trade barriers. It has been available across the entire Federal Republic since the early 1980s (Frankfurter Allgemeine - Wirtschaft, 2017; Ornua Deutschland GmbH. (Kerrygold Deutschland), n.d.). Today, Kerrygold's product range is sold in over 23,000 stores in Germany and consists of a lot more than just butter (Ornua Co-op., 2016). Kerrygold has moved from a being a "mono-brand", i.e. the brand name representing just one distinct product category, butter, to becoming an "umbrella brand". This refers to extending the Kerrygold brand beyond its original category and applying it to related product categories, for example other Irish dairy products (Erdem, 1998; Friederes & Priemer, 1998). These now include cheese, yoghurts, grated cheese for pizza, baked goods and even cream liqueur. According to recent market research, around 20 million households form Kerrygold's loyal consumer base in Germany, continually choosing Irish butter over the German alternative (Ornua Co-op., 2016). Keeping in mind that butter is considered an everyday product, the question arises why this might be the case. The answer consists of two elements: a higher quality product, and clever marketing. As opposed to most German dairy products, all Kerrygold products are made from milk produced by almost 100% grass-fed cows. They are reared on green pastures outdoors almost the whole year-round, facilitated by the mild and wet climate. This has a variety of benefits versus the average German milk produced by cows raised in indoor stables and fed on grains as part of intensive livestock farming. Firstly, dairy from grass-fed cows has proven to be richer in omega-3 fatty acids, free from GMO, and consequently more healthful. As previously mentioned, healthfulness is a key purchase criterion for many Germans. Secondly and most importantly, pasture cows enjoy a much higher quality of life, as they are less prone to disease spreading, thanks to the greater space provided, plus they graze on what their digestive system was intended to by nature – grass. This also gives Irish butter its unmistakable and recognisable yellow colouring, compared to others. It seems logical; happy Irish cows produce higher quality butter and other dairy products. To ensure that a German substitute can deliver on such high animal welfare standards, the consumer must purchase a certified organic product. Kerrygold butter happens to be made from the milk of grass-fed cows by natural default (Busse, 2010; Ornua Deutschland GmbH. (Kerrygold Deutschland), n.d.c). The other explanation for Kerrygold's popularity in Germany is its effective marketing strategy. This is based on promoting the brand's Irish heritage, which is characterised by reinforcing associations with a green and pure environment. This coincides with the green branding approach for Irish export products suggested by marketing researchers, the likes of Corrigan (1996), Henchion (2000) and primarily Wafer (1986).

6.2 Collection of the data – Insights into Ornua's marketing strategy

The following section presents the process of the primary data collection in the form of an expert interview with Kerrygold Marketing Manager, Stephen Hurley.

6.2.1 **Expert Interview**

The researcher conducted a 90-minute face-to-face interview with senior marketing manager for Kerrygold in Germany, Stephen Hurley. The meeting took place on the premises of Ornua Deutschland GmbH., near Düsseldorf and consisted of 12 questions, developed by the researcher. The main purpose of the interview was to get Hurley's insights into how Ornua managed to penetrate the German consumer dairy market with a formidably Irish brand, Kerrygold, to eventually become the nation's favourite butter. It was also important to understand what challenges Ornua faces as an agri-food company in terms of exporting their Kerrygold brand to the German market and how it deals with them. Finally, we wanted to know whether the company's strategic decision to position the brand as inherently green and leveraging its Irish heritage to do so, plays a significant role in its success. The interview questions were developed based on some of the topics covered in the literature review, such as brand positioning, relevant target markets, trends regarding consumer behaviour in Germany and implications of the German grocery retail market.

Main questions included:

- Which strategic decisions taken by Ornua, most contributed to the success of Kerrygold in Germany?
- Why did Ornua see Germany as opposed to, say, France as a sensible strategic opportunity at the time of entry and decide to invest resources so heavily here?
- What challenges is the company faced with in penetrating the German dairy market?
- What concepts does Ornua's marketing strategy focus on when it comes to branding Kerrygold products in Germany?
- Who comprises Kerrygold's main target market in Germany and how would you characterise them?
- Why was a premium pricing strategy chosen rather than trying to compete with a low price?
- What role does market research in the form of insights relating to consumer behaviour and the retail environment in Germany play? What kind of approach does Ornua take and what conclusions can be drawn?
- Which specific promotional tactics have worked for Kerrygold to effectively communicate the brand image in the past?
- What would you recommend other Irish agri-food companies could do to achieve similar success in Germany?

The complete interview is attached in Appendix 1.

6.3 Results and Analysis

The following section presents the analysis based on the results from the expert interview. The results have been summarised into findings relating to strategic decisions, challenges, knowledge about the target market, brand positioning and promotion thereof.

Strategic decisions

It became clear that a lot of Kerrygold's success in Germany can be put down to simply being in the right place at the right time. Kerrygold came to West Germany in the early 1970s during the "Green/Hippie" movement, entailing the formation of the green party, which was campaigning against nuclear power and industrialisation. Consequently, the population was very receptive to pro-environmental products promising more sustainability. Kerrygold was able to deliver on this with the romantic image of traditional farming with low-intensity methods enabling a good starting point. Germany also seemed like a profitable and sensible new market for a new Irish food company to enter, due to its relatively high disposable income, and given that it is the largest market for grocery retail in Western Europe (IGD, 2018). Secondly, the choice to achieve a competitive advantage using a product differentiation strategy across all SKUs as also suggested by Wafer (1986), rather than attempting cost leadership. Mr. Hurley highlighted many times during the course of the interview that Kerrygold products are indeed "noticeably different" and "unique" compared to the offerings by competitors, giving the consumer added value. He explained that this message of the products' uniqueness, argued by an exclusive taste and premium quality in Kerrygold's value proposition was conveyed to the German consumer by investing very heavily in the brand.

Challenges

Hurley comments however that the brand establishing itself in the German market did not happen overnight and that the company was also faced with a number of challenges along the way to success. Many of these challenges are still relevant for Kerrygold or any other Irish agri-food company wishing to penetrate the German market. These include unfavourable circumstances in the German grocery retail market for NPIs (new product introductions), such as high listing fees paid to retailers and market saturation. Considering the slim margins for retailers, it proves difficult for new entrants to convince them that their brands will be able to achieve the required sales figures. The interviewee highlights the problem relating to "scale" that arises here for Irish food companies, as they cannot create the volumes needed for a broad distribution. This obstacle can potentially be overcome by high spending on creating considerable brand awareness. Another challenge particular to the food industry is the strict health and hygiene laws on food and drink products. Hurley touches on the BSE scandal from the 1990s affecting meat and dairy products from the UK and Ireland, which damaged Kerrygold's image to a certain extent. Moreover, the relatively short shelf life of fresh products can cause logistical complications, as Ornua must be able to ensure freshness throughout the shipment from Ireland, packing and warehouse storage time. Last, but not least the high bargaining power of German consumers means they can demand the best quality products at low prices. As a result, Ornua's premium products must be constantly accompanied by constant price promos in different retailers.

Target Market

The conversation with the company's marketing management revealed that the consumer segments in Germany targeted by Ornua with the Kerrgold brand differ slightly by product. In general, Kerrygold intends to target the more conscious consumer groups, such as the LOHAS (Lifestyles of Health and Sustainability). As previously discussed in the theoretical section chapter 3.2, these consumers value "green" initiatives and are composed of a fairly upscale and well-educated part of the population. This focus is particularly strong for some of their more recent products, such as the yoghurts. Representing the most expensive yoghurt in the entire category, this niche approach relates to targeting such higher income groups willing to pay a price premium for the promise of natural ingredients and natural origin. Ornua started out targeting LOHAS consumers with their debut product, butter. However today the target market includes a considerably more mainstream segment, defined as "household-leading women", between the ages of 25 and 59 years. This consumer group is characterised by an average income but is willing to pay a premium price for butter when promised a more wholesome and natural product for their families. This can be explained by the fact that Kerrygold butter is well established and has proven reliability and consistency over the years. To effectively serve these Kerrygold target markets, Ornua invests in extensive market research in Germany, in the form of consumer and shopper insights. They collect quantitative data, such as market penetration, with the help of various market research institutes and tools, such as GfK and Nielsen. To additionally gain insight into the qualitative perspective and monitor preferences of the target market, they test everything from product concept, packaging design, key visuals and shelf visibility to taste regarding product development before launching a new product. Ornua's methods include focus groups corresponding to Kerrygold's target market, accompanied shopping trips, product testing at home for taste, reviews from influencers and bloggers, and finally case building on a regional scale. The latter limits risk by testing a new marketing campaign regionally, before going national.

Brand positioning

As mentioned above, heavy investment in the brand name of Kerrygold and what it stands for is a fundamental part of Ornua's strategy in Germany. Hurley indicates a few of the concepts the Kerrygold marketing uses. First and foremost, Kerrygold is intended to stand for optimal quality over quantity that justifies a premium price. The quality is argued with the products' tangible and intangible attributes. On the one hand, it promises to be more spreadable, taste better and look attractive due to its gold colouring. On the other hand, it is presented as the ethical, healthier (and so "greener") alternative by highlighting its "happy" cows and the exclusively natural ingredients used to produce Kerrygold dairy products. The implications and practical implementation of a green brand image as Kerrygold's core marketing strategy will be discussed in the following subsection. Inherently the brand is also positioned as a "Feel-Good-Brand", using its relatively small and quaint size to its advantage. To reinforce this, they also extenuate the concept of traditional family farming. However, this also involves feeding the Germans their stereotypes about Ireland and its inhabitants. According to Hurley, the Kerrygold brand does not set out to re-educate the Germans, but instead presents the idealistic image of traditional farming, which actually reflects the reality of Irish agricultural production.

Promotional tactics and activities

Some of the promotional tactics applied that have proven to be very effective in leaving a lasting impression in the minds of the German consumer, are some of the above-the-line activities used to communicate the Kerrygold brand. Hurley refers to the intensive advertising undertaken by Ornua Deutschland on German national television with the brand's catchy slogan "Kerrygold – Das Gold der grünen Insel" (i.e. "Kerrygold – the gold from the green isle"). However, he also points out that the above-the-line tactics have also included poster, radio and bus stop ad-shell advertising in the past. In terms of below-the-line, the Kerrygold marketing team has also organised various product sampling activities, POS promotions and PR campaigns in relevant trade journals.

6.3.1 **The positioning of Kerrygold as a "Green Brand"**

In this section, the different facets of Kerrygold's core brand positioning as a "green brand" will be presented and how this is manifested. Furthermore, it will be discussed how the Kerrygold example proves itself as a best-practice application of this strategy which reflects concrete learnings from the theory part of this paper. These instances will be explicitly highlighted by the author.

Kerrygold has chosen to target not only one, but an array of green brand value priorities mentioned in chapter 3.2.2. These make up the different facets of its green brand positioning strategy and include animal welfare, resource conservation, health consciousness, and outdoor enthusiasm (Ottman, 2011).

6.3.1.1 **Animal welfare**

The Kerrygold core value most heavily promoted in Germany is the exceptional animal welfare of the dairy cows farmed to produce the milk for the final products. This is portrayed by highlighting pasture feeding and promising consumers a so called "Weidemilch-Prinzip", stating Kerrygold's principle of grass-based milk production in the form of a unique seal on all of the products (Ornua Deutschland GmbH. (Kerrygold Deutschland), n.d.). Kerrygold defines its "grass-based feeding" as an Irish farming tradition that allows for increased animal welfare of Irish cows, whereby they eat what mother nature intended them to, and receive more nutrients and space to move freely (Ornua Deutschland GmbH., 2015). As the brand describes in their TV commercials and on their website, "… an Irish cow has an entire football field to herself!" (KerrygoldTV, 2018; Ornua Deutschland GmbH. (Kerrygold Deutschland), n.d.c). Kerrygold can claim that its Irish cows genuinely spend over 300 days a year on fields, compared to Germany where cattle spend an average of only 120 days per year outdoors. As we have already established, genuine and transparent communication of green attributes is a crucial element of green branding (Kennedy, 2018; Ottman, 2011; Schmuck et al., 2018). Considering 70% of German consumers are concerned about the animal welfare standards of dairy cows (Ornua Deutschland GmbH, 2014), emphasising this "green" benefit of purchasing Kerrygold products is strategic for Ornua. The communication of this value across channels transpires in the form of an individual tab on their German website which includes an image video explaining this farming concept (Ornua Deutschland GmbH., n.d.). Figure 9 shows an image capturing this subject matter, posted by the company's account on social media.

Figure 9: Screenshot from Kerrygold Germany's Instagram account promoting pasture feeding. (Kerrygold DE Instagram, 2018)

Translated into English, the depicted quote reads: "Pasture feeding - because cows live longer when they munch grass". The idyllic image depicting these seemingly happy and healthy animals, accompanied by this gripping statement are intended to provoke an emotional connection between the brand and consumer, as proposed by Forcada Sainz et al. (2005). In addition, Kerrygold even substantiates this claim by displaying facts and figures celebrating that its "Happy Cows" come last place in terms of the number of litres of milk produced per year compared to other European countries. The aim is to communicate that Irish cows are not forced to be high-performance cattle in the context of intensive livestock farming in a light-hearted, but informative manner (Ornua Deutschland GmbH. (Kerrygold Deutschland), n.d.c). This chart is depicted in Figure 10. Translated into English, the caption reads: "Our pasture feeding is extraordinary. A comparison with other countries proves this – Yay! We're last place!"

Figure 10: Comparison of milk-producing nations by number of litres produced annually (Ornua Deutschland GmbH. (Kerrygold Deutschland), n.d.).

This is an excellent example of a brand facilitating the active information search that the engaged green consumer tends to carry out, as identified in theory chapter 3.2.1, and suggested by green brand experts (Mcfadden & Huffman, 2017; Ottman, 2011). Finally, Kerrygold has also created a source of recognition value by equipping the front packaging of every single one of their products with the unique seal promising grass-based milk production, which can be seen in Figure 11 below. Recapping on chapter 5.2.1, this seal not only embodies Kerrygold's customer value proposition, but can also subconsciously act as a source of trust for the high-uncertainty avoidance German consumer in the form of a self-made quality certification (Mooij & Hofstede, 2011).

Figure 11: Kerrygold "Unser Weidemilch-Prinzip" product seal (Ornua Deutschland GmbH. (Kerrygold Deutschland), n.d.)

6.3.1.2 **Resource Conservation**

As Ornua Germany's CEO states in a press release: "Sustainability is embodied in the core of our brand" (Kügler, 2018). Ornua is certified as an inherently sustainable company in both its country of origin, Ireland and export market, Germany. It engages itself in a variety of sustainability, resource, and planet conservation initiatives in both countries. First and foremost, it supports the Irish national food industry's previously mentioned sustainability programme, Origin Green, as a founding member (Ornua Co-op., 2018). The ultimate goal of this initiative is for Ireland to become the world's first 100% sustainability-audited country in the world (Origin Green Initiative, n.d.). It entails a continuous inspection and adherence to a range of sustainability requirements, including water and energy consumption, waste disposal, protection of biodiversity and carbon emissions. As a leading and founding member, it is also expected to develop and implement targets relating to these themes in Ireland, and fund new activities. The company has also chosen to present this to its German consumer base and explain its benefits. An entire section of the Kerrygold website is devoted to the brand's sustainability efforts and features the official Origin Green image video (Ornua Deutschland GmbH., n.d.). Moreover, in Germany Ornua is TÜV certified as a sustainable management company. As is also mentioned on their own website, sustainability efforts are made across all areas of business operations. As Kotler (2011) described, company sustainability activities are increasingly demanded by today's consumer, and a prerequisite of future success. Kerrygold is ahead of the game and simultaneously securing their competitiveness, making it a role model for other brands in this respect. For example, they have established that many German consumers are concerned about the impact of greenhouse gases and climate change (Asioli et al., 2017;

Kamm, 2016). Consequently, they have chosen to stress their significant reduction in carbon emissions achieved in the last few years (Ornua Deutschland GmbH., 2017). The fact that Ireland in general is the most carbon efficient milk producing nation in the world gives further weight to this claim (Kerrygold International, n.d.; McGee, 2017). Kerrygold is said to be synonymous with Ireland for many Germans (Ornua Co-op., 2016). This means environmental efforts on either brand or national scale could be mutually beneficial to the brand's and nation's eco-friendly image respectively. One comes to this conclusion, after considering Ireland's overall green image abroad (Corrigan, 1996), Kerrygold's decision to position its products in this manner (Henchion & McIntyre, 2000; Hurley, 2018; Wafer, 1986) and the brand origin effect discussed before (Thakor & Lavack, 2003). Consequently, the brand Kerrygold has helped to create a holistic image of Ireland and its indigenous products as environmentally sound.

6.3.1.3 **Health Consciousness**

In accordance with the current global mega trend towards health and wellness (Kamm, 2016), Kerrygold has chosen to take advantage of the circumstances that its country of origin, Ireland, is perceived as free of pollution and therefore a healthy environment for food production (Wafer, 1986). As mentioned, some of the most significant reasons behind the motivation to purchase organic and natural products for German consumers relate to desired healthfulness. One example is the elimination of additives and flavour enhancers (BMEL, 2017). Germans are increasingly interested in what exactly is inside their food (Weigand, 2017) and Ornua attempts to close this knowledge gap and offer reassurance and transparency in a number of ways. Firstly, they highlight that all Kerrygold products are made with 100% natural ingredients and are free from any GMO or additives (Ornua Deutschland GmbH. (Kerrygold Deutschland), n.d.b). They communicate this characteristic in their TV ad campaigns, packaging information, and product profiles on their website. On television, the brand's natural milk sourcing is visualised. They keep their ingredients list for the BOP (back-of-pack) information "short and simple" and apply visual cues of picturesque landscapes and natural ingredients for the FOP (front-of-pack) information, as recommended by "clean-label" research (Asioli et al., 2017). Furthermore, each Kerrygold product is given its own profile on the website, granting the high-involvement LOHAS consumer full disclosure about nutritional information and reiterating the use of exclusively natural ingredients.

According to Skubisz (2017) and Berry et al. (2017), products claiming to be natural or containing natural ingredients are identified by consumers as being more healthy and contributing to overall wellbeing. Highlighting the “green” aspects, naturalness and healthiness, also results in a positive overall perception of the Kerrygold brand and its products, comparable with the halo-effect. This is in line with the theories by Asioli et al. (2017) and Forcada Sainz et al. (2005). It should also be noted, as proven in various studies, that there is a higher willingness to pay for products displaying green attributes such as “natural” (Apaolaza Ibáñez & Hartmann, 2006; Chen, 2010; McFadden & Huffman, 2017). This is also something Ornua has realised by positioning all Kerrygold products with a premium price, justified by offering a more natural product. As an example, the relatively new, premium Kerrygold fruit yoghurt is the most expensive in its category, but claims to contain twice as much healthy, natural fruit than its competitors, in addition to its natural Irish milk sourcing (Hingst, 2018). This represents Kerrygold’s added value to the product and seeks to justify its higher price. An image showing the positioning of Kerrygold yoghurt can be found below.

The full flavor of juicy blackberries comes into its own in combination with our creamy yoghurt made from Irish pasture milk. As with all Kerrygold fruit yoghurts, we use only natural ingredients and totally abstain from artificial flavors and flavor enhancers.

Average nutritional value per 100 g	
Calorific values:	622kj / 149 kcal
Fat:	7.8 g
hereof: saturated fatty acids:	4.7 g
Carbohydrates:	16.1 g
of which sugars:	15.1 g
Protein:	3.5 g

Ingredients:
Yogurt mild (70%), sugar, blackberries (8.5%), apple juice (4%), blackberry puree (2.5%), native corn starch, natural flavors, black carrot juice concentrate, lemon juice concentrate

*Figure 12: Kerrygold yoghurt positioning and product profile on German website (Ornua Deutschland GmbH. (Kerrygold Deutschland), n.d.) (*translated with Google Chrome*)*

In addition, the brand sponsors the "Healthy Lunchbreak" cause, launched in schools across Germany to promote healthier lunch time snacking. This is an excellent example of cause-related marketing relating to a theme the green brand is associated with, as suggested by Kotler (2011) and Ottman (2011).

6.3.1.4 **Outdoor Enthusiasm**

Kerrygold's TV advertising campaigns launched on German national television are strongly reminiscent of the official Ireland image videos created by Tourism Ireland to market the country abroad. As traditional Irish music plays in the background, images of cows grazing on lush green fields and the wild Atlantic Ocean are blended in. A farmer speaking German with a strong Irish accent narrates, and hands his red-haired child a buttered slice of bread (Frankfurter Allgemeine - Wirtschaft, 2017; KerrygoldTV, 2018). Kerrygold's advertising could not be more stereotypical, however corresponds with the German fascination with Ireland. As the Marketing Manager for Kerrygold in Germany explained in the interview conducted by the researcher: "the brand does not aim to re-educate the Germans about Ireland, but far more to feed them their idealistic images and keep the romance alive." (Hurley, 2018). As Henchion and McIntyure (2000) mention, such extensive TV campaigns are typical for the food and tourism sector and drive the creation of regional images. In fact, Kerrygold and Tourism Ireland have partnered up in the past, as they have realised that food and travel are becoming increasingly connected these days (Kuznesof et al., 1997; Tourism Ireland, 2017). To achieve this, Tourism Ireland organised a culinary adventure across Ireland for one of Kerrygold's German brand ambassadors and food bloggers to showcase Ireland's reputation for quality and natural produce. The experience was then shared on the online channels of both parties (Ornua Deutschland GmbH. (Kerrygold Deutschland), 2017; Tourism Ireland, 2017). Considering Germany represents Ireland's third largest tourism market (Tourism Ireland, 2018), supporting such activities is a win-win situation. From Kerrygold's perspective, the brand's close relationship to nature and Irish heritage can be demonstrated to the green consumers focused on outdoor enthusiasm, mentioned by Ottman (2011), and interested in Ireland as a travel destination. According to research by Tourism Ireland on German consumers, 80% of visitor motivations relate to cultural experiences, proximity to nature and outdoor activities (Tourism Ireland, 2018). This in mind, Ornua has chosen to leverage Ireland’s popularity as an outdoor adventure holiday destination. Kerrygold manages to communicate the “virtual nature experiences” desired by green consumers (Forcada Sainz et al., 2005) and specifically attract outdoor enthusiasts who appreciate becoming more aware of “natural destinations around the world” (Ottman, 2011, p.32).

7 Conclusion

The motive behind this bachelor thesis was initiated by the researcher's personal background and a strong interest in the field of food marketing. They have had first-hand experience in a marketing research role focusing on German shopper and retail insights for a global food company. This, combined with their Irish heritage, triggered the desire to investigate how best to approach marketing Irish food products to the German market. The researcher supposes that Irish agri-food products in particular have many positive attributes and therefore show potential to further penetrate the German market with the right marketing strategy, as seen with Ornua, creators of the Kerrygold brand. The following chapter reverts to the research questions posed in the introduction and summarises the evidence of the suitability and effectiveness of a green branding strategy for marketing Irish agri-food in Germany. Finally, the paper will offer suggestions for future research on related topics and discuss limitations.

7.1 Discussion of the results

The research objective was to investigate whether the German consumer would be more inclined to purchase Irish agri-food products, when these are marketed specifically as "green" brands. Some main research questions were defined in order to narrow down the research topic and identify concrete answers to them. The three research questions were:

- What are the key implications of a green branding strategy, and what characterises it?
- Why does a green branding strategy represent an appropriate and relevant opportunity to effectively market Irish agri-food products specifically in Germany?
- What are the key learnings from the successful implementation of a green branding strategy, based on the best-practice case of the Kerrygold brand in Germany?

Based on the findings in the theoretical framework by various researchers in the broad field of green branding and green marketing, several consistent and recurring characteristics of a green branding strategy could be derived in order to answer the first research question. First and foremost, a green branding strategy is most commonly distinguished from other branding strategies by its association with environmental conservation and sustainability efforts made by the brand or company. In recent years it has become part of many of today's consumers' relevant purchase decision criteria, resulting in an increase in the demand for, and availability of green brands. This is mainly due to current global mega trends, such as health and wellness, and the overriding fear of climate change and global warming. Previous green marketing research has revealed a number of attributes or requirements, of which a brand should fulfil at least one, or preferably more to identify themselves as "green". These attributes and requirements can include the following: conservation and conscious management of resources, for example the safekeeping of water reserves used for production, maintaining a pollution-free atmosphere, use of renewable power and fuel sources, and care for biodiversity. Regarding food products, the specific types of products examined for this research paper, "green" food brands, tend to contain more natural or even organic ingredients. The same of course applies to agri-food products even more so, whereby a natural origin is assumed in addition to the ingredients.

According to further research into the manifestation of these green brand attributes, one can distinguish between a focus on either functional or emotional attributes for positioning the brand. Functional attributes refer to fact-based green benefits compared to other brands, whereas emotional ones evoke positive feelings for the consumer. A combination of both manifestations has proven to be the most effective green brand positioning strategy. According to empirical studies, a consumer's willingness to pay for green brands has proven to be higher than for the conventional alternative. It is however also linked to an expectation for a higher level of quality to justify the mark-up. The main target market which is generally inclined to pay this higher price for green branded goods that align with their values is LOHAS, i.e. consumer lifestyles of health and sustainability. This consumer group is becoming increasingly representative of the general middle-class public in Germany and encompasses many fringe groups with different levels of value adherence and directions of value priorities. These different priorities have been roughly identified as resource conservation, animal welfare, health consciousness, and outdoor enthusiasm.

Concerning the second part of the first research question, this paper worked out various implications for companies wanting to pursue a green branding strategy for their product according to previous conclusions drawn by authors in the field. From a brand image point of view, great significance is attributed to the company or brand qualities “credibility”, “transparency” and “authenticity” in the case of green brands. Amongst other things, this entails the company providing sufficient information for engaged consumers, full disclosure of general processes and specific sustainability efforts, and finally, visible realisation of them.

When a green brand fails to be authentic and deliver on its promised environmental benefits or simply formulates vague claims, it runs the risk of “greenwashing”. Research has found that this can damage a green brand’s overall image. Furthermore, different manifestations of green branding strategy exist, namely a brand’s environmental and social responsibilities representing the core strategy, being included in it or being simply incidental. From a marketing point of view, green brands are best marketed with a “green marketing” strategy, implying demand creation for the green brand by communicating tangible benefits for the individual consumer and the greater good, by involving consumers in environmental and social concerns. It requires the application of the green marketing mix, which suggests for instance that the product should demand a premium price and its promotion should include communication of green benefits through distinctive labelling.

The findings above act as the basis needed to answer the second research question. A better understanding of green branding strategy was achieved to allow for it to be built upon and to make a connection with Ireland as an agri-food country of origin. The question includes two dimensions: on the one hand, why a green branding strategy would be feasible for Irish agri-food products and on the other hand, what evidence suggests that the German market could be receptive to this. Findings suggest that Ireland is conveniently already perceived as an inherently "green" country of origin. It enjoys an established image in the minds of consumers abroad as a pure environment with little industrialisation and a literally green aesthetic. This image had already proven to be a contributor to overall Irish export growth since its deliberate promotion in the past. Moreover, there is a widely held impression that Ireland features traditional and natural food production with low-intensity farming methods, making it also especially respected for quality food products.

Another favourable factor facilitating the possibility of a green branding strategy for Irish agri-food products is the support received simply due to membership of the sector's pre-existing "Origin Green" sustainability programme, offering a source of credibility and marketing materials related to it at their disposal. In general, it often helps not being the first, therefore having a role model to follow. Other Irish agri-food brands can learn a lot about a successful green branding strategy from pioneer brand, Kerrygold. The other dimension of course, is the assumption that Germany would be a receptive market for this approach. This research paper offers many positive arguments giving reason for this premise. Firstly, the trend in consumption relating to health and wellness and environmental concern seems to be particularly pronounced in Germany, creating a strong demand for natural food products. Clearly, the conscious consumer base is considerably large in this country, and rising. This research paper also dealt with the current purchase criteria of Germany's consumers, which revealed that "animal welfare" is a decisive factor regarding food choices. All of the points specified demonstrate the strategic relevance of green branding strategy in this context.

As mentioned above, a lot can be learned from the success story of the Kerrygold brand in Germany, which is the answer to the third research question. In general, one can say that green branding is essentially a sensible strategic approach for the positioning of Irish agri-food products in Germany. This is demonstrated by Kerrygold's fortunate position as the nation's favourite butter brand, which was predominately achieved with a strong differentiation strategy in the form of a green branding approach. This, however, requires heavy investment in the brand and placing great importance on quality. Concentrating on more than just one green value priority has proven to be beneficial for Kerrygold, making the brand appeal to a wider audience of conscious consumers. These include animal welfare, resource conservation, health consciousness, and outdoor/travel enthusiasm. Many aspects of Ornua’s implementation of a green branding strategy represent a best-practice employment and reflect the theory discussed in the thesis:

- Communication of both functional and emotional green benefits of Kerrygold dairy products, for example, by publishing scientific research proving better animal welfare while also applying imagery evoking positive emotions.
- Genuine and transparent communication of green efforts, made visible by the facilitation of the active information search on the brand’s website, which the engaged German green consumer tends to carry out.
- Use of quality assurance seals (e.g. “Weidemilch-Prinzip”) and expert opinions (e.g. farmer testimonials) as sources of trust to address high uncertainty avoidance levels in the German target audience.
- Sustainability certification Ireland and Germany: active membership of the “Origin Green” programme in the brand’s native country.
- Formulation of sustainability targets and announcement of these in its export market, Germany.
- Consistency, due to green value alignment across all areas of business operation.
- Use of the country of origin and brand origin effect by leveraging the health and environmental halo associated with Ireland.
- Kerrygold’s product offering characterised by natural production and ingredients. The promotion thereof benefits from using “clean-labels” to generate “health-halos” and a positive brand perception overall.
- Appropriation of cause-related marketing relating to a theme the green brand is associated with. In this case, this refers to Kerrygold’s “Healthy School Lunch” campaign.
- Emphasis of the close relationship between food and tourism: working with Ireland’s tourism sector to create and communicate Irish “virtual nature experiences” associated with Kerrygold dairy products.

7.2 Summary of the evidence supporting the title hypothesis

In summary, this thesis has found a significant amount of evidence to assume that green branding could indeed be an effective marketing strategy to position Irish agri-food products in Germany. The arguments supporting this hypothesis are the following: Firstly, Ireland has the innate advantage of a naturally green landscape due to its climate and geographical position as an island. Secondly, Ireland already benefits from a fundamentally positive and inherently green image associated with it by other nations, characterised by the perception of nature proximity and purity suggesting an optimal environment for food production. Thirdly, the health trend is driving the demand for more natural foods and making Germany particularly receptive at this point in time. As a fourth argument, Germans rank among the most environmentally concerned nationalities, and are therefore increasingly looking for products that promote sustainability. The fifth point refers to the strong interest among Germans in animal welfare standards, the main reason for the huge popularity of organic agri-food products there.

Due to Ireland's consistently grass-based agri-food production, it can offer products to consumers with naturally improved animal welfare without them having to buy strictly organic. Sixth, due to a national sustainability programme already in place, over 90% of Ireland's agri-food industry is already certified as "green" or sustainable. This acts as a guarantee for consumers and USP of Irish agri-food products sold abroad. Seventh, due to the Irish agri-food industry's inability to create the economies of scale of some nations, a low-price strategy is difficult. A differentiation strategy in the form of green branding seems feasible and can justify a premium price by added value. Finally, as pioneers, Ornua has established fundamental likeability and familiarity with Irish agri-food products in Germany through the Kerrygold brand.

7.3 Limitations and future research

With the prospect of a hard Brexit looming in the United Kingdom, there is an increasing need for the Irish agri-food industry to diversify geographically. Furthermore, the consumer trend towards a healthier and more sustainable lifestyle is expected to intensify into the future. Because of these factors, the author recommends further ongoing research in this field. This paper hopes to inspire the Irish agri-food industry to further explore the application of a green branding strategy and build upon the findings already provided here. For instance, at the time of writing, any notable success of Irish agri-food products in Germany has been limited to the dairy category (specifically to Kerrygold). Consequently, the question arises as to whether the concept of a green branding strategy would also work for other agri-food categories, e.g. meat, fish or cereals, as little proof exists to date. Perhaps in the future more practical evidence will be available. The outlook is positive in this regard, thanks to current market testing of a green branding strategy for Irish beef in Germany, as touched on in the main body of the paper. Moreover, it would also be interesting to find out whether the idea could be extended to Irish processed foods, such as snack foods, baked goods and confectionery. However, this would require careful consideration of whether authenticity is still present, as the claim of a "grass-based production" may no longer be valid and brands would run the risk of greenwashing. Finally, it might be worth exploring whether a green branding strategy would also make Irish brands more attractive to buyers in the German food service industry rather than solely consumers i.e. B2B rather than B2C.

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9 Appendices

9.1 Appendix 1: Expert Interview Notes

Due to the long duration of the interview (90 minutes) and to allow for small-talk and potential interruptions, the interviewee's respective answers to the questions were logged in writing. These were then immediately transcribed in further detail after the event and were subject to analysis. The notes were sent back to Ornua Deutschland GmbH. for approval and certification. The signed and stamped document can be found below:

14.11.2018

Expert Interview with Marketing Manager for Kerrygold in Germany

(Primary research - bachelor thesis of Hannah Riordan)

Name (Interviewee):	Stephen Hurley *Marketing Manager Brand/ Spreadable Fats (Kerrygold)*	Name Interviewer:	Hannah Riordan
Medium:	Face-to-face Interview	Timing:	3:30pm – 5pm
Location:	Ornua Deutschland GmbH., Kerrygoldstr. 1 D-47506, Neukirchen-Vluyn	Date:	14.11.2018
Signature Interviewee:	Ornua Deutschland GmbH Kerrygoldstr. 1 D-47506 Neukirchen-Vluyn	Signature Interviewer:	

1. Which strategic decisions taken by Ornua, most contributed to the success of Kerrygold in Germany?

Stephen:

1. **Timing**
   - KG came at a time when Germany was very receptive
   - 70s "Green/Hippie Movement", anti- nuclear, pro-environment, formation of the green party, anti-industrial & anti-capitalism
   - KG offered German consumers a promise of traditional farming and environmental sustainability and a planted romantic image of Irish farming in their minds.
2. **Contacts**
   - ➔ Needed prior contacts in the form of a German partner in the retail landscape to gain distribution and general market advise
3. **Localization**
   - ➔ Product adaptation: Some tailoring of products for local market without compromise on quality. e.g.: Ireland consumes salted sweet cream butter, but Germans prefer lactic/sour cream butter, therefore Kerrygold butter in Germany is lactic butter.

- ➔ German human and physical resources (premises in Germany with own packaging plant near Düsseldorf Germany (Rhein-Ruhr cluster NRW = most populous part of Germany)
- ➔ German language is critical for ease of communication and better understanding of the local mindset.

4. **Size** and **financial resources**
   - ➔ Needed high starting capital and contacts to get in door with new products and ultimately get listings in retailers in the 70s due to lack of size.
5. **Branding (**Heavy investment in the KG brand), due to the need to create awareness for products/brands that were completely unknown in German
6. **Reliability** (100% professionality, punctuality, never overpromising and underdelivering, same product quality standard every time)
   - ➔ **Working on the "Irish traits"**
7. **Noticeable product differentiation** across all SKUs (noticeably different and special compared to other offerings as a clear competitive advantage

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2. What challenges is the company faced with in penetrating the German market?

Stephen:

- **Very high costs**: **Listing fees paid to retailers** and **money spend on creating brand** awareness hamper the introduction of new Irish brands
- **Retail structure in Germany very conservative** and difficult for new brands
  - ➔ Consolidation, market saturation, strong competition and low prices are key characteristics of the German retail food market. (With slim margins for retailers, companies must negotiate heavily and retailers hard to convince that new products can achieve desired sales figures)
  - ➔ Characterized by a mix of head-office run outlets but also independent franchise owners, meaning it is difficult to gain 100% distribution.
- **Expectation/Preference for low prices** for food in Germany (retail sales price orientation at ALDI (discounter)) → constant need for price promos!
- **Compliance issues:** Face-to-face pitches to retailers still take place but with increased time pressure. It is more difficult these days to cover multiple topics and influence them with for example invitations to Irish pubs etc.
- **Scale problem**
  - ➔ Irish suppliers often cannot scale up to the volumes required for a broad distribution.

- **Potential country (image) problems with Ireland**
  - ➔ Ireland plays prominent role in all Kerrygold branding and geopolitical issues in Ireland can reflect negatively on the brand.
- **Health and hygiene laws** for food products
  - ➔ Basis EU regulations for food/drink products, but for instance in Germany there are some stricter regulations for dairy products.
  - ➔ E.g.: Issue BSE (Mad Cow disease scandal in 90s) can damage product image
- **Logistical issues:**
  - ➔ Not enough time for short shelf-life products due to logistical time frame required for delivery to Germany. Retailers require a certain minimum number of days to sell the products.
  - ➔ Ornua still wants to be able to claim "100% made in Ireland" for Kerrygold products.
- **High bargaining power** of German consumers:
  German consumers demand the best quality (tastes good) and low prices at the same time
- **Lack of broad product competencies to create new products** in the eyes of German consumer:
  - ➔ Ireland's expertise is limited to dairy, meat and alcoholic drinks as far as Germans are concerned.

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3. Why did Ornua see Germany as opposed to, say, France as a sensible strategic opportunity at the time of entry and decide to invest resources so heavily here?

Stephen:

Timing:

- KG came at a time when Germany was very open for "green" companies. (70s "Green/Hippie Movement", anti- nuclear, pro-environment, formation of the green party, anti-industrial & anti-capitalism)

Market size: 80 million consumers with high disposable income and high demand in the market for groceries (Germany is the biggest market in Europe with one of the highest income levels in the world).

4. Who comprises Kerrygold's main target market in Germany and how would you characterize them?

Stephen:

Butter:

- Mainstream, 25-50 years old household-leading women
- Demand for reliability
- Quality-oriented
- Low-uncertainty-avoidance, considered an "old" Kerrygold product in the meantime
- And specifically, "LOHAS" Lifestyles of Health and Sustainability groups

(Cheddar) Cheese:

- Higher income groups
- Younger generations (e.g. well-travelled and experimental Millennials)
- Demand for more choice and flavor variety

Yoghurt:

- Most premium price yoghurt in the category on the German market
- Higher income groups
- "LOHAS" Lifestyles of Health and Sustainability group
- **(LOHAS** = demographic defining a market segment related to sustainable living, "green" ecological initiatives, and generally composed of a relatively upscale and well-educated population segment)

5. What concepts does Ornua's marketing strategy focus on when it comes to the branding of Kerrygold products in Germany?

Stephen:

- **"Origin Green"** → Marketing sustainability and a green origin (Ireland as a local farming concept)
- **"Feel-Good Brand"** – small and quaint as an advantage
- Feed Germans **"Stereotypes"** (no re-education):
  Reiterate all the clichés, present an idealistic view
- Portraying **the traditional way of family farming** in Ireland"

- Main communication **Animal Welfare: *Weidemilch*** and ***Weidehaltung*** as a USP
- Breaching relevance and **blocking out industry** and motorways
- Highlight **"Naturalness and natural ingredients"**
- **Quality (and higher price) over Quantity (and lower price)!**
- Promoting the **product attributes/USP – More spreadable and tastes better than any other butter and looks attractive (gold)**

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6. Why was a premium pricing strategy chosen rather than trying to compete with a low price?

Stephen:

- Cannot create the same economies of scale in terms of production volumes etc. of Müller and Danone, so cannot compete with price pressure of mainstream and PLB
- Must create profits/margins by selling at higher price and producing a differentiated premium product people are willing to spend money on!
- Differentiation through exclusive taste and premium quality, instead of price and quantity

---

7. What would you recommend other Irish agri-food companies could do to achieve similar success in Germany?

Stephen:

- In order to compete internationally (in the future), Irish food companies would have to create **economies of scale**, i.e. produce higher volumes or lower their costs or achieve competitive advantage via **product differentiation** whilst still being able to command premium prices**.**

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8. What is the future German consumer (of Irish food products) looking for and what trends do you see?

Stephen:

Trends:

➔ Growth of LOHAS consumer segment

- ➔ Low sugar
- ➔ Shift from quantity to quality
- ➔ Preference for regionality
- ➔ Need for transparency

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9. What role does market research play for Ornua, in the form of insights relating to consumer behavior and the retail environment in Germany? What kind of approach does Ornua take?

Stephen:

- Ornua almost "overtests" and invests in **extensive market research (consumer & shopper insights)** in all areas.
- **Nielsen, GfK** etc.
- In terms of **concept, design, shelf visibility, product development, packaging design** *(stand-up bag for cheese?)* (imagery/key visuals), **manufacturing partners** (already making the product)
- **Market research tools** in practice:
  - Focus groups (household-leading women)
  - 3D visual setting (store simulation to test visibility)
  - Storyboard testing for new TV advertising campaigns
  - Accompanied shopping trips
  - Home Testing Products (for taste etc.)
  - Influencer/Blogger reviews
  - Case building on a regional scale (limits risk) as a model to test marketing

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10. At what point did you realize that you had had a breakthrough in the German market – was there a particular key campaign that acted as a catalyst?

Stephen:

- 80s, products went national after success mid 70s TV advertising campaigns
- Number of distribution outlets and sales increase
- Profits increase marketing and PD budgets for the future!

11. Which specific promotional tactics have worked for Kerrygold to effectively communicate the brand image in the past? (above and below the line)?

Stephen:

- Heavy investment in the brand → Double-digit spending!
- Case building on a regional scale (limits risk)

Above the line:

- ➔ Heavy TV advertising on German national TV
- ➔ Poster
- ➔ Radio
- ➔ Bus-stops (ad-shells)

Below the line:

- ➔ Trade journals
- ➔ PR campaigns
- ➔ POS promotions
- ➔ Sampling

12. Do you put any of your recent success here down to greater acceptance/openness towards international cuisine (e.g. American burgers etc.) and the role internationally recognized chefs play now (Jamie Oliver and co.)?

Stephen:

- KG as an influencer in the dairy market: changed the opinions of cheddar (very polarized) from a very processed cheese to a natural product!
- Travelling, new recipes from American/British chefs spike interest in ingredients (e.g. Cheese Burgers)
- Germans discovering cooking, doing dinners and trying out new cuisines