

Annex

WP 2 Seminar

Bologna (Italy), 18th January 2002

Programme of the seminar:

- 8.30 - Opening of seminar
- 8.30 – 8.45: Introduction
- 8.45 – 9.15: *Horizontal and vertical arrangements through the supply chain*
Jean Marc Chappuis and Sophie Réviron
- 9.15- 10.00: Discussion
- 10.00- 10.30 : *A methodology for assessing the success of Organic Marketing Initiatives in Europe*
by Bertil Sylvander
- 10.30- 11.00 Discussion
- 11.00- 11.15 Coffee Break
- 11.15 – 12.00 *A common methodology for three case studies of processed pork supply chains in the province of Piacenza, Parma and Tuscany*
Kees de Roest, Filippo Arfini and Silvia Scaramuzzi
- 12.00- 12.45 Discussion
- 12.45 – 14.00 : Lunch
- 14.00 – 14.30: *Supply chains: marketing issues and OLP enterprises".*
Luis Miguel Albisu and Kate Corcoran
- 14.30 – 15.00: Discussion
- 15.00 – 15.30: *Elba growers versus Scot Trout and Salmon* by Kate Corcoran
- 15.30 – 16.00: Discussion
- 16.00 – 16.30: *Qualification of the origin of bovine meat in Corsica through technical devices*
Nicolas Trift
- 16.30 – 17.00: Discussion

WP2 seminar Bologna 18-01-2002 Notes

The objective of the seminar was to carry on from the 2001 autumn meeting in Florence and to try to establish issues that were coming forward from research on WP2.

The main objectives of WP2 remain :

- ?? Analysis of theoretical and analytical tool and methods used in the analysis of OLP local production systems
- ?? Analysis of vertical co-ordination mechanisms among firms in the supply chain and agri-food system analysis
- ?? Analysis of local connections
- ?? Analysis of local production and marketing systems related to OLP products (case studies)
- ?? Analysis of differences in production and marketing systems relating to 'conventional' products or other 'typologies' found in high quality food products

More specifically the discussion has then be directed on the following questions:

1. how individual firms, although being mutual competitors, do succeed to act collectively and to work out a product specification (cahier de charges) for a local typical product?
2. how small scale producers of a typical product are able to achieve and to maintain a sufficient competitive advantage on industrial food producers?
3. which vertical co-ordination mechanisms turn out to be most successful in OLP supply chains, why and at which conditions?
4. to which extent the severe competition of some OLP's with lower priced industrial imitations may provoke the introduction of technological innovations which may compromise the "quality link" of the product with the terroir? Or may OLPs resist being guided by their own specific technological paradigm?

SYNTHESIS OF DISCUSSIONS

1- Delimitation of the relevant supply chain system and sub-systems

OLP supply chains must not be considered as closed systems. They are under external pressure of the competing subsystems, that sell their products on the same consumer *relevant market*. All OLPs have to face pressures at the edge of the supply chain where maverick suppliers, competitors and trade interact. In order to understand the dynamics of these interactions it is necessary to develop an inter-disciplinary approach via a sound theoretical framework. The impetus for a sound theoretical framework comes firstly from the need to avoid descriptions that are not comparable and secondly, to allow the analysis of organizational choices on a given market and trade negotiation rituals, given that management knowledge and 'know-how' are currently not felt to be adequate.

It is then necessary to assess the whole attractivity of the relevant market on which the firms of the OLP are operating and to analyse the sub-systems structure and working, in order to optimise the OLP supply chain strategy. A good mapping of the concerned supply chain is a first step to be able to compare the case studies positions. ?see Révion & Chappuis presentation?.

The approach being adopted by Révion and Chappuis is to review ex post, three types of supply chain contractual arrangements:

- ?? Bilateral arrangement (all products)
- ?? Horizontal meso-economic arrangements (all products)
- ?? Vertical meso-economic arrangements (OLP products)

Within horizontal meso-economic arrangements, the market system is seen as having a strong collective horizontal organisation of sellers and buyers with *contract templates* in negotiations between strategic actors and delegations. This generally is effective on given markets. The boundary between sellers and buyers, contract templates and horizontal negotiation structures were developed for conventionally produced Raclette du Valais cheese (See Raclette du Valais case study 1999/2000).

Finally vertical meso-economic arrangements were studied in relation to conventional and OLP contracts between milk producers, cheese makers and ripeners of industrial and OLP Raclette cheese. Referring to the case study of Raclette Cheese (industrial production of 12,000 tonnes and an artisan production of 2,000 tonnes), vertical contractual pressures on contract negotiations from the sellers to the ripeners are observed and the effect of horizontal delegation negotiations between the centre of command and other actors in the OLP food chain, are significant.

This approach opens two main issues :

- ?? The OLP name and image attributes' protection (according to WP1 conclusions). It seems that location (village) names are easier to defend than recipe names.
- ?? The antitrust law philosophy : Inquiries are being held in different countries. The European antitrust law philosophy is still founded on a neo-classical model, that is, according to all WP2 partners, not adapted to OLP products. We have to demonstrate with economic theoretical arguments ?see Révion & Chappuis WP2 review report? that alternative organisational models give benefits to the consumer and reinforce competition. It is very important to let the OLP collective centres of command have the same rights (classical marketing decisions such as controlling quantities and prices) than the industrial firms, with which they are competing on the consumer relevant market.

2- Rights and duties within the alliance

Secondly, the delimitation and analysis of the competing sub-systems within the relevant supply chain is necessary to assess the OLP alliance strength and stability. The OLP supply chain builds a vertical co-ordination which replaces horizontal arrangements on the intermediary markets. The OLP partners are tempted by alternative trade solutions that may sound (more) profitable ?see Révion & Chappuis presentation?. Each OLP supply chain must define the individual leeway (*degree of freedom* ?) that is compatible with the collective organisation ?see Sylvander, de Roest, Arfini & Scaramuzzi presentation?.

The OLP partners (farmers, product makers and traders) may choose to specialise in the OLP product or diversify (processing and selling both OLP products and non-OLP products ; or processing and selling a product line including different OLP products).

They may decide to sell their products via the OLP collective trade unit, if any, or to keep selling by their own on specific distribution channels (such as direct selling to consumers).

All WP2 group members didn't agree on the acceptability of that individual leeway. Some members estimate that these negative forces weaken the alliance. Other members consider that these individual strategies may give a better access to different market segments and distribution channels, may improve the product image, and then reinforce the OLP enterprises' collective strength.

3- Management staff and social leadership

All WP2 members agree that the choice of the OLP centre of command s' staff is a main key success factor. Various qualities and qualifications are required, in order to help the OLP partners to balance domestic trust and industrial/commercial efficiency.

?? Technical skills

Consumers are often more concerned with quality, taste, safety and predictability of OLP products rather than strict historical authenticity ?see Corcoran presentation?. WP2 members agree on the interest of leaving the product maker adapt the code of practices, within limits ?see Sylvander & de Roest presentation?.

?? Commercial skills

OLP leaders must have a clear commercial vision, in order to allow the consumer to identify the product s' specific quality and attributes and express his willingness to pay a premium for it. (according to WP4 conclusions).

?? Management skills

Conventional assessment and management tools must be currently in use within the OLP supply chain, such as quality control, tracability, analytical accounting... ?see Corcoran presentation?.

But, a too industrial approach may lead to lose the OLP supply chain spirit and then weaken it :

- The research of an absolute product standardisation is dangerous. First, there is a risk of losing the differentiation with competing generic products and then the price premium on the market. Second, it may generate unjustified criticism and conflicts. On the contrary, the artisanal production process may be valorised as a positive quality (full flavoured products opposed to industrial tasteless products). OLP products may then be anchored in the "slow food" product line ?see Albisu presentation?.
- The link with the local agricultural product may be loosened to fit with industrial requirements. Most of the external benefits on the local rural territory and communities (according to WP3 conclusions) are then lost.

?? Social leadership

The OLP supply chains are operating as tribes with strong personal relationships, within a delimited area. The centre of command s' staff and leaders must avoid autocratic and/or technocratic attitudes that would not respect the decision making process. They must be entrusted by the OLP partners and create a democratic social leadership, adapted to the OLP spirit ?see Albisu presentation?.

4- Retailers strategy concerning OLP products

Retailers may thoroughly influence the OLP supply chain organisation and effectiveness, because they control the access to market. Thanks to commercial tools (such as merchandising), they even may incite consumers to exercise their preferences.

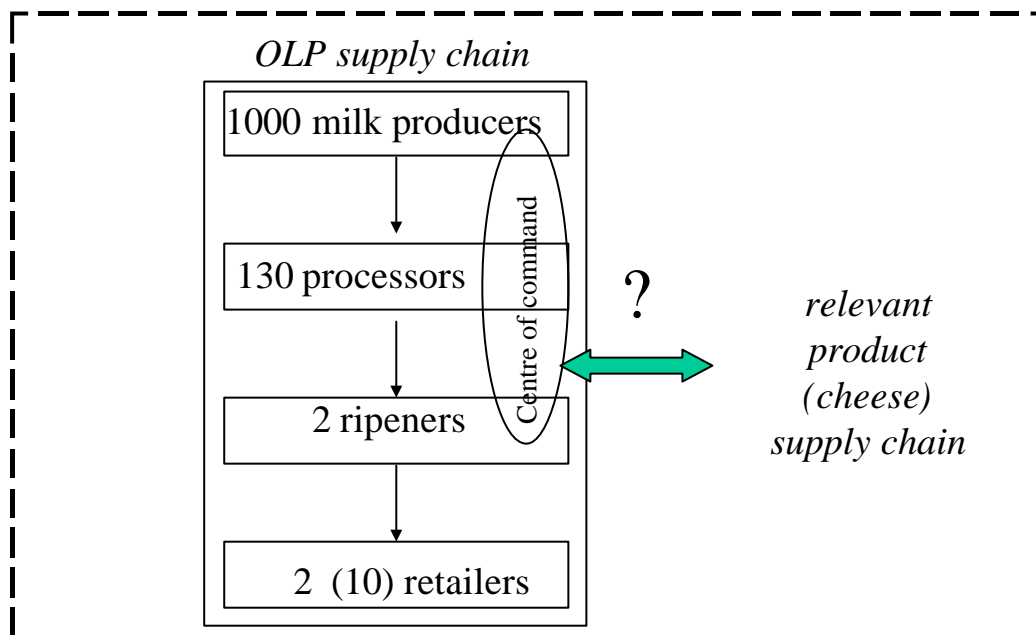
PRESENTATION 1

Horizontal and vertical contractual arrangements through the supply chain

Jean Marc Chappuis and Sophie Révion, ETHZ, Switzerland

This presentation is focused on the interaction of OLP vertical co-ordination and horizontal arrangements on intermediary markets through the whole supply chain. OLP partners are not prisoners in a closed system and it is impossible to analyse the OLP organisation and evolution without a good idea of the other sub-systems within the relevant product supply chain (figure 1).

Figure 1 : Classical mapping of a food supply chain



This issue is effectively part of WP2 tasks.

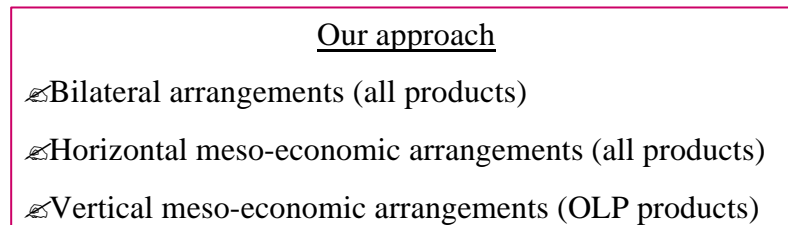
WP2 main objectives

- Analysis of theoretical and analytical tools and methods used in the analysis of OLP local production systems
- Analysis of vertical co-ordination mechanisms among firms, in supply chain and agri-food system analysis
- Analysis of local-global connections
- Analysis of local production and marketing systems related to OLP products (case-studies)
- Analysis of differences from production and marketing system relating to « conventional » or other typologies of high-quality food products.

1- Theoretical references

To deal with this topic, we must avoid case studies descriptions that would not be comparable. We need a strong theoretical framework.

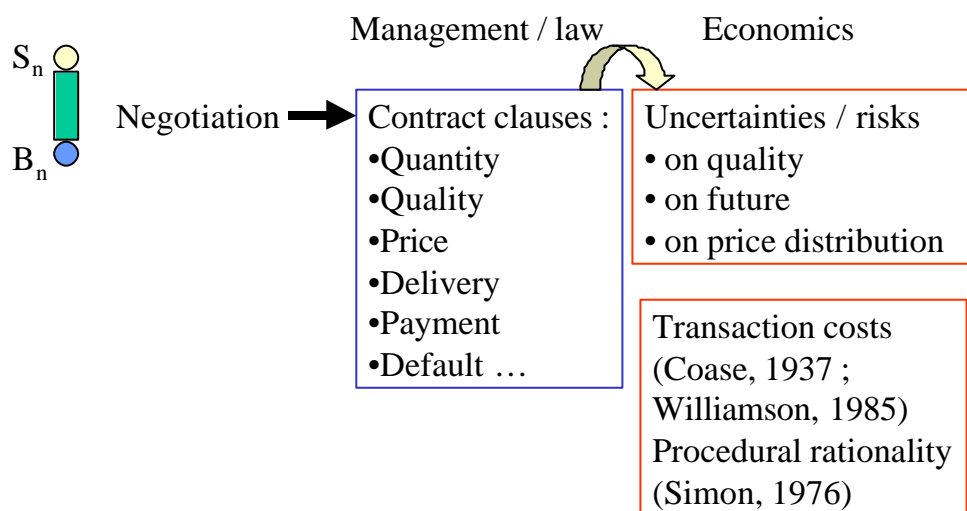
Management knowledge and know-how are not sufficient for analysing organisational choices on a given market and trade negotiations rituals. We propose a multidisciplinary approach (Economics and especially New Institutional Economics, Sociology, Marketing, Strategy, Antitrust Law).



a) bilateral arrangements

According to the New Institutional Economics recommendation, our first level for analysing supply chains is the bilateral negotiation between one buyer and one seller. This negotiation, when it is a success, leads to a contract, which is a very important witness of the negotiation. It may be analysed according to a commercial approach, to a law approach or to an economic view point (figure2).

Figure 2 : Bilateral arrangements between one seller and one buyer



From the New Institutional Economics view point, we are not interested in the result of the negotiation but by the nature of the clauses that were negotiated. It gives us a lot of information on the uncertainties and risks which are faced by the seller and the buyer on the concerned market. The New Institutional Economic theory has highlighted and studied different uncertainty types :

- ?? uncertainty on quality (which comes from the quality information asymmetry in favour of the seller – Akerlof, 1970)
- ?? uncertainty on future (which is especially high when there is a delay between the order and the delivery of the concerned good- Williamson, 1985)
- ?? uncertainty on prices range (prices which are offered before negotiation and prices which are fixed after negotiation - Stigler, 1961)
- ?? The issue of the decision making process when rationality is limited (procedural rationality- Simon, 1976) is very helpful too in order to understand the traders difficulties.

These uncertainties lead to various transaction costs for negotiating, preventing quality problems, getting information on prices, solving ex post problems (Coase, 1937).

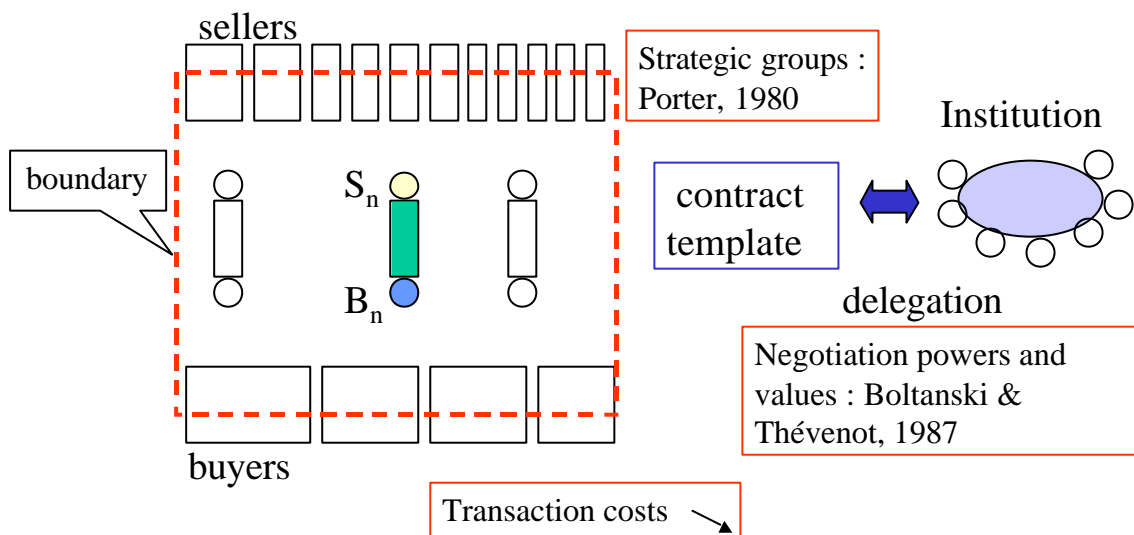
Traders are always aware of the «game» difficulties and risks that they have to face on the market place. They are not at all familiar with the idea of transaction costs, which are not an explicit reason to explain a strategic decision. But, a posteriori, we have observed on different case studies that negotiation rituals, contract templates and governance structures that minimise transaction costs are more stable and are selected on the long run, according to an underground evolutionary mechanism.

b) horizontal market arrangements

The negotiating couple - one seller S_n / one buyer B_n - is not isolated but acting within a specific group of sellers and buyers which are interested in the same product and intend to conclude bilateral agreements. M. Porter (1980) proposed the concept of «strategic groups» of sellers. We extend this horizontal collective dimension to sellers and buyers and delimit a place where the market game rules are homogenous (figure 3).

On this specific pitch, buyers and sellers follow the same rules for the negotiation and the good delivery and adopt a similar contract template (which may be mute or written). This contract template defines which clauses are negotiated during the bilateral negotiation, and which ones are delegated to a specific market institution (figure 3). This delegation is very common. It lowers the negotiation time and reinforces trust within the market system.

Figure 3 : Delimitation of the market system between two levels of the supply chain



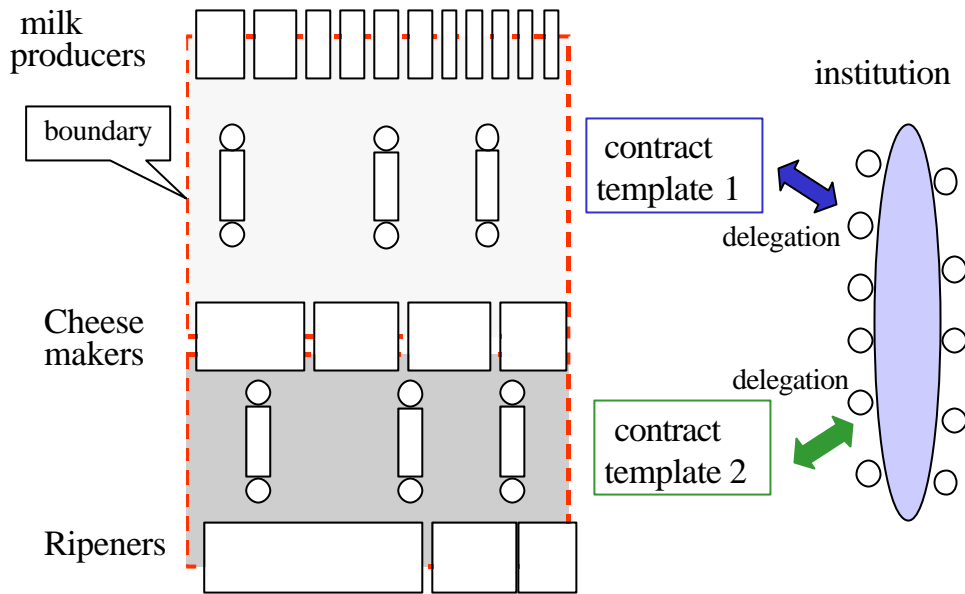
This approach opens different issues :

- It is important to identify the market boundaries, that means who is in the market and who is out of the market, in order to group buyers and sellers who may effectively meet and negotiate. This market size is very various (it may be local to worldwide, as for commodities). The barriers to entry characteristics have to be analysed, in order to assess boundary permeability.
- The decision making process is very different on the *primary negotiation table* where one seller and one buyer meet (whose criteria are commercial and individual) and within the institution which is entrusted with the negotiation of some clauses, that we call *secondary negotiation table* (whose vision is collective). Sociologists may help us a lot to understand these mechanisms (Boltanski & Thévenot, 1987- Granovetter, 1994).

Even on an apparently low co-ordinated market, a strong and resistant collective horizontal organisation (that we call *market system*) is often at work.

According to this approach, a "conventional" supply chain may be represented as a sequence of horizontal intermediary market systems, which are quite independent, being connected only via the firms' departments. A light vertical co-ordination is in some cases realised by a multi-professional institution.

Figure 4 : Representation of a conventional food supply chain with two separate market systems



c) Vertical arrangements

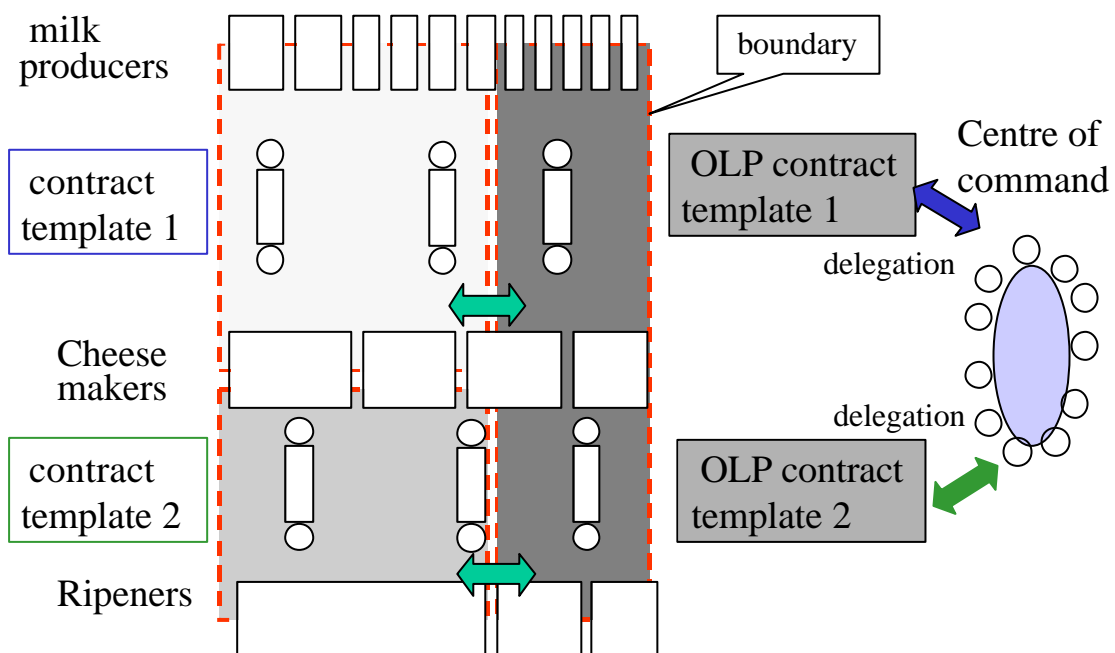
The vertical co-ordination within an OLP supply chain replaces the horizontal traditional arrangements on the intermediary markets. Operators have to leave partially or totally their previous partners and negotiation rituals.

?? The conventional market systems are generally still active and compete with the OLP supply chain on the consumer market.

?? The OLP supply chain boundary is often easy to cross. OLP operators (producers, processors, traders) are not prisoners and may be tempted to diversify at their level on the conventional market system rather than specialise in OLP product (figure 5).

The OLP sub-system and the conventional sub-system are thoroughly linked and must be analysed together.

Figure 5 : Vertical co-ordination in the OLP supply chain, in competition with conventional sub-systems



PRESENTATION 2

A methodology for assessing the success of Organic Marketing Initiatives in Europe

Bertil Sylvander/INRA-UREQUA-Le Mans

Firstly the results of the first project presented in Le Mans in 1999 were revisited where 20 OLP supply chains in Europe were studied. These results were used to expose possibilities for the organic food supply chain.

Some Factors of Success for Origin Labelled Products in Agri-Food Supply Chains in Europe:

1. Introduction

It is evident that each supply chain must fulfil a number of conditions if it is to be successful in a highly competitive global environment. Some of those conditions relate to mobilisation of the system's resources (what might be termed the "local agreement"). Other conditions relate to public policies and their application ("general agreement"). We contend that the collective process of value creation is an essential factor but that it must be backed by a suitable public policy.

By way of introduction it might be useful at this point to refer to some important definitions for the discussions in this seminar.

"Origin Labelled Products" must first of all be different from standard products in the same market since the Regulation refers explicitly to their qualities or characteristics. At this point it might be useful to introduce the idea of *differentiation* as found in Industrial Economics. It means something similar to the original sense of *specificity*: the product is said to be *differentiated* if it has *specific characteristics* (that are measurable in the sense of substantial or intrinsic) and *if consumers perceive it as such*. And here we have recourse to the idea of *relevant economic market* delimiting products that consumers view as substitutes for each other.

Moreover, in some countries quality policies have sought to justify the protection of names and/or collective brands by arguing that what differentiates the products are their *specific modes of production* (Allaire and Sylvander, 1996). This is true of, say, organic farming, which is currently defined by specifications laid down in a number of countries, and at European and soon world level in the Codex Alimentarius standards. Consequently, the thinking behind the European regulation and behind other national policies on quality (such as the French policy) requires something more than what is known as "horizontal" differentiation. Yes, the product to be protected must be different, but that difference must be attributable above all to the mode of production.

In the case of "Origin Labelled Products" reference to the mode of production is further reinforced by the fact that quality is *"due to a particular geographical environment with its inherent natural and human factors"* (for PDOs) or that *"a specific quality, reputation or other characteristics [are] attributable to that geographical origin"* (for PGIs) (Regulation 2081/92). This text forms a basis for distinguishing between *"Origin"*, as defined above and *"Provenance"*, taken as the place of production of a good regardless of its specific mode of production. It can be seen in this respect that the distinction between *"goods of origin"*, meaning goods for which there is a "sum of shared knowledge" between producers and consumers (Ruffieux and Valceschini, 1996) is not restrictive enough, since in principle it does not entail any codification of production processes. However, it is true, as we shall see, that an essential condition for "Origin Labelled Products" to be successful is that consumers must have a positive perception of them and share cultural affinities with them. When these factors are officially acknowledged as part of a regulation designed to protect their geographical designation, such products are said to be of *"Protected Origin"*.

The review is based on a FAIR research project on "PDO-PGI products: market, supply chains and institutions".¹ Field surveys were conducted of the following 21 supply chains where products are registered at European level as PDOs or PGIs.

¹ The partners in the programme are: Fearn A. & Wilson, N., Wye College (GB), De Roest K et al., CRPA (IT), Galanopoulos K. et al., University of Thessaloniki, Fotopoulos C., Vakrou A. et al., NAGREF (GR), Sylvander B. & Lassaut B., INRA-UREQUA, Leusie M., Chrysalide (F), Van Ittersum K. et al., Wageningen (NL), Barjolle D, Chappuis JM, Dufour M, IER-EPFZ (CH).

Table 1 : The 21 PDO-PGI supply chains studied

Country	Product
France	Cantal, Agneau du Quercy, Comté, Pommes de terre de Merville, Huile d'olive de Nyons
Greece	Feta, Zagora Mèla, Peza Olive Oil
Italy	Prosciutto di Parma, Parmigiano Reggiano, Fontina
Netherlands	Noord-Hollandse Edammer, Boeren-Leidse met Sleutels (cheese), Opperdoezer Ronde (potatoes)
UK	West Country Farmhouse Cheddar Cheese, Scotch Lamb, Jersey Royal Potatoes
Spain	Jamón de Terruel, Ternasco de Aragon
Switzerland	Gruyère, Abricot Luizet du Valais

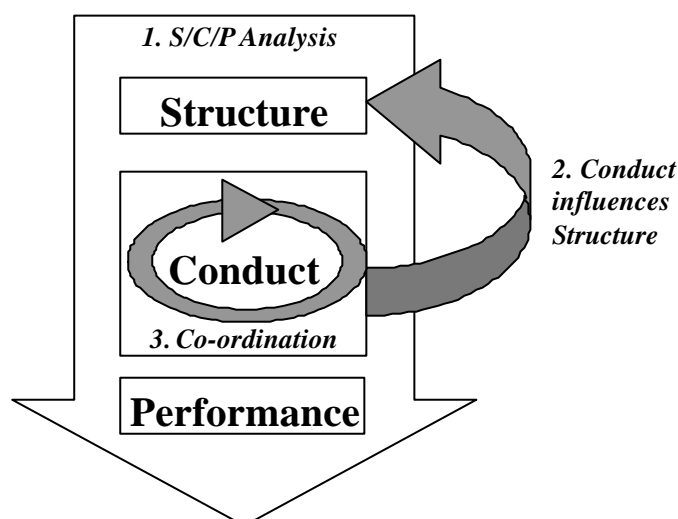
We should specify from the outset that by "successful" we mean meeting at least three of the following criteria (see point 3.3.):

- Significant turnover and economic importance.
- High growth rate (greater than that of the reference market).
- Notoriety of specific product name and/or mark or collective brand name.
- Positive price difference compared with the closest substitute product.

2. Basic concepts

The firm's strategy consists in using internal resources to steal a march on its competitors and alter market structure.

Figure 1: Different approaches to market analysis



Small firms are coordinating their efforts so as to influence market structures on the basis of their specific collective resources.

In this study we explore a certain type of conduct characterised by many firms jointly managing the same product in the way one large firm might do (see Figure 1. point 3. Coordination). The PDO/PGI group of firms often includes numerous small businesses or industrial agricultural cooperatives, and even industrial operators whose objective is not profit maximisation. There may be several objectives including survival, developing existing special quality products or creating and distributing new ones, saving rural activities, maintaining the land, ensuring regional development, or optimising production rights.

It is important to point out that PDO and PGI must stem from a collective process. If the set of operators share a common objective, their activity and performances can be accounted for through consideration of the way each firm's management reacts to market information. Coordination between operators in such systems is intended to piece together a specific form of supply. It is on this basis that we have investigated the factors determining whether or not PDO and PGI supply chains are successful at micro and meso level.

Figure 2 shows the different factors affecting the market for a given product. For the firm, **product specificity** (differentiation) and **market relevance** are the main strategic choices underpinning its performance. At meso-economic level, the product is constructed collectively by a large number of firms. **Specificity** is therefore achieved through a social construction process. The choice of a future market is at least as important as the common rule laid down for collective control of the product (promotion, research & development, quality standards, etc.). Collective performance is dependent on both these factors. Research also indicates that operator motivation and the legitimacy of the union are important factors in supply chain performance (meso-economic level). Naturally there is interaction between each firm's strategy and the supply chain as a whole.

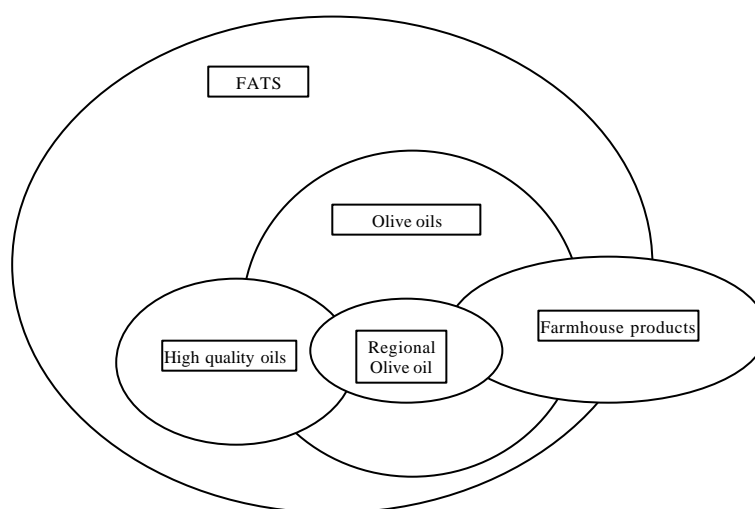
terroir, underlining what we have termed product **typicity**.³ In competitive markets, the degree of specificity conferred by PDO/PGI listing may not be enough to differentiate between products: the **intrinsic (or substantial) quality** of the products, the uniformity and consistency of their distinctive characteristics must be taken into consideration too. We make provision for this by specifying whether any quality assessment or test is made prior to sale (based on a standard or a special grading system).

- The **designation** used for the product must be significantly different from the name of the standard product. In the cases studied here, some names like Comté or Cantal are household names and refer exclusively to the product. Others like Scotch Lamb or Agneau du Quercy are merely the combination of a geographic and a generic element. In the case of PDO products, the region's name generally has positive connotations for consumers.

3.1.2. Relevance: the specific product must find demand in a relevant market

The success of a specific product is often dependent on management correctly defining the market for it. This definition takes us beyond the "naturalist" concept of the product market (as defined by the nature of the actual product and its most common use).⁴ The relevant market for Parmigiano Reggiano, for example, is not so much the **cheese** market as that of **meal ingredients**. In the same way, the relevant market for Huile d'olive de Nyons is less the **olive oil** market in general than the market for **farm products bought by holidaymakers**.

Figure 3: The concept of relevant market



Market relevance can be evaluated from three factors:

- **Customer appeal** created by the product's specific characteristics. This is dependent on the level of consumer expectations and on how well the product meets those expectations. Long-standing ties between the product and the region instill habits and traditions reinforcing this appeal.
- Significant **willingness to pay**. This has to be evaluated through consumer surveys (Van Ittersum, 1999).
- A **distribution system** geared to the targeted consumers. Choosing the right distribution channel is one of the main factors in market relevance.

³ This concept is essential to PDO under the regulation. The technology must produce discernible effects on the product's measurable characteristics and also convey a message about the product's image. Enterprises must then generally compromise on economic effectiveness; they combine technical factors engendering marked differences in the product's final characteristics with factors promoting consumer confidence. The resulting technology may be termed "hybrid technology". It is a combination of old know-how and modern thought or innovation (Marty, 1997; de Sainte Marie et Casabianca, 1997; Sylvander, 1998). What is important is that new technology for improving the PDO or PGI production process should be adopted with regard to the crucial points of typicity. If all production conditions affecting product typicity are maintained, then the product's main differentiation potential is preserved. In any case, one major factor in success is the capacity of PDO / PGI supply chains to achieve such hybridisation around traditional values.

⁴ In France, "Label Rouge" chicken only took off when it finally found its relevant market. In the first decade (1965-75), Label Rouge Chicken was sold in the traditional form of cut chicken through specialist channels (poultry and retail butchers). The product only got off the ground when it was decided to sell it in supermarkets and very large shopping centres to urban, middle-class customers. In its oven-ready form, it has extended its market; it is positioned not only in the currently thriving quality poultry segment, but is also service food, a larger market with even greater growth.

3.2. Factors relating to the internal organisation

We assume, thirdly, that the success of PDO-supply chains and products is also closely related to the ability of the set of firms to manage the PDO-product collectively. In order to confirm this assumption we consider:

- **the set of operators and their motivations;**
- **coordination & cooperation among firms with regard to product management;**
- **coordination & cooperation among firms with regard to market management;**
- **the legitimacy and effectiveness of local, regional and national institutional support.**

3.2.1. Operator motivation: the necessity for differentiation and protection in a precise area

The balance among the different interest groups within the supply chain is an important factor in facilitating the decision-making process. In our case studies, we identify three kinds of firm (see Table 4):

- the **initiator**, who was the first to spot the opening, to obtain legal protection, and/or to see the need for better differentiation of the product on a collective basis;
- the **interprofessional body**, that is the applicant group (in the sense of Regulation 2081/92) seeking legal protection for the product under the PDO / PGI schemes;
- the **channel captain**, the economic leader in the supply chain.

The role of an **initiator**⁵ is generally to implement collective management of the product. In the early stages, the initiator's role is to secure the commitment of the individual operators throughout the production chain and to induce them to adopt a common code of practice and external controls (Sylvander, 1998). Subsequently, the initiator has to drive the decision process in a collective manner, so that every firm is informed of changes allowing it to comply with the conditions laid down in the code of practice. The application process itself may engender difficulties.⁶ A careful balance must be struck among the three "decision makers" in the supply chain: the initiator, the interprofessional body (if any), and the channel captain. The existence of the initiator is the criterion we employ to evaluate "calculated success"

To perform well, the set of firms and each operator have to be very committed. We rank **motivation** as an important criterion for achieving success.

We assume also that the pressure from **competitors** is an important factor in forging cohesion and therefore success. We consider competitive pressure at three levels: the **risk of or trend towards standardisation**, the **pressure from substitute goods**, and **unauthorised use of the name**⁷

3.2.2. Coordination and cooperation among firms with regard to product management

In assessing how effective coordination and cooperation is with regard to product management, we consider two main factors:

- **The capacity to bring out the product's differentiation potential.** The product itself may be attractive to consumers. This might be because the product corresponds to a particular taste or use, or because it is particularly convenient. It may be the product itself that appeals to consumers, with no need for collective management of the product or of quality. We ascertain whether the potential appeal of the product is a result of the collective management process by examining product specificity alongside market relevance (see Table 5).
- **The ease with which each operator can appropriate the collective process.** One of the important factors during the approval procedure is the ability of the firms to adapt their own strategy to the collective one. At the beginning of the process they must negotiate an initial draft of the code of practice. Thereafter, during the implementation phase, they must meet all the constraints imposed by the code of practice (some firms have to invest to adapt their production process to the code of practice), submit to testing and inspection, and pay the fees for product certification (Sylvander, 1995). Even if the product is not highly specific (as defined by the code of practice), good quality management (such as a grading system) may nonetheless guarantee success on the

⁵ The initiator may be a producer group, a manufacturer or a distributor. In some cases it is an interprofessional body, generally working with a producer's union and a processor's group.

⁶ A degree of cohesion is needed to reach a consensus on product and market strategy. Many difficulties arise for instance when the initiator defends interests other than those of the channel captain's. Small-scale dairies may be the initiators whereas channel captains are big industrial dairies representing more than 70% of total production. In such cases, conflicting interests make it very difficult to establish the code of practice. Tension also arises when the channel captain is not dominant within the interprofessional body, or when the initiator disagrees with decisions of the interprofessional body.

⁷ The need for protection and differentiation generally derives from a direct threat (in the case of a substitute of comparable quality to the product) or from an indirect threat, when there is a strong trend towards standardisation of the reference product itself (e.g. Cheddar Cheese). In some cases, the specific product itself is threatened by standardisation because of its success, either for production reasons (automation, more consistent quality) or for market reasons, when the products have such an impact on the market as to be perceived by consumers as quasi-generic. In such cases, operators react by seeking new ways to reinforce product specificity (Comté, Peza Olive Oil).

market. We consider that the grading system is also a result of a collective process, and take it into account when appraising coordination and cooperation within supply chains. Some supply chains are also able to make up in part for their low degree of specificity through good **management of the intrinsic quality of the product**⁸

3.2.3. Coordination and cooperation among firms with regard to marketing management

Some degree of cooperation between firms is generally required to fulfil the conditions cited above. This leads to the emergence of institutions that carry out certain important functions previously performed by individual firms: defining codes of practice, testing and inspection, grading, promotion, market management, research & development. Several functions traditionally carried out by individual firms may be pooled if the operators think that it is their interest to do so (Richardson, 1972).⁹ Essential functions subject to cooperation include:

- quality management of raw material procurement: suitability of raw material to the desired end product;
- product definition (code of practice) in accordance with the market and differentiation objectives;
- enforcement of the code of practice and grading of the final product in accordance with the market;
- payment for the raw material according to the final quality of the product;
- promotion and management of the collective brand and/or mark;
- management of output and growth: system of supply control;
- research, development and training.

These functions must be carefully calculated and finalised; cooperation does not always benefit everyone in the system.

We attempt to ascertain whether collective market management proves to be profitable to the firms in the supply chain, by assessing whether management is flexible, neutral or inflexible, according to Table 6.

At the general level of the set of firms, the main question is one of the degree of consistency: a promotional policy, for example, will not work and may even be detrimental if the product is not differentiated, or is poorly-defined or inadequately controlled, etc. Quality grading is effective only if the raw material and payment for it are directly dependent on compliance with quality criteria (set in order to obtain the best possible end product).

A second issue is the relationship between collective management and the **leeway** left to each firm. There must be sufficient market segmentation and competition between firms for the system to evolve. Each firm is supposed to have scope to vary product quality to suit its own strategy (Marty, 1998). This leeway allows firms to manage competition in segmented markets (Lassaut, 1997; Lassaut et al.; 1997

3.2.4. The legitimacy and effectiveness of institutional support

In those countries where provisions similar to Regulation 2081/92 were already operative (France, Italy, Spain), national and regional authorities have often given staunch support to designation reservation initiatives. This support may take several forms: financial assistance with the procedure, advisory boards, but also financial support for individual firms or applicant groups (interprofessional bodies). This financial help may serve other objectives such as promoting employment in less-favoured areas or revitalising economically less-diversified areas. Countries to which the concept of geographical product protection is new may have to help producers' applications for registration by providing them with extra support and advice.

Questions raised in relation to OLP products -

- 1.0. Is product specificity different in relation to:
 - ?? the technology?
 - ?? the description – widely known/ protected?
 - ?? the market relevance?
 - ?? conditions?
 - ?? consumer attractiveness?
 - ?? consumer willingness to pay?
 - ?? the distribution system – is it suited to the consumer segment?

2.1 Initiator and operator motivation

- ?? who initiates?
- ?? operator motivation – does it need protection?
- ?? risk/ trend towards standardisation?
- ?? pressure from substitutes?
- ?? improper use of the name?

⁸ This is true of Cantal, Noord Hollandse Edammer, Boeren-Leidse met Sleutels, West Country Farmhouse Cheddar, Ternasco Lamb, Scotch Lamb and Peza Olive Oil. By contrast, specific products may be weakened by poor quality management.

⁹ A given set of firms is then considered as an "operator system" if it achieves sufficient cohesion to operate like a single firm. We suggest the concept of fundamental competence should then be transferred from the firm to the "operator system".

2.2 Co-operation/ co-ordination of project management

- ?? capacity to bring out product differentiation potential?
- ?? ease of appropriation of the collective process of firms?
- ?? adoption/ adaptation of Codes of Practice?
- ?? possible product management at firm level?
- ?? consistent collective management of intrinsic quality?

2.3 Product Management, Codes of Practice and Quality Control

- ?? Management of raw material supply
- ?? Payment for raw material according to quality and value of the final product to give an incentive to producers

There are also information needs to be considered which relate to a firm's internal competence and the ability to organise. These needs are for:

- ?? sectorial information and
- ?? factors related to knowledge within the supply chain

Specifically LFA and non-LFA can be viewed differently in relation to their potential to realise success or failure in an OLP venture. A positive regional context and policy, together with favourable dynamics within the sector will dispose particular firms to succeed or fail.

Figure 1. The disposition of products within LFA and non-LFA regions

	Regional Context	Sector related factor	Success	Failure
LFA	Favourable	Favourable		
		Unfavourable		
	Unfavourable	Favourable		
		Unfavourable		
Non-LFA	Favourable	Favourable		
		Unfavourable		
	Unfavourable	Favourable		
		Unfavourable		

A significant factor predisposing the likelihood of success is the presence and involvement of expert opinion in formulating scientific measurements relating to the business performance and strategy.

Question:

- ?? There is a need to develop a framework which will allow the involvement of the 'expert' to be incorporated in the OLP business evaluation process.

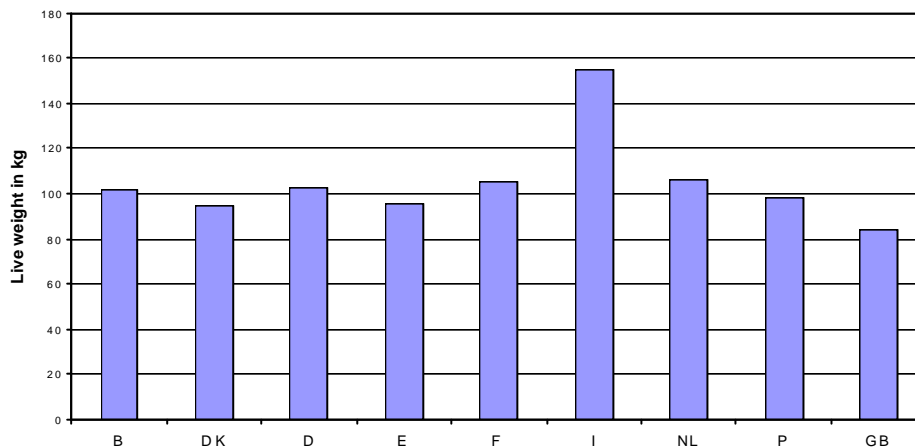
PRESENTATION 3

A common methodology for three case studies of processed pork supply chains in the provinces of Piacenza, Parma and the region of Tuscany

Kees de Roest, CRPA SpA, Ufficio Economia, Reggio Emilia
Filippo Arfini, Università di Parma, Istituto di Economia Agraria e Forestale, Parma
Silvia Scaramuzzi, Università di Firenze, Dipt. Scienze Economiche, Firenze

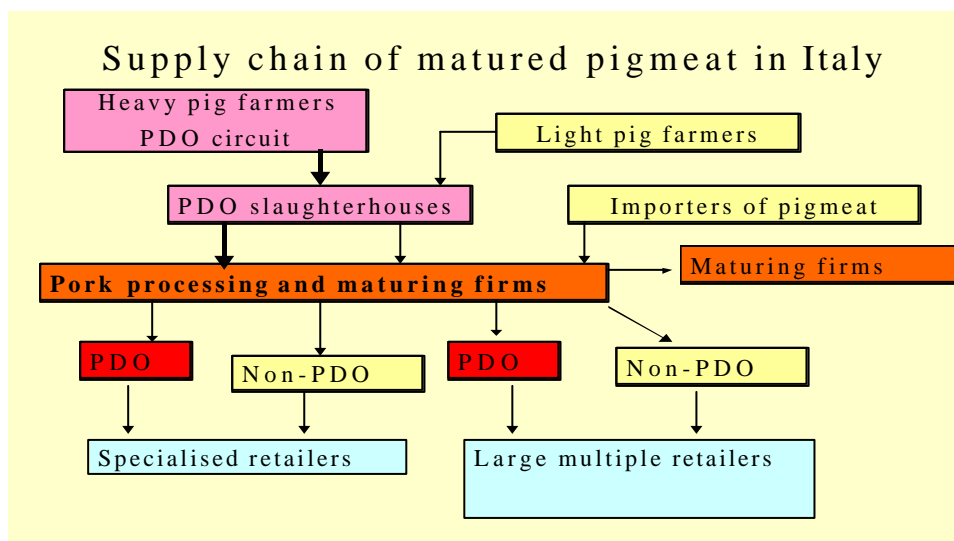
An important feature of the Italian pig industry is the high weight and age of the pigs at which they are slaughtered, which varies between 150 and 170 kg live weight reached at 9-11 months age. The deposition of fat occurring in the last phase of fattening and the mature meat are necessary in order to produce pork suited for the production of high quality products. Pork quality is enhanced furthermore by feeding practices based primarily on whey and concentrates with a cereal content of around 75%. The use of grain substitutes like manioc and corn gluten feed, largely used in pig production in other EU countries is forbidden in the product specification of pork PDO's in Italy as it reduces pork quality.

Average live weight of pigs at slaughtering in some EU countries



Source: Elaborated on data Eurostat

The self sufficiency rate of the Italian pork sector is around 60% and therefore Italy has to import large quantities of pork from abroad. The imported pork is derived mainly from light pigs (80- 11 kg liveweight) produced in other EU countries and is destined primarily to meet the demand of fresh pigmeat and of cooked hams.



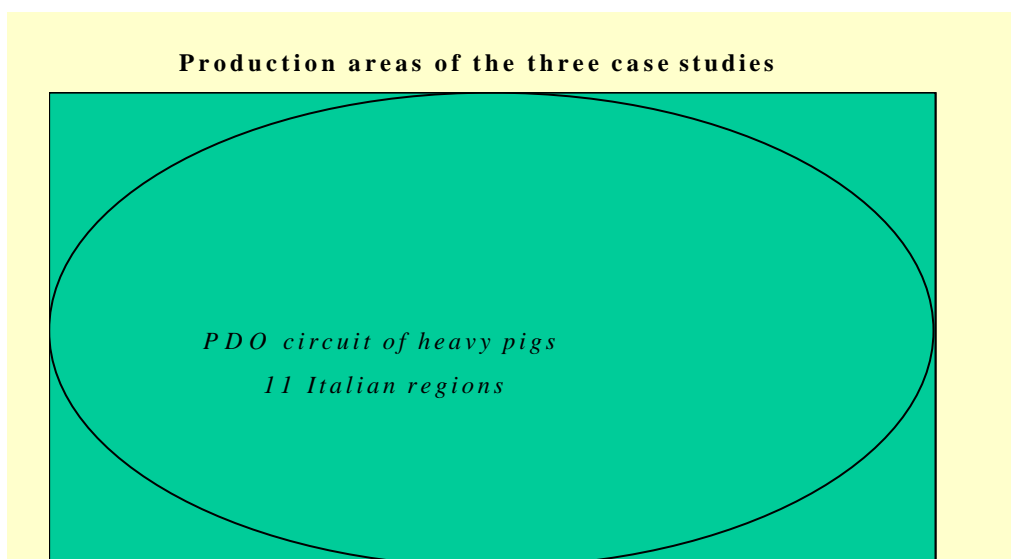
The heavy pigs produced in Italy are being used primarily for a series of PDO products. Up till now 17 have been recognised as a PDO and 5 as a PGI.

PDO products		PGI products
Prosciutto di Parma	Salame Brianza	Mortadella di Bologna
Prosciutto di San Daniele	Prosciutto Veneto Berico-Euganeo	Cotechino di Modena
Prosciutto di Modena	Prosciutto Toscano	Zampone di Modena
Culatello di Zibello	Salsiccia di Calabria	Speck dell'Alto Adige
Coppa Piacentina	Capocollo di Calabria	Prosciutto di Norcia
Pancetta Piacentina	Pancetta di Calabria	
Salame Piacentina	Jambon de Bosses	
Salame di Varzi	Lard d'Arnad	
Prosciutto di Carpegna		

Within the framework of the Dolphins project three parallel case studies will be carried out on three product groups in three separate areas:

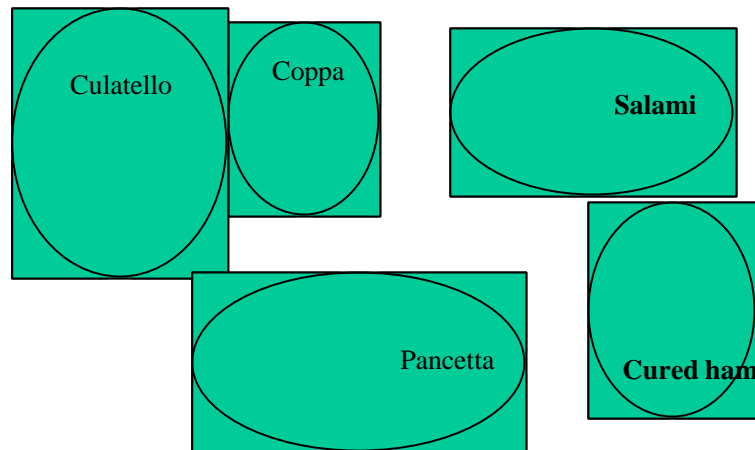
1. Coppa, Pancetta and Salame Piacentina produced in the province of Piacenza
2. Culatello di Zibello, Salame di Felino and Coppa di Parma produced in the province of Parma
3. Prosciutto Toscano produced in the region of Tuscany

In the province of Parma Salame di Felino and Coppa di Parma have requested a PDO recognition, but their files are still under examination.

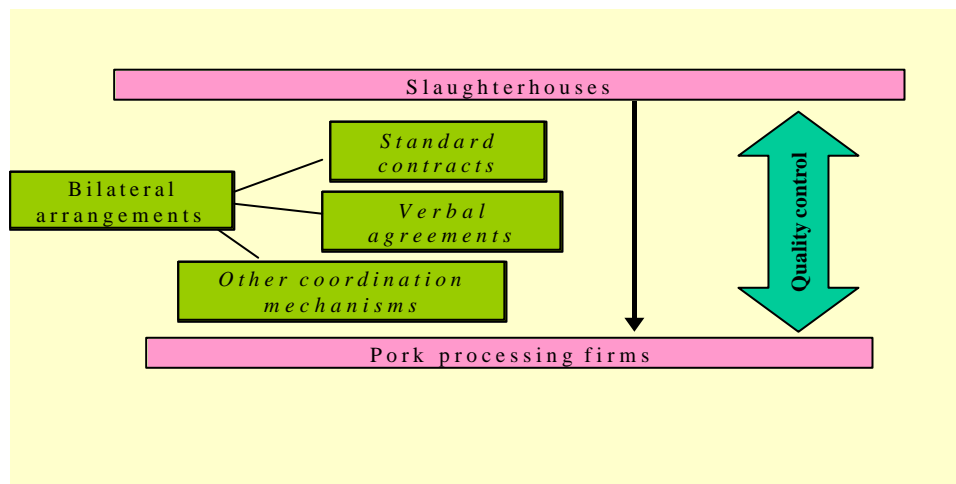


A peculiar and interesting aspect of all the three product groups is that most of the firms involved in the production of the PDO product contemporarily are involved in the production of non-PDO products which operate on the same relevant market. This poses a problem of the delimitation of the relevant supply chain. Some firms deliberately will diversify their production, others will specialise in the specific PDO product. Hence, in the three case studies one of the crucial questions to tackle will be how firms have been able to create an alliance around the PDO product having different individual firm strategies?

Relevant markets of the studied products

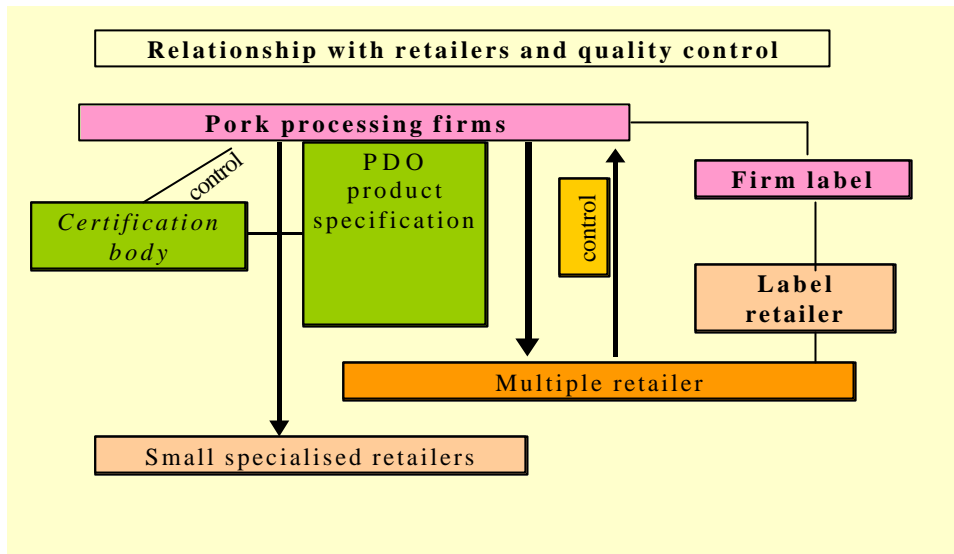


A second common issue in the three case studies is the question of the agreements between the slaughterhouses and the pork processing firms. Is this economic relationship ruled by contract templates or do still spot market mechanisms prevail? And again to which extent is this relationship influenced by the individual firm strategy of the pork processing firm? How is quality control performed on the raw material, is it delegated to the slaughterhouse or is personnel of the pork processing firm in charge of selection?



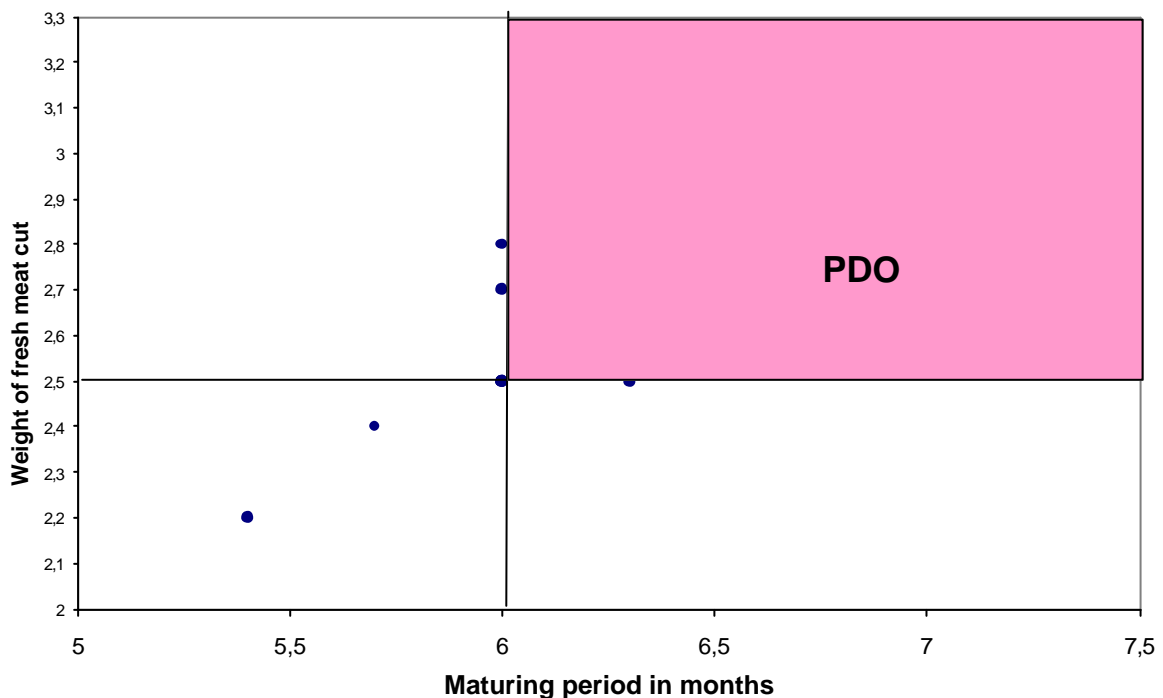
Each of the PDO's studied has a more or less flexible or strict product specification. The question therefore is to which extent the product specification is able to create a collective competitive advantage over the more industrial *non*-PDO products which operate on the same relevant market. The interesting point is that many firms produce these *non*-PDO products according to a strategy of diversification. It is evident that here the role of quality control of the impartial certification body becomes crucial to delimit the two markets, which will be analysed thoroughly in the research.

Another issue of research is the relationship with the multiple retailers. Many of the pork processing firms under investigation in the three areas sell a large part of their production to multiple retailers. Some even sell the PDO product under the private label of the multiple retailer which implies severe quality controls of these retailers. Do retailers interfere with the PDO product specification is one of the questions that will be raised in the research.



It is quite foreseeable that quality variation of the product will be large from firm to firm. Although all firms will comply with the product specification of the PDO product, some firms pursuing a cost leadership strategy will operate on the lower edge of the specification, others pursuing a strategy of focalisation will operate at the upper edge of the specification in their effort to meet the demand of a niche market. In the three case studies the technical quality variability (maturing period, average starting and finishing weight, ingredients) will be monitored and this variability will be related to the wholesale price variations in the different market outlets. Firm margins will be calculated on the different product qualities and in this way an attempt will be made to relate product margins to product qualities.

Product variability in Coppa Piacentina and limits of the product specification



In order to improve the comparability of the research results the same questionnaire will be used in the three production areas (Piacenza, Parma and Tuscany) and a common method of data processing will be elaborated by the three research units. Evidently the questionnaires will be adapted to the local situation. The case studies build on previous studies carried out on Parma ham and pork PDO's in Calabria and Sicily. Results of the three case studies will be foreseen by the end of May and may thus constitute material of the final WP2 report.

In summary the issues to be studied are:

- ?? Relationship between slaughterhouses and processors?
- ?? Transaction costs between PDO actors – is it contractual or based on trust?
- ?? How raw material is assessed e.g. by the slaughterhouse or the processor?
- ?? Relationship between raw material and quality control?
- ?? Role of certification body?
- ?? How retailers are interfering with the certification process, want a collective retail brand (firm labels under collective retail label).
- ?? Collective competitive advantage versus individual strategic objectives as differentiation, cost leadership and focalisation.
- ?? To which extent quality variability impacts on price.
- ?? Collaboration of firms inside the consortium
- ?? Are supply chains for PDO/ non-PDO products compatible or should they be kept separate?

As the price analysis is concerned the case studies will analyse price differentials between the PDO's and their closest substitutes and between the price of the raw material and final wholesale price of the products. The price differentials will be related to the technical quality variability of the products.

PRESENTATION 4

Supply chains: marketing issues and OLP enterprises

*Luis Miguel Albisu, Unidad Economia Agraria, Zaragoza
Kate Corcoran, Institute of Ecology and Resource Management, University Edinburgh.*

Is there a lack of future of EU agricultural commodities?

1. Issues and factors important for all food products:

1. Raw materials – OLPs need quality raw materials as basis
2. Agro-food industrial transformation and packaging – role of new technologies
3. Services – close to the consumer, current level of service often poor
4. Image – very necessary and needs high investment on tangible attributes but not on non-tangibles

For local and regional markets:

5. Remote markets require a different approach – ability to control level of service, distribution etc.
6. New markets with new products – continuing product development and market adaptation needed
7. Heavy promotional effort – diminishing returns, needs critical volume to justify costs
8. Traditional channels and modern distribution – influenced by scale and volume of production

2. Issues for OLP Enterprises

1. SME – size of business, ability to tap into funds etc. 80% of OLPs are SMEs
2. Geographic location – remote Vs close to population center (labour & markets). Regional authorities – interest in regional development through OLP enterprises and multiplier effects. Rural employment is an important spin-off and people employed by new ventures as the measure of success for evaluating public investment
3. Public and private interest – can enable the vision to become a reality
4. Agro-food business to rural areas – lifeline for rural communities
5. Need to produce high-intrinsic-value products, profitable for small commercial operations
6. Compulsory networks of collaboration are crucial for small scale producers
7. Competing in the markets with industrial or other competing OLP products requires high levels of co-ordination and co-operation for success
8. Supply chain management, vertical integration are essential components for OLP enterprises
9. Industrial organisation, agency, strategic management, organisation, new institutional economics are key areas which can influence
10. Loyalty, commitment and trust in the supply chain – basis for developing cooperation and expanding sphere of operation
11. Network and supply chain analysis, network theory, social capital theory, supply chain management and organisation – theoretical and analytical tools for business assessment
12. Information management – as with any business, good information, its management and exploitation are important

3. Business strategy

1. SMEs – strategy different for SMEs than for other businesses
2. Limited markets – and market specific products needing different strategies
3. Alliances – strategic positioning and alliances within the sector with other actors or existing distribution channels for example
4. New product development – essential to compete in today's marketplace. Product life-cycle is inescapable with new product attributes needing to be developed e.g. through adding service or convenience
5. Non-tangible elements – goodwill, nostalgia for past quality and taste
6. Tension between traditional and innovative – historic tension in many areas
7. Diverse set of channels and distribution – can influence potential market access, scale and location dependent, etc.
8. Logistics, contract requirements and trust – complex interactions at the social and economic interface
9. Social leadership – frequently a key element in the success of a product launch and to develop a sustainable trading framework
10. Internalisation (?)
11. Strategic planning – at a number of levels, business, firm, funding, alliances etc.
12. Offer diversity in big distribution chains – who benefits from this in the short and long-term?

13. Sharing knowledge about distribution channels – economies and empowerment through larger scale transactions
14. Leadership – essential where a diversity of skills and interests among the collective membership exist
15. Developing the brand – trend to brand/ confer individuality to products
16. PDO- Characteristics not clear cut – edges sometimes blurred between industrial and PDO products, particularly when the imagery of the PDO product is exploited by the industrial product. Consumers are not able to make the distinctions (or are not interested in making the distinction). Have to make PDO attributes explicit and attractive to consumers

PRESENTATION 5

Response to the questions posed for the Bologna Seminar, by reviewing two regional products in Scotland: Elba growers and Scot Trout & Salmon

Kate Corcoran, Institute of Ecology and Resource Management, University Edinburgh.

The presentation opened by referencing the operating climate for OLP and high quality specialist food products in the UK. The situation in the UK differs from continental Europe in having just 34 PGI/PDO products. There is a low consumer awareness of OLP products in the UK, but a relatively high access to a wide range of specialist (and premium quality) international foods (including OLPs) through the dominant and large multiple food retail chains. Evolving UK consumer demand is likely to continue to seek out new attributes in food products such as regionally produced, organic, 'new' products and presentation, and convenience. Two Scottish specialist food firms are used to highlight points raised.

Firm 1: ELBA GROWERS (EG) – No longer trading but had the potential to be an OLP. Established in 1980s in East Lothian & Borders Areas of Scotland. It was an association of growers run by a management team whose core activity was freezing of vegetables grown in the area. Government funding was used to re-utilise an available freezing plant/ and local workforce.

Firm 2: SCOT TROUT AND SALMON (STAS) – Expanding SME producing specialist high quality trout and salmon products with the potential to become an OLP. It is a cooperative of 10 members, established in 1983. It has dynamic management under the managing director with a well-defined management structure for all activities/ plant. Its activities are in fresh and frozen primary processing/ added-value products, supplying major multiple retailers, further processors, traditional markets/ wholesalers and the food service industry.

Question 1. How do individual competing firms work collectively to produce product specifications for a local typical product?

Within the definition of conditions of any collective arrangement, long-term measures taken for collective sustainability (product specification, production management, marketing, distribution etc.) must over-ride the short-term interests of individual members through:

- ?? the commitment of individuals to the co-operative ideal or venture (which may or may not be motivated by feelings of vulnerability of individual firms), and formalised if possible, within a contractual agreement. - EG had a loose co-operative arrangement while STAS has clear contractual specifications
- ?? strong entrepreneurial management drive, guiding co-operation and division of labour amongst members and focussing on management as a separate issue from production – EG had a management team while STAS has strong hierarchical leadership
- ?? having sound understanding and confidence in the basic product, experience of production, market research for standard Vs OLPs, etc. - EG had a wide range of products, low intrinsic value and competed on the frozen vegetable commodity market without a well developed brand. STAT has high value products, a market niche, effective strategic alliances and a well developed brand
- ?? the utilisation of conventional assessment and management tools for product development, differentiation, product conformance, market testing etc. OLPs should be able to compete in high quality food markets, on the quality, taste, satisfaction, etc. of the products, but have the additional value of OLP characteristics to offer consumers
- ?? valuing and managing the expertise within individual firms in the collective organisation. EG had a poor division of labour and roles among its management team while STAS has both a well developed horizontal and vertical management structure and clear allocation of roles and responsibilities

Question 2. :How can small scale producers of 'typical' products, achieve and maintain sufficient competitive advantage over industrial food producers?

The nature of the 'typical' product being produced, will enable/ constrain options for maintaining competitive advantage. Issues for OLP products are similar to small scale production of specialist non-OLP food production in that:

- ?? products must be visibly differentiated and have attributes which attract the consumer to purchase e.g. region of production, a particular product or process or have an identifiable brand name or other 'attractive' attributes

- ?? products must have cachet and quality in order to develop and maintain on-going and vital consumer loyalty – EG had few marketable attributes to demand a premium. STAS has a high value, luxury product, exceptional quality control/audit capability and an ongoing consumer testing process
- ?? added-value must be captured by the OLP firm at as many stages in the supply chain as possible – STAS carries out many added-value activities including packaging for the final retailer
- ?? OLP producers must keep fixed and variable costs down and margins competitive – difficult to achieve with low-value products
- ?? small scale producers must expand and reinvest in a controlled way and not carry extra processing capacity (and service under-utilised investment) for example - EG carried surplus processing capability which incurred ongoing repayment costs
- ?? producers must try to develop strategic alignments and alliances within existing supply chains to offset the high cost of promotion and distribution – STAS have contractual arrangements to supply centrally to multiple food retailers/ the food service industry thereby reducing potential costs for distribution and promotion

Question 3.: Which vertical co-ordination mechanisms are most successful in OLP supply chains, why, where?

This is a theoretical view for OLP supply chains drawing the experience of the successful Scot Trout and Salmon group. Therefore for these specialist (Scottish) fish products (non-OLP) there is a need for:

- ?? strong vertical integration of supply chain activities
- ?? sound vertical/ horizontal management and communication structure for producer members/ staff; division of labour and agreed responsibilities for roles within the firm
- ?? strategic investment based on assessment of core strengths, weakness, limiting/ available resources, opportunity and evolution of new products etc.
- ?? development of quality control systems at all stages of production and processing
- ?? development of a benchmarked audit capability and key indicators for quality control, to allow different quality grades within the same product line for example, to be defined and marketed

Question 4. : How can OLPs reconcile the need for technological innovation to enhance their efficiency/ competitiveness, with the need to maintain intrinsic product qualities?

OLPs market particular product characteristics. Many compromises are made (from the original product) with regard to Health & Safety Regulations, distribution methods etc. While the integrity of 'the product' is critical, product quality and consumer experience are critical for long-term business viability and sustainability

- ?? Many consumers are less concerned with the detail of the 'authenticity' (and price) and more concerned with quality, taste, safety, predictability and availability of specialist and OLP products
- ?? Technical innovation should work to enhance efficiency and reduce costs for producers and processors.

Summary

need for strong and empowered management/ full commitment and a clear definition of members' roles

- ?? need to carry out value-added activities in the supply chain where possible, and where appropriate utilise conventional product promotion and/or distribution channels
- ?? the requirement for quality control is essential but variation in product quality must be accommodated and exploited, particularly where production levels are low or quality is variable (e.g. different times of the year)
- ?? need to evolve and expand in a measured and controlled way
- ?? need for firms to embrace new technologies without compromising core OLP (or other special) characteristics or traits

PRESENTATION 6

Qualification of the origin of bovine meat in Corsica through technical devices

Nicolas Trift , INRA- LRDE, Corté-Corsica

Introduction

These last years the sector of the beef have been confronted with several serious crises. These successive crises (in 1996 and 2000) lead the consumers to be concerned with the conditions of production of food they ate and particularly beef. The crises due to the BSE in beef supply chain rise this awareness of quality products.

Besides, this food crisis prompted the stepped up quality control and certification procedures at the end of the 1980. Nowadays, European regulations and protection of origin must be understood as means to organise agri-food supply chains and as a management tool of regional development and environmental stakes. More and more producers choose labelling products as an useful instrument to qualify their production and differentiate their products.

The qualification of the origin of the beef becomes a stake to restore the consumer confidence. Nevertheless, the activation of the local resources and the qualification of the origin of beef require that all the actors of the supply chain (breeders, butchers, traders) undertakes collectively in a project of marking of the origin of their meat. Resources which were disqualified become products valued in a collective project. What is the role of the technical systems in the qualification of the origin of beef and define a framework for collective action ?

I – Differentiation difficulties of the beef meat origin

For many years, the rules concerning meat labelling were not clear. This lack of beef meat labelled joined in a lack of articulation between operators of the supply chain (Quilichini, 1998) is due to the nature of the product. Meats in general and particularly beef meat set to operators who want to undertake in an origin certification a strong problem. Organisation in charge of this certification meet with the same difficulties in the instruction of the files. In France, it exists only one organisation in charge of the origin labelled products : INAO (National Institute of Designation of Origin) «other Products Committee » for the Protected Designation of Origin (PDO) and INAO «fourth committee » for the Protected Geographical Indications (PGI). Only the *Taureau de Camargue* is a PDO product and, for the meantime, no other beef meat file succeeded.

Thus, the carving of the carcass break the link between the animal and the piece ready to be cut (called PAT). It is therefore difficult to go back from a cut of meat PAT to the animal and therefore to qualify the origin of the animal.

On the other hand, there is a great diversity in the know-how concerning breeding that is not found in the know-how of slaughtering and the cut up of meat. Indeed, beef meat processing (slaughtering, carving, boning, etc.) is very standardized in comparison with the breeding methods. This opposition between the way of breeding an animal and its processing set a problem. If beef meat, whatever it is, is processed in the same way, it reduce the diversity due to the different breeding methods (fattening, age for slaughter, breed type, etc.).

These disconnections observed in production allowed, from a scientific point of view, the rupture between the concerned disciplinary fields : the livestock science (animal domestication and breeding), meat technology and organisations economy. One did not feel the need to make the link between the production methods, the processing of meat products and the relations between the actors of the supply chain.

The distress due to the BSE crisis (Bovine Spongiform Encephalopathy) made the consumers realise «the existence of breeding methods they did not suspect» (Sans and de Fontguyon, 1999). This recent awareness prevailed on consumers to change their priorities concerning beef meat. The perception of the meat (tenderness, taste, etc.) change into food safety guaranteed by the traceability system. Requirements concerning labelled product and the obligations for transparency within the supply chain had to be changed completely. It allowed to question the previous ruptures between breeders and butcher. Nevertheless, the obligations concerning consumers information are essentially based on the traceability of the animal and the definition of animals categories not very explicit (for example heifer for meat). From an legal point of view (European regulation 1760/2000 on beef meat labelling system abrogating the regulation 820/97), these obligations establish an identification and registration system of the bovine concerning the labelling of meat and meat processed products. Among these food products, beef meat is an exception concerning labelling. With this regulation it is possible to use names of the places in the denomination of meats whatever the European country. This legal framework due to the BSE crisis allows the beef meat to derogate from the European regulation 2081/92 on the geographical denominations and assigns a source.

Concerning the French inter profession organisation, two brands «Bœuf de Tradition Bouchère» (BTB for traditional butchery) and «Bœuf Verte Prairie» (BVP for supermarkets), guarantee the French origin of the animals, the type «meat breed», traditional food of the animals and the tenderness of the pieces of meat to be roasted.

Does this information concerning the traceability (by the definition of the source of the animal) leave the other information concerning the beef meat origin out? This does not mean to certify the meat only from where it comes from (guaranteed by the conformity certificates, the French *Label Rouge*), but also by its origin (guaranteed by PDO and the PGI). In this case, the local know how and the *terroir* is typical enough and does not allow to make a similar product outside of the specified area. But this asks the question of the labelling basis on which the actors of the certification steps can justify and support their request (Casabianca and *al.*, 1999). The influence of the food and the genetic type on the biological results of the animal (characteristics of the meat) provides part of these bases. However, if the actual characterisation methods allow to identify them, they do not explain their specificity. «they cannot clarify everything and encourage reproduction and the relocation of the typical products » (Béranger, 1999).

These bases have to be found in the connection between the specified production methods (choice of the genotype, feeding, reproduction, etc.) and their successive inscription during the processing of beef meat. We are more interested in the links between the breeding methods (that gives the animal a potential specificity) and the *transmission of the origin* in the butchery methods (in order to reveal this potential).

We will study two different situations, Camargue and Corsica, where the transportation of the origin from the animal to the cut of meat is different. The Corsican *manzu* and the *Taureau de Camargue* are two products recognised by the local society and the size of the animal is the same. Nevertheless, their enhancement is very unequal. A synchronic study of these two similar situations allows to show the role played by the technical systems (slaughtering, code of practice) in the beef meat origin labelling and the harmonisation of all the breeders, slaughterers and butchers' know how.

II- Products, production methods and comparable processing,

2.1. products culturally acknowledged

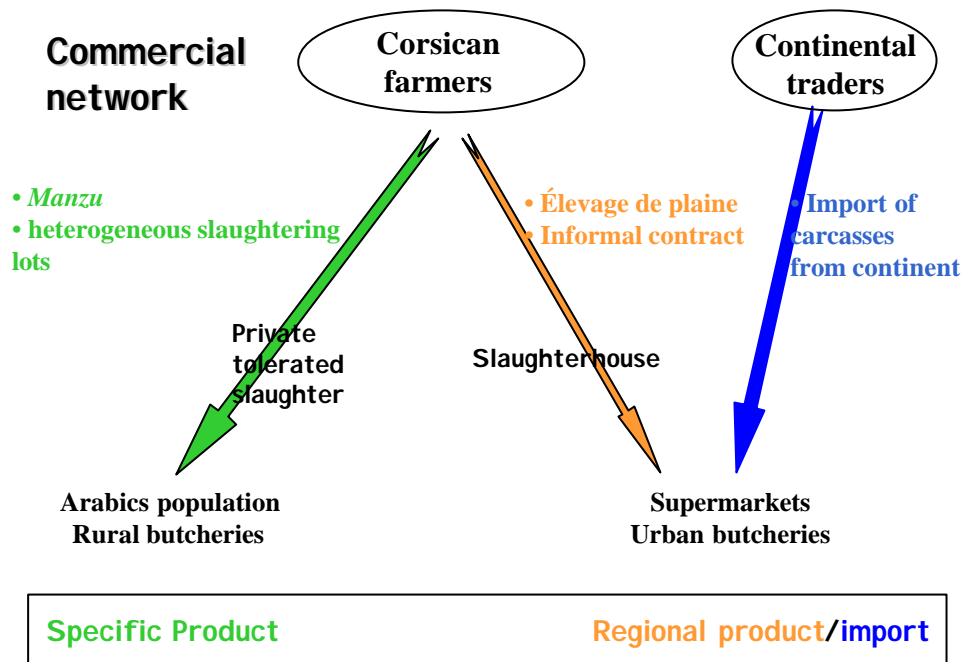
In Corsica, there are two types of breeding and therefore two types of marketed products. The first is found in the plains where irrigation creates fodder crop intensification and provides Charolais calves, Limousine and Gascon breed meat. The other, located in the mountains where the fodder crop production is less important gives a young bull called *manzu*. Aged from 9 to 11 months (between the calf and the grazer) and weighs between 80 and 170 kg of carcass. Cattle is very heterogeneous because of the crossings between the local breeds and the continental breeds, and the difficulty to manage the reproduction period. The meat is mostly red because the animal, after a milking period, eats grass. Here you have a product with a strong taste, socially recognised as a local common good and registered by the National Art Culinary Committee (CNAC, 1996). But, in fact most of the butchers and meat traders of Corsica prefer the carcass of animals bred in the plains (or the Continent) with a meat output is higher than the *manzi*. Therefore, this typical and renowned calf is found on the illegal markets especially for the people from Maghreb living in Corsica.

The *Taureau de Camargue* was the first PDO beef meat and remains up to this day the only one recognised by the INAO. As well as the Corsican *manzu*, the meat of the *Taureau de Camargue* is renowned, inside and outside the Camargue (CNAC, 1994). In the same way, **the bad conformation of the animals do not allow a profitable processing for the butcher valorisation if it is only based on the meat output.** So, The main actors of the supply chain (breeders, slaughterers and butchers) must involve together to define a code of practice about breeding and meat processing methods in order to reveal the *typicity* of the animal. So different from the Corsican *manzu*, the *Taureaux de Camargue* meat is sold today with a similar price to other meats, despite the worse *conformation* of its carcass.

The comparison shows that the Corsican as well as the Camargue productions profit by an important renown. However, on the one hand *manzu* has not got a commercial existence, and on the other hand *Taureau de Camargue* meat is amazingly valorised in the classical distribution circuits (supermarkets, traditional butcher shops or in restaurants).

2.2. extensive production methods

The lack of the markets dedicated to the *manzu* does not involve the mountain breeders in an orientation strategy of their production. On the contrary, the breeders let the natural regulation mechanisms play without the intention of planning the breeding methods. So, at the end of the production cycle, cattle cannot be homogenous (the selection is not managed, staggering of calving periods during the year do not allow all the calves to have the same fodder crop resources, etc...). Consequently, this strategy requires to adjust the production to the markets. With this end in view, the *manzu* breeders pick over the animals in a heterogeneous calf population. **This work on the adaptation between the type of the product and type of customers leans on a picking over operation of the animal at the end of the production cycle.** We can imagine that between the activity of a breeder that manages his herd and the breeder who does a final picking over among his rambling calves will not be the same. It is breeder's status that is in stake. Mountain breeders, even though they let play the natural regulations, nevertheless have to know these mechanisms perfectly, because no zootechnical reply will bring pertinent solutions.



Taureau de Camargue breeders do not raise their animals for meat production, but for bullfights and especially for « cockade games ». This breeding activity only is aim at making the future bull reach a sufficient mass of meat so as it can run. If physically, this can help the bull to fight in arena, it does not replace the temper that it gets during the numerous bullfight training. Breeding methods are not linked to the productive activity, this means the use of bulls. They provide animals ready to run and become secondary in the « herdsman » activity. However, they try to match the physiological rhythms of the bulls with mobilisable resources. In fact, stockbreeders refer to breeding as a pluri-yearly sequence during the production level has to be assured.

The Corsican and the Camargue breeders do not try to maximize the zootechnical performances, but to find balances between the available resources and the animals with a biologic rhythm. This makes it difficult to qualify and codify the breeders methods.

2.3. Meat processing knowledge does not allow to qualify pieces of meats from the cut up

In Corsica there is no professional butchers knowledge (following a training in a butchers school). It is more a handed knowledge down in a family. In fact the meat processing methods are steady enough. Most of the Corsican butchers work on both pork meats, lambs and veal. Often, they learned to cut up on pork carcasses. In fact we have different cut up knowledge from one species to another. It happens that butchers cut up veal carcass in the same way as they cut up pork carcass and take out similar pieces. Therefore, we cannot say that specific knowledge exists on veal carcass cut up.

In Camargue, the study of a half carcass processing of a *Taureau de Camargue* in the slaughterhouse in Tarascon (near Marseille) allowed to understand the transmission of the origin was not based on the ways that each operator worked on the meat. It was rather based on the compatibility of different types of actors and objects.

For the slaughterer/cutter working in a slaughterhouse, the constraints linked to boning and cutting up are of no use, and allow the operator to express his own know how, without conforming to outside regulations. Besides there are no rules that stipulates the cutting up methods in the technical regulation of the *Taureau de Camargue* PDO.

In fact, this first work on the cut up, generated a set of products for the meantime unqualified because coming from indefinable methods (personal know how) therefore non controllable and especially non negotiated between the different actors (slaughterers/cutters and supermarket butchers). Despite the lack of qualified objects, there is however a sort of organisation or a co-ordination of the technical functions on which leans the commercialisation of the products. *Slaughterers/cutters code of practice does not bring a precise reply to the different types of meat to be cut up. It is mostly based on the orientation methods (or picking out) of products from a cut up than on the technical processing procedures of the meat pieces.*

Here we see the need to establish in a, not on how to process the meat but on the definition of the types of meat pieces. These code of practice (common to the large and medium size supermarkets and slaughterers/cutters) maintain a co-ordination that could not have been based on the unqualified previous objects. There is no real intention to respect the code of practice but only an adjustment at the end of the cutting up for the clients requirements (by a set of qualifying actions). These adjustments would not be necessary for ordinary beef meat because the pieces already correspond to commercial categories. At the same time it would not be allowed by lack of plasticity of the beef meat

In spite of the likeness of the two situations observed, the actors of the Corsican and Camargue beef meat supply chain valorise their product in different ways. **Therefore, this is not in the unitary qualification of how-how (to breed the animal and to process its meat) that the performance is measured on a labelling of origin.** For the Corsican *manzu* as well as the, these methods are not very qualified and are difficult to qualify. It is more in the construction of the co-ordination methods of the technical system (as noticed for the *Taureau de Camargue* meat processing) that it is possible to consider the labelling of origin of beef meat.

III - By way of conclusion : the technical systems role in the qualification of the meat origin and actors projects.

For the case of Corsica, all the technical specifications and the qualification systems of the products are confronted to information asymmetries and to divergence of points of view. They do not allow the actors within the beef meat supply chain to « think » in collective actions terms and to find a common referential. The local resources therefore stays disqualified.

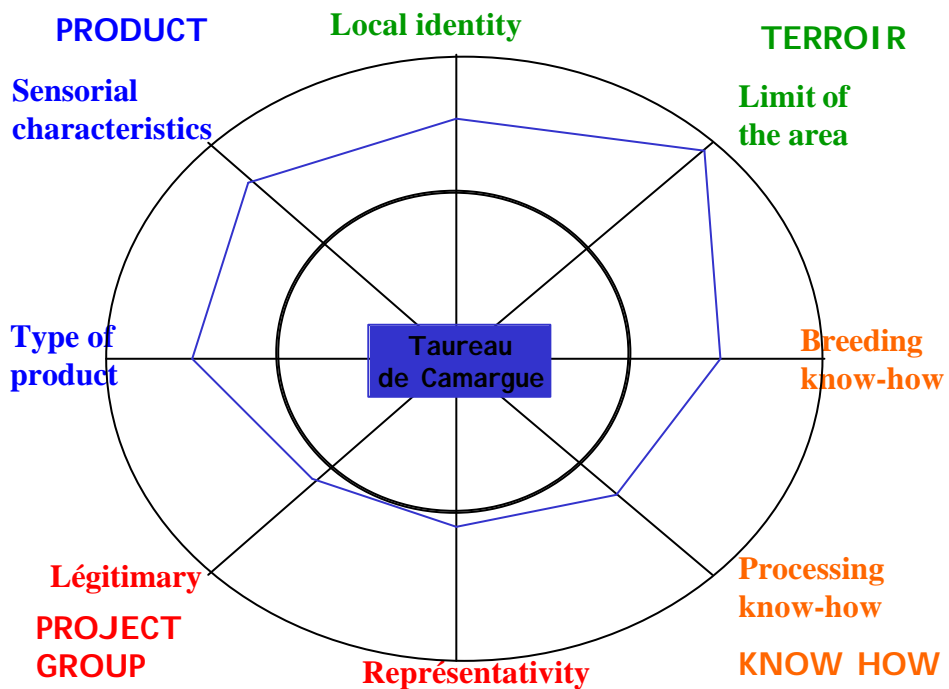
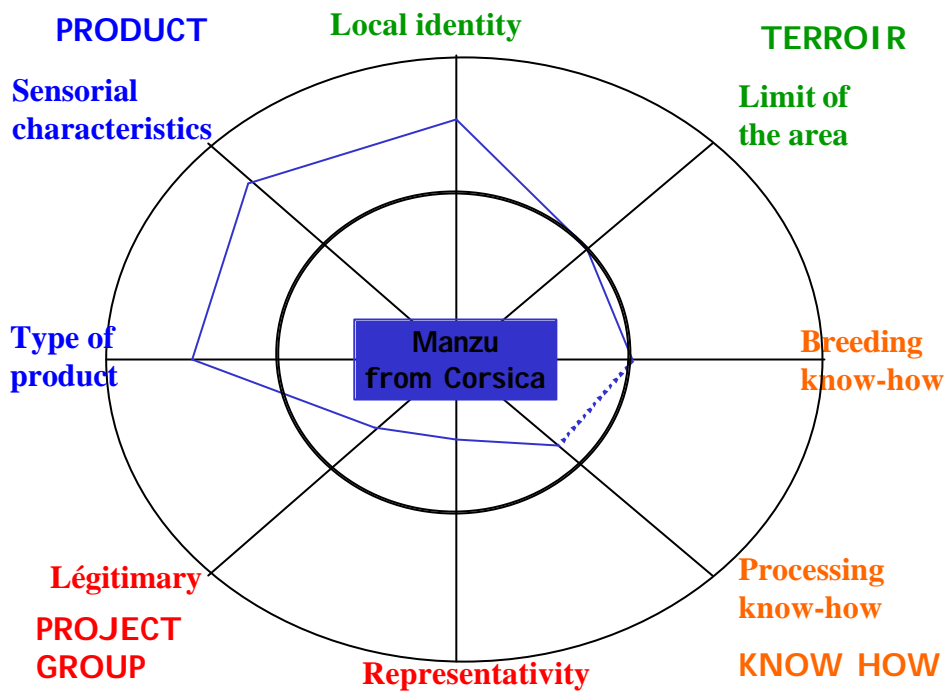
In Camargue, this common code of practice is not only a codification of practice but becomes a collective organisation lever. « The qualification of the objects is a powerful motive in the co-ordination regime » (Boltanski and Thévenot 1987). Thus, these rules made up beyond their co-ordination function allows to readjust the decisions during the action.

The study of the Corsican and Camargue situations reveals potentially typical animal, but whose valorisation is very unequal. For the first case, it practically does not exist whereas in the other it is built up step by step.

This confrontation of the two situations brings to think that the technical systems implementation (way to breed, to slaughter, to cut up and to classify) is necessary for the labelling of the beef meat origin. This technical system does not lean on a strong product innovation but more on the organisational modifications concerning the whole supply chain. If the actors involved in labelling procedures do not grasp the local resources (whether it concerns the breed or a particular breeding system), this will stay deliberately disqualified and not managed. This means that the actors develop a common strategy aiming at the better differentiation of the local resources of the other production systems in the beef meat production. As we noticed, this differentiation strategy brings them to qualify and to note in a code of practice, their production methods and what makes their product specificities. The development of such an original code of practice does not lean on the celebration of a past tradition but on the concrete definition of the existing objects to be qualified. For this, the breeders, slaughterers and butchers must resist to the tensions and look towards the building of a new future to be built : to live better. It is the strength of the project led by the actors that stimulates the technical systems. This involvement allows to subjugate violence, conflicts, tensions and bargaining that reveals the critical points in the construction of agreements and regulations (Casabianca and Sainte Marie, 1997). Indeed, even though the production of rules is not spontaneous but restricting, we must follow them for the re-qualification of the resources. The dynamics of the actors and the technical systems leans generally on a group in charge of the project. In Camargue, the main position of the Tarascon slaughterhouse manager allowed him to play a mediator role, making easier the connections between breeding activities and butchery. The project group position in a labelling procedure allows to re-interpret the regulations and to increment the technical referential (Trift and Casabianca, 2000) while taking care to leave the question path free. The position of the project group is not only functional but also statutory. It legally imposes itself to the other actors of the supply chain that represents inside and outside of the local community, the cultural contents of the origin product.

So, the bad conformation of the animals does not seem to be an handicap for good butchery. But the valorisation must be based on a **collective agreement on the criteria witch reduce the importance of the carcasses output and turn the characteristics of the meat to good account.** It is exactly the basis on which the professionals and institutional actors can justify their labelling system.

Regions with weak competitive potential could find, in such labelling procedures, new assets for breeding development using local resources. Therefore, it is in the valorisation of each regions potential and not pushing them towards advanced specialised skills that new solidarity will begin between the disadvantaged areas and the intensive production areas. The sectors that can prove the origin of their meats will be able to defend better their product and thus have access to the markets.



These are the headings on an eight sided 'pie' diagram showing three beef product profiles. Each item is weighted on relative importance for the three: Manzu Beef production, Camargue Beef and an ideal OLP Beef product. Profiles are assembled by the interaction of the following components: