

Literature review WP 4

Spain

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Review report

1. IDENTIFICATION OF THE MOST RELEVANT RESULTS

Sanchez M. ; Rivera L.M. (1996).

Influencia de la "Denominación de Origen Navarra" en la decisión de compra de productos agroalimentarios.

Investigación Agraria Economía 11(3): 545-573. (The influence of the Designation of Origin Navarra in the purchase behaviour of agrofood products).

This paper studies the purchase behaviour of consumers in Navarra with regard to three products : PGI asparagus, PDO wine and PDO peppers. A Logit model is used to explain the probability of purchase in function of socio-economic variables and the consumers' valuation of a set of attributes. These are price, local origin, quality guaranty and artisan making. The relative importance of each attribute and its influence on purchase differs among products. In general terms, the probability of purchase is higher among younger and urban residents, who remember spontaneously the designation product (asparagus and wine) and who consider the labelled products as of higher quality. Given that the level of knowledge is still low (spontaneous notoriety less than 50%) and that is positively associated to purchase behaviour, communication should be emphasised to enhance consumption. Only 30% of respondents consume these products on a regular basis but in most products, account for less than 50% of the total consumption. The correspondence analysis shows that, in general, the perception of higher quality is associated positively to the local origin and artisan making. Likewise, different segments of consumers are found according to their loyalty, knowledge and valuation of perceived quality. Therefore, global marketing strategies are not efficient in these markets.

This paper provides an interesting insight into the purchase behaviour of consumers, emphasising that, first, consumers are not homogeneous, and second, that the valuation of attributes of labelled products and also the degree of knowledge and consumption differs strongly depending on the product analysed. Therefore, any communication strategy should be careful about the segment to reach, and about the attribute to highlight as source of differentiation.

Loureiro M.L ; McCluskey J.J.(2000).

Assessing Consumer Response to Protected Geographical Identification Labelling.

Agribusiness 16(3): 309-320.

A hedonic approach is used in order to calculate consumers' willingness to pay for the PGI label "Galician Veal". The Galician Veal is known by 48% of the shoppers in Spain, which makes it the most recognised fresh meat. It also has a good quality reputation (35% of the consumers consider it the best veal meat in the country). A cross-sectional panel database collected in 1997 is used. The results indicate that the PGI label's generates a high premium only in high quality meat cuts while it does not in cheap cuts. This suggests that the PGI label is an effective signal of quality only in combination with other indicators or signals of quality. The paper concludes that when the PGI label is used on products that are not high quality is not an efficient marketing strategy and possibly could damage the collective reputation. If the collective reputation is positive, the label signal quality commands a premium price.

This paper is interesting first, because it deals with the best known labelled meat in Spain, and second because it indicates that the collective reputation can be damaged if the label is indiscriminately used.

Mesias F.J. ; Martinez-Carrasco F. ; Albisu L.M. (1997).

Análisis de las preferencias de los detallistas de jamón curado mediante el análisis conjunto.

ITEA Producción Animal 93(1): 41-55. (Analysis of retailers' preferences for cured ham using conjoint analysis).

The preferences of retailers selling cured ham with Designation of Origin "Jamón de Teruel" are analysed, by means of conjoint analysis. Due to the large variety of prices and qualities, consumers usually rely on the retailer's recommendations. The attributes selected in the conjoint design are : price, cure period, feeding(natural feeding/compound feeds), origin(Teruel/other regions), and designation of origin (yes/no). The most important attribute is price, the cure period ranks second while the presence of the origin label is the third one. The least important is origin. Preferences differ between traditional butcher's and supermarkets in the sense that supermarkets do not attach as much importance to natural feeding (they prefer compound feeds) and origin (preferring other regions) as traditional butcher's. The economic value of the Teruel ' designation of origin' is also estimated. Butchers are willing to pay 230 ptas/kg for Teruel ham with PDO while supermarkets only 160 ptas/kg. That implies that a higher premium can be obtained distributing the PDO product through traditional butchers.

This paper is focused on retailers who play an important role in the marketing chain. They motivate, advise, perceive consumers' preferences, but also contribute to the actual purchase behaviour. Only those products present in the retail outlets can be purchased, despite the consumer's preference.

Meza L. ; Sanjuan A.I. ; Mascaray M.A. ; Albisu L.M. (2000).

An integrated approach to evaluate generic promotions.

In : Sylvander B. ; Barjolle D. ; Arfini (eds) : *"The socio-economics of origin labelled products in agri-food supply chains: spatial, institutional and co-ordination aspects"*, AIC 17(1): 163-171. 67th EAAE Seminar, Le Mans 28-30 October 1999.

This paper describes a generic promotion campaign undertaken in Aragón in 1997 to jointly promote the PDO, PGI and TSG products. In total, 71 labels referred to wine, cured ham, lamb and a large variety of artisan products. The goal was to spread knowledge, in particular among opinion leaders (restaurant industry, consumers associations), to raise the availability in the usual retail outlets and to improve the linkages production-distribution, with the goal of eventually enhance consumption. After the campaign, the opinions of consumers, producer firms and distribution chains managers were gathered through questionnaires and personal interviews. Globally, its effect has been positive although there is a broad diversity of opinions, in particular among firms of different collective labels. Firms think that their products are now better known. About 50% consider that it has contributed to increase sales and that commercial relationships with their usual distributors have improved. However, only one third consider that penetration into food distribution chains has become easier. Distributors think that it was beneficial because awareness of regional products has increased and image has improved, but still blame the firms for lack of rigour and market orientation. Questionnaires to consumers have revealed that the image, quality perception and the degree of knowledge varies largely depending on the product. Therefore, generic promotion carried out by every designation and brand promotions are recommended.

A generic promotion campaign may be useful to highlight the differences between labelled and non-labelled products that can be mistaken because of the same origin. On the other hand, the effect of promotion on consumers' attitudes and on purchase behaviour is difficult to assess, and becomes extraordinary complex when a set of different products is jointly promoted. This paper provides a qualitative measure of such as an impact.

Sanchez M. ; Sanjuan A.I. ; Akl G.(2001b).

The influence of experience in consumption and personal attitudes on the purchase of lamb and beef.

71th EAAE Seminar. "The food consumer in the early 21st century". Zaragoza (Spain), 19-20th April, 2001.

The objective of this paper is to find out which are the main attributes of fresh meat valued by consumers according to their degree of awareness about food and health, and to assess the value of the label for each segment. Two products are considered : lamb and veal, with a very distinct impact of sanitary problems, to analyse how the food safety scares might influence consumer behaviour, and to check the role of the label as a signal of food safety. The survey used as primary data was conducted in 1999 in two northern cities, Pamplona and San Sebastian. The labels traded are "Basque quality label for lamb and veal" and "Navarra veal"(PGI). Factorial and cluster analyses are used in the stage of identification of consumers' attitudes towards health and food and segmentation, and conjoint analysis in the study of preferences. The attributes considered are origin (regional, national, imported), price (low, medium, high), origin label (yes/no) and visual-tastemeat attributes. The results indicate that the value of the label differs among products and among consumers. The label is more important for people aware of a healthy diet, with stronger habit in consuming the food and in veal, a product that has faced more safety scares. The marginal willingness to pay for the label in veal reaches 71-83% of average price while in lamb it goes up to 49-56%. The local origin is still an important commercial tool of differentiation for those people less concerned about health, with less experience in consumption, and in lamb.

Bello L. ; Calvo D. (2000).

The importance of intrinsic and extrinsic cues to expected and experienced quality: an empirical application for beef.

Food Quality and Preferences 11: 229-238.

This paper explains how consumers form in-store expectations about beef quality, and how these insights can help us to determine optimum levels of beef quality. Consumers infer quality of beef on the basis of intrinsic (colour, freshness and visible fat) and extrinsic (price, promotion, designation of origin and presentation) quality cues. During consumption, consumers evaluate experienced quality based on expected quality and quality attributes such as taste, tenderness and juiciness, confirming or disproving their previously formed expectations. The market research was undertaken in Coruña, where Galician PGI veal is traded, in 1997, and the method applied is regression analysis. As far as expected quality is concerned, the most significant cues are colour, freshness, visible fat, price and presentation. Prices exert a positive influence on expected quality while presentation is negative: higher prices and meat cut fresh from the slab are associated to higher quality. The PGI label has not a significant effect on expected quality, what contradicts previous works (Bello, Gómez and Calvo, 1998). The authors argue that the lack of availability of labelled meat in many stores, and the local focus of the research, may explain this result. Expected quality is only a partial predictor of experienced quality, which confirms the importance of sensorial attributes (juiciness, taste and tenderness) at the time of consuming the good.

This paper provides a very clear picture of different aspects affecting consumers perceptions of quality, being the origin label one of them.

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Loureiro M.L. ; McCluskey J.J.

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Discussion report

MAIN RESULTS FROM THE ABOVE REFERENCED PAPERS CAN BE SUMMARISED AS FOLLOWS:

1. The knowledge of OLP varies widely between products and in most of them is still low. It is greater for those products that have been available in the market for a longer period of time, that account for a greater market share, and in the geographical area where the products come from. For instance, Rioja PDO wine is known by 98% of respondents in Spain (Sainz, 2000); Cariñena PDO wine is well known in Aragón, the region of origin, where 67% of respondents remember it spontaneously (Meza et al., 2000) while in Spain it falls to 28% (Sainz, 2000). Nevertheless, the knowledge has increased widely in the last years. For instance, Cariñena PDO wine was only recognised by 21% of consumers in 1995 (Sanchez and Gil, 1997b).
2. Extrinsic quality cues such as origin and label are becoming increasingly important in consumers quality perceptions and preferences. Nevertheless, their impact differs largely between products, geographical area of study and segments of consumers. For instance, in veal the label contributes to diminish the risk perception of consumer while in products less affected by food scares, such as lamb, the origin constitutes the main signal of quality (in the North of Spain) (Sanchez et al., 2001b). At national level, however, a survey conducted by Briz et al.(2001) shows that brands in general, origin labels in particular, are not considered as significant attributes to assess the quality of meat. Finally, there are few studies that assess the relationship between attitudes and consumption. We can quote the work by Sanchez and Rivera(1997), who find a positive relationship between favourable attitudes and purchase behaviour.
3. Attitudes and consumption patterns of OLPs vary widely among consumers. Personal concerns about health, nutrition, environment, lifestyles and experience inconsumption influence remarkably the degree and frequency of consumption of these products, and the importance attached to the local origin, price and label. For instance, Sanchez et al. (2001a) find that consumers of labelled veal and lamb run a more methodical lifestyle and are more concerned about health than the non-consumers. Socio-economic variables, on the contrary, are not so relevant to explain attitudes and consumption patterns.

A wide variety of origin labels exist in Spain although only a minority has been covered by the referenced publications. Thus, a logical area of future research would be to expand the research to other products. In this way, particular answers could be found to particular problems, and to provide insight to how well the OLP meets consumers' needs. From a global perspective, research should focus on further development of the following topics:

1. Profile of OLPs consumers for different products and retailers preferences;
2. Assess of the value of the label and its dimensions
3. Linkage between attitude and purchase behaviour;
4. Collective and individual brand reputation

1. Any policy leading to enhance consumption of OLPs should consider that for each product, different attributes are relevant, and that different segments of consumers value them differently. For this reason, a market research is required to find the segment most suitable for each product, and which attributes or dimensions to highlight. For instance, in cheeses it can be the artisan nature, while in veal can be the natural feeding or animal welfare. Likewise, retailers' preferences must not be neglected, provided that they are the direct channels to reach consumers.

2. The origin label can be viewed as a multidimensional attribute, that includes intrinsic quality cues (product and processing standards, such as breed, feeding, sanitary controls, origin, etc.) and extrinsic cues, associated to symbolic quality signals (territory, cultural identification, etc.). Further research would help to isolate the effects of each one and to find out which is the most important in consumers' perceptions. Some questions to investigate about the preference for a labelled product are : does it lie mainly on the cultural identification, on the feeling of contributing to the rural sustainability, on the idea that the geographical origin guarantees itself the excellence of the product, or is the assessment of quality what mostly attract consumer ? Likewise, is the image permanent or is it very sensible to the introduction of new labels and events that cause food scares ? A proliferation of origin labels, does it not contribute to confuse consumers ? and, are the labels image discredited or encouraged by general food safety problems ? (in Spain the BSE affected to some farms producing under a PGI scheme).

3. The relationship between knowledge, attitude and behaviour is not always straight forward. Therefore, it should be interesting to gain insights on which are the main determinants of purchasing behaviour for different OLPs. Socio-economic and functional variables, such as lifestyles, can play an important role. On the other hand are consumers willing to pay a premium for the label equivalent to the actual gap in prices ? If this is not the case, the price strategy together with other marketing tools should be revised. In relation to this point, the assess of the value of the label and its dimensions can be helpful.

4. Under each collective label, a wide variety of brands might co-exist, such as in wines and vegetables. A conflict then may arise between individual and collective reputation, and also between individual brands. Further research would help to assess the consumer preference formation, isolating the influence of the collective designation from the individual brand effect.

