

Marketing for Origin Linked Products

Modern understanding of marketing goes far beyond selling or merchandising of products. According to the definitions put forward by Kotler (1992, p. 16) or Bidlingmaier (quoted in Besch, 1999, p 31), marketing is a market-centred management approach that tries to align the whole enterprise with market and consumer needs. Becker (Becker 1998, p.3) calls marketing a “listen to the consumer approach” of management.

Do OLP fit into the pattern of modern marketing conception?

Marketing conceptions usually consist of four principal elements: the **analysis** of the enterprise and its environment, on which the fixing of **objectives** is based. The objectives are translated into **strategies** that are, in turn, being implemented by the measures defined in the **marketing mix**.

Marketing-Conception	Contents	Example
Analysis	Determines the enterprise's place in it's environment	Competition analysis, strengths / weaknesses
Objectives / goals	Result of analysis, fix the enterprise's policy	“Being market leader in 2002”
Strategies	“The ways in which goals will be reached”	Market segmentation: e.g. luxury goods Diversification / Innovation
Marketing-Mix	“Tools” : Product-, Price-, Promotion-, Distribution-Policy	High priced products in special stores

Source:

Enterprises affirming their products origin mostly follow two – interfering - intentions:

1. The affirmation of a product's origin is done for communication / publicity goals in order to enhance consumer preference for the product
2. The affirmation of a product's origin is done in order to reduce competition: competitors of other regions shall be excluded or weakened.

As far as these measures are taken on a private and individual enterprise level, the affirmation / labelling of origin is just a normal element of the marketing mix, that follows (or should follow) consumer interests and reflects the attractiveness of certain product/origin combinations. The enterprise remains fully responsible and free in decision making on products, distribution, and communication.

But, when an enterprise opts for official labels, like AOP or IGP, the enterprise's marketing scope might be restricted in many respects. For example:

- ~~✍~~ Official labels are only attached to groups of enterprises. Group marketing differs in many ways from individual marketing.
- ~~✍~~ Namely the enterprise's product policy scope is limited: raw materials, processing, packaging become subjects of the AOP / IGP rules.
- ~~✍~~ Also, strategic options such as innovation and diversification are limited.

Thus, a remarkable inversion of the marketing approach can happen: the decision to take up a new communication element (labels are just part of the promotion in the marketing-mix) can lead to a bottom-up revision of the entire conception.

In return, the enterprise gets the advantages of a quasi-monopolistic market position.

And the consumer in all this?

According to marketing theory, consumer needs are the starting point of all enterprise decision making. It seems as if in OLP the striving for official labelling is rather driven by the wish to obtain a monopoly / oligopoly, and less by the intention to fulfil consumers needs.

In a food market that is becoming more and more complex, consumers tend to get lost amidst all of the labels and indications. This endangers the acquisition potential of OLP because of the effect of "over-segmentation".

Policy implications

National and European policy has, by different laws, strongly influenced the marketing of OLP, mainly for two purposes:

- ~~✍~~ Shield the consumer from being misled
- ~~✍~~ Protect certain parts of the agro-alimentary industry from competition

For the further development of the markets for OLP focusing on the first aspect (consumer protection) seems primordial. For the regulations on AOP / IGP this might implicate:

- ~~✍~~ The obligation to do consumer surveys on the acceptance / relevance of OLP products that apply for protection
- ~~✍~~ Guidelines for the communication on OLP
- ~~✍~~ Clearer labelling and information (the actual EU-labels for AOP, IGP, Traditional / typical Products and for Organic Produce look very much alike).

More generally spoken, an alignment of OLP legislation with actual understanding of marketing might enhance effectiveness.



Dolphin WP 4 : Consumers & OLP

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Literature

Kotler, Ph. (1992): Marketing-Management. 7. Auflage. Stuttgart

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Future research for Origin Linked Products

Actual trends in nutrition behaviour and food consumption are somewhat contradictory. For example, natural and health food is gaining popularity as the same time as highly processed convenience food. Traditional and / or regional specialities seem to be as attractive as elaborated functional food. "Fair Trade" motivations become more important, as well as food safety concerns, concerns about environment, and for animal welfare. How do OLP fit into these trends? According to which signals and what information do consumers choose products?

The discussions in WP 4 brought about a series of hypotheses that are to be tested in future consumer research:

Motivations, attitudes, driving forces

H1: Consumers buy OLP for taste / organoleptic reasons.

H2: ...for food safety reasons.

H3: ...for health reasons.

H4: Consumers buy OLP in order to contribute to nature preservation.

H5: ...in order to maintain traditions / culture.

H6: ...in order to support farmers / rural industries.

H7: Consumers buy OLP out of an identification need with the region the products come from.

H8: In their own region, OLP are consumed for other reasons than out of their own regions.

Information / Communication / Labeling

H9: The accessibility of information on regional origin influences positively the consumers' perception of the products.

H10: A highly estimated brand name has more weight in the buying decision than an OLP label, even if the latter is highly estimated too.

H11: Consumer's attitude towards the region of origin is positively correlated to the consumer's attitude towards the product (and vice versa).

H12: Consumer's perception of a Region-of-Origin-Label is positively correlated with the purchase frequency / willingness-to-pay of the labelled product.

H13: In the case of multi-labelled products, each label has less weight in the consumers' purchase decision, relative to its importance on single-labelled products.

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Consumers of OLP

H14: In their own region, OLP are consumed by other socio-demographic groups than out of their own regions.

H15: OLP, organic food, health food and functional food are attracting the same socio-demographic group of consumers.

Methods

Future research methods should be capable of addressing these two requests:

1. They should provide information not only about the consumers attitudes and motives (there's already quite a lot of information on this), but as well as on their behaviour.
2. They should provide information on interference effects between the multitude of labels and denominations on the food market.

In order to fulfil the first request, observation / experiment methods should be combined with interviewing. For example: a consumer panel is first inquired about attitudes, behaviour and socio-demographic data and then, in the second step, its' buying behaviour is observed (the scanned consumer panel).

The second request can be met by using conjoint measurement on a set of different combinations of food choice criteria.

A research project consisting of these methodical elements could be carried out

~~etc~~ in different European countries and regions,

~~etc~~ on different OLP, using separated samples in the OLP's region of origin and in other regions.