

DOLPHINS – WP 4 (3rd Report)

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MARKETING RECOMMENDATIONS

Marketing Goals

For some European regions, OLP represent an income diversification opportunity that's necessary to the fixation of populations in rural areas, because the valorisation of this kind of endogenous resources can invert the rural areas desertification and decline.

However, that opportunity can be dissipated if the consumers don't give added value to OLP, what don't justify their existence. The marketing strategies and actions that can be defined and done to OLP must support that valuation, helping to consolidate the market success of this kind of products.

The OLP valuation goal imposes some conditions to these marketing recommendations. Their prices will have to be a little highest than another agro-food products, to make possible that the economic agents responsible for its production, transformation and commercialisation can increase their income. If not, if they don't feel that the origin label adds value to their products, they will not have motivations to adhere to this kind of certification.

This implies that strategic options and consequent marketing actions must be carefully defined to support the concretisation of this goal. In other words, the OLP marketing strategy must be conceived to permit the consumers' valuation of this kind of products.

OLP Added Value

Several studies show that the origin is, for the consumers, an attribute that adds value to the agro-food products [1] [2] [3].

However, to the Portuguese consumers, there is a weak differentiation between OLP and non-OLP from the same region, in some products, as the olive oil [1] [4] and the red meat [1]. But other study done in other country with a different product (cheese) show that the revealed preference and the willingness to pay for a regional product with PDO label is significantly highest than for the same regional product without PDO label, in spite of the lack of consumer awareness of PDO/PGI labels [5].

The lack of information that portuguese consumers seems to have about the PDO/PGI labels benefits recommends their informative divulgation, to reinforce the cognitive elements and to improve the credibility of these labels [1]. The increase of the consumer awareness on these labels is also considered important, for others authors, to PDO/PGI labels can add more value to the regional products [5].

Target Market Segments

In Portugal, consumers with highest education level and purchasing power, belonging to highest social status (A, B and C1 consume more) and having more qualified professions seems to be the primary targets for OLP. The reasons to this can be explained for the highest OLP prices (versus non-OLP) and by few dissemination of information about OLP benefits (to justify the additional premium that consumers have to pay for this kind of products), what can limit their knowledge to the most well informed consumers.

Positioning and Differentiation

This marketing concept of positioning can be defined as the *set of image salient and distinctive features that permit to the public situate the product in the similar products universe and distinguish it from the others* [6]. It's also known that the consumers' choice is very influenced by its perception of the product quality [7]. To regional products, it's *recommended that the promotion strategy supports the high-quality image of regional products* [8], to materialize a strategy settled on the competitive advantage of differentiation. To OLP, the purposes behind its creation implies the definition of some superior positioning, to improve their value and make its quality-price relation positive and favourable when compared with other competitive products. So, all promotion materials and actions must reinforce the creation by the consumers of a high value (and quality) product perception.

The differentiation of OLP is vital although difficult because *the agro-food brands tend to appropriate of domestic quality codes in their messages* [7]. Some OLP can have intrinsic differentiation factors, as some of its functional characteristics. The intrinsic characteristics of OLP are important benefits sought in the case of products that existed before their OLP certification and where there were already consumer usage habits of that kind of products (like some wines and cheeses). But to some other OLP with less consumer usage tradition, its differentiation can be supported in image characteristics or in symbolic factors, appealing to consumers' emotions. Examples of these can to be the healthiness (specially to meat), the artisan/hand crafted (specially to smoked sausage), the association of the product origin region with already existing premium brands (specially to olive oil), the valuation of the natural/rustic/simple, the desire of return to the consumer's roots (when he/she or his/her family have rural roots) and the will to help rural communities.

Brand/Labelling

Although OLP designation are not brands on a juridical sense, they can be considered as so, in marketing terms, because *a brand is a distinguishing name and/or symbol (such as a logo, trademark or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors* [9]. The OLP can be seen as products with a label (PDO or PGI) associated to the brand. The Cheese Terrincho D.O.P. has the brand "Cheese Terrincho" and the classification "D.O.P." (P.D.O. in Portuguese) that guarantees the origin authenticity. The PDO/PGI classification pretends create value to the consumer, being an origin (and consequent quality) guarantees that identifies and differentiate the products that have this label.

So, in marketing actions that we can do to promote OLP, we need to distinguish the object to promote, because it can be the brand or/and it can be the label. This implies that must exist a conjunct effort for the creation of a positive image to PDO/PGI labels, by all agents involved in its promotion and valuation (producers and their groups, certifying entities, governmental institutions, etc.), but at the same time, must there to be an individual work from each producers group on its specific brand promotion and valuation.

Pricing

Because there is a relation between the price and the pretended positioning, a market-skimming pricing policy seems to be the most adequate for OLP. The price cannot go down excessively, on risk to alter negatively the consumers' perceptions on OLP. So, to obviate some situations of supply excess or demand scarcity, will can there to be temporary price promotions, that consumer identify as an unusual value increasing opportunity (by the immediate increase of the perceived quality-price relation). These temporary promotions have the advantage of permit to flow off stocks in excess, without decrease the consumers' perceived positioning to the product.

Communication Policies

The promotion and communication actions are fundamental instruments to improve consumers' awareness and their perceptions (positioning) about OLP. Because of that, it's necessary to create conditions for producers groups responsible for a PDO regional product promotion, can have human, technical and financial resources to promote their products (brands), on pain of they can not survive, in competition with another agro-food products less differentiated but more supported by market competitive enterprises. At the same time, it's necessary increase the promotional efforts on the labels, to enlarge the consumers awareness about the benefits of agro-food products with PDO/PGI labels.

Distribution Policies

Contrarily to other European countries, the specialty stores is a distribution channel few developed in Portugal. The hypermarkets and supermarkets (whose interest increased after the first crazy cows crisis) have been the principal channel where OLP have been sold in this country. The financial and promotional power of big distribution chains contributed to the OLP divulgation to the Portuguese consumers.

Although they represent actually a privileged distribution channel to a set of portuguese OLP, it's important to be attentive to the development of others adequate channels, because a channel diversification is beneficial to increase the sale points and the target market segments covering.

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