

DOLPHINS WP5 Seminar
Parma, Italy
Monday, 23rd September 2002

Notes compiled by Angela Tregear, University of Newcastle

1. Opening of the Seminar

Filippo Arfini introduced the seminar and gave some ideas about the future analytical method in WP5. In the discussion of these ideas, the following points were raised:

The usefulness of finding very similar cases in different countries, e.g. UK and Italy, and seeking to explain, across the WP1-WP4 dimensions, the variables that are different.

The importance of focusing on operator motivation – because this is the starting point for use of different tools and options, e.g. how producers choose to cooperate, how they decide to use trademarks etc.

The need for WP5 to seek to explain how and why the different situations in the case studies may be as they are, in addition to rich description.

2. Italy Case 1: Culattelo di Zibello

Filippo presented this case study. Some points from the case were...

There is a PDO Culattelo (since 1996), plus there is a generic one, which is made in a more industrial way, not according to the code of practice. The PDO producers operate in a consortium. Each producer tends to have their own shop and restaurant, and so use own brand rather than the collective mark. Pigmeat is sourced from 2 regions only – much more restrictive than Parma Ham. Also 'constructing' an ancient breed to further differentiation from the industrial type. Currently, there are 15 producers, of which 1 is industrial, 13 are in PDO. There was a massive increase in production of CdZ in the last 3 years, but data do not yet show whether this was by the industrial producer, or the PDO producers. It may be interpreted that it is the presence of the industrial producer which has stimulated the smaller producers to cooperate and specify the PDO.

The following questions/discussion took place...

Is tradition without any industry actually a good thing? Also, there is not clear differentiation and there is price confusion which may lead to problems. Slaughterhouses have a surprisingly strong role as the link in the supply chain. Who stimulated the PDO? It was a single individual, concerned about the industrial production. It is he who wants to construct the ancient breed to enhance differentiation. Is the collective brand an advantage? Who is winning in the supply chain? Because it is a very short supply chain, it is the producers who benefit.

3. Italy Case 2: Coppa Piacentina

Kees de Roost presented this case. Some points were...

Product has a PDO since 1996. There are 21 producers, 382 staff in the whole supply chain, generating €90million. There is a consortium. The differences between the PDO

Coppa and the generic version are stressed – the PDO is a heavy cut of meat, hand salted, longer matured, etc. There was some disagreement between producers about the code of practice prior to PDO enforcement. The price doubled after the PDO designation. Three types of Coppa are observed. First, the PDO. Second, the firms who are eligible for the PDO but who don't use it because they have established clients and they don't want to pay the premium for participating in the PDO. Third, the Coppas that are destined for PDO but which get sold early because sometimes, firms judge that the lower productivity from the PDO isn't compensated by the higher end price. There are differences between firms regarding what is produced – some are PDO exclusive, others do some PDO, some non-PDO, and there are different levels of engagement in horizontal and vertical networks. The PDO can be used by small firms who want to go beyond the local market – the PDO is a mechanism for the broader market, as the local consumers have existing knowledge to differentiate between qualities, etc.

The following questions/discussion took place...

Producers tend to enter into PDOs with the expectation of immediate higher returns – there is a need to communicate that PDOs give medium to long-term returns. There is a conflict between 'small' and 'large' producers, but is this between 'artisan' and 'industrial' methods? The issue is about cost minimisation – reducing weight, reducing maturing period etc reduces cost, but also reduces differentiation. Issues of winners and losers – the definition of code of practice is negotiation process, some win, some don't, sometimes by process, but also by geographic delimitation (if a producer finds himself just outside the PDO boundary). Two competing logics – one force is the drive of the PDO to get lots of producers to help develop a whole area/region, but then there is the danger of diluting the reputation. The biggest problem is those firms who produce both PDO and non-PDO, because this causes conflict of objectives, lack of cohesion, etc.

4. Portuguese Case Studies: Queijo Terrincho PDO Cheese & Azeite Trás os Montes PDO Olive Oil

Mario Sergio Teixeira presented these case studies and made the following points...

ATM has a small production base, it could be a lot larger. The area is very rural, underdeveloped. Olive oil is a very important activity, the population is aging. The oil is organo-chemically different to the generic oil. Producers are small in size – five out of ten cooperatives are PDO (they do the processing and packaging), one is a mixed public/private organisation. There is a lack of human resources in chain management, and a lack of cooperation between firms – they act individualistically. In terms of rural development, some employment and added value can be observed, but big impact is in the contribution of the oil to the overall image of the region – PDO contributes to the overall strategy. Consumers do not differentiate between PDO and non-PDO, and the consortia lack marketing skills – for example, they distribute the oil to discount supermarkets. In QT, the chemical differences are not great, the differences are in the use of the special sheep breed, raw milk, etc. Producers are small, average 120 animals, and only two make the PDO – one is a cooperative, one is a small private artisan. The producer cooperative manages the whole PDO, and also makes some because many producers do not want to do the PDO. Similar supply chain problems and rural development issues can be observed as ATM. Problems is that other PDO cheeses in

Portugal are much better known. QT is double the price of other non-PDO cheeses. The influence of one charismatic individual – in diversifying, getting into tourism etc – is observed.

The following questions/discussion took place...

What is the basis of the differentiation between PDO and non-PDO olive oil? Colour and taste are different, but you have to be an expert to tell. Very small proportion of total production in both oil and cheese, but perhaps only a small proportion could be? Actually, more could be PDO and organic? Consumer studies show Portuguese consumers don't like organic particularly, but organic production could be a possibility for the international market. In Greek context, it is the adherence to ISO9000 and use of innovative packaging, and segmentation by frequency of use which contributes to successful marketing of olive oil. Who was the initiator of the PDO in the cheese, producers, processors, or public authorities? Actually, the PDO application was made in a hurry over one weekend by a regional public official. There was very little involvement of producers – perhaps explains their reluctance to get involved now. How important are the olive oil and cheese productions in terms of rural development – are these the kind of activities which younger people will want to come back to the region to do? Typical products are very important because there are not many other options for development in these regions.

5. UK Case Study 1: PGI Specially Selected Scotch Beef

Ron Wilson and Kate Corcoran presented this case study. Some points were...

SSSB is the 'premium' of the PGI. There is no special feeding, breeding or post-management treatment of the product, but the differentiation comes from the use of the traditional system of upland-rearing, lowland-finishing. The basis of the PGI status is the Quality Assurance Schemes (7 in total) which certify quality, safety, welfare. The umbrella body for these schemes is Quality Meat Scotland. 85-90% of all beef producers are in the scheme. QMS owns the certificate and does the promotion, but all the actual certification and monitoring and assurance is done by the separate bodies. A current proposal being debated is that public funds will be channelled to beef producers in future on the basis of membership of a quality assurance scheme – QMS, effectively.

The following questions/discussion took place...

Is the scheme going from individuals to a collective? What is the way forward now? Actually, producers do not see themselves as a collective, it is the abattoirs and meat plants who are really key, they control volumes, set prices, sell to supermarkets, who are 72% of the market. Point raised that the new EU regulations on beef may well cover all the assurance criteria in the scheme anyway. Also, that the assurance criteria relate to safety, traceability, but not to territory in a material way. Relationship to territory is symbolic rather than essential. Who funds the generic promotion? Funds are raised by the Meat and Livestock Commission, which draws on producer levies.

6. UK Case Study 2: PDO Beacon Fell Traditional Lancashire Cheese.

Angela Tregear presented this case study. Some points were...

Long-term political and economic circumstances have been adversarial to small-scale, artisanal cheese-making in the UK. The PDO comprises 9 producers, of which the largest is Singletons Dairy, employing 77 people and processing 80,000 litres of milk per day. However, the PDO product represents only a small proportion of total output. The PDO application process was led by the Singletons manager, who saw marketing advantage in the designation. The geographic delineation was relatively arbitrarily ascribed. The name 'Beacon Fell' was applied because Lancashire, on its own, is a generic name – Beacon Fell is a hill relatively equidistant from the 9 producers. Producers have their own strategies for sourcing milk – some have their own herd, others obtain through contract. Contribution to rural development depends upon the approach of the individual producers.

The following questions/discussion took place...

Do the individual producers compete with each other? Not much, because the larger producer has a big product portfolio, of which the PDO is a very small amount, so his business is not dependent upon this one product. The market for speciality cheese is also quite buoyant. Do the products get sold with the PDO label? Not really, the main basis for product identification is with the name of the producer – there is a strong personification of the product with the producer. Singletons have started using the PDO on their supermarket pre-pack version. This may be to anticipate increased awareness in the future, amongst consumers who aren't in the local market.

7. Spanish Case Study: Carinena Wine

Ana Sanjuan and Luis Miguel Albisu presented this case. Some points were...

The region is very rural, with a small population. There is a strict code of practice, both in terms of production of grapes and the wine-making process, bottling, labelling, etc. There are 3000 vineyards, 44 winemakers – 85% of total production comes from the cooperative sector, where there is very close vertical integration, then the rest is very small family firms. There are individual strategies of marketing and engagement in the supply chain. It is the biggest designation in the region, with a long history. 50% is exported outside Spain, total production is 20million litres in 2001. Note the designation covers very different types of wine – colour, maturation, quality – individual firms do their own marketing/labels. So competition between producers is intense within the region, as well as across other DOCs. Also historical problem of low quality image and individual strategies of going for low price approach. Attempt now to pursue a high quality route, but individuals change grape varieties, etc.

The following questions/discussion took place...

What difference does the DOC actually make, if individual producers pursue their own distribution and marketing strategies? DOC provides encouragement of overall raising of quality, setting standards. A cycle can be observed of individual vs collective action according to codes of practice. 'Old' producers tend to have collective build up over many years, so consensus to adhere to codes can be achieved. In situations where codes are imposed upon 'new' collectives of producers, often individuals will not meet them, so the codes themselves get relaxed.

8. Swiss Case Study: l'Etivaz

Stephane Boisseau presented this case study. Some points were...

The region is very small. There are 80 producers making 320 tons of cheese per year. There is one cooperative, which follows ISO and HACCP standards, the PDO was awarded in 2000. The supply chain dates from 1932 – an association was founded, then process of continued self-organisation. In the last 10 years, started producing organic, then the PDO. PDO can be seen as 'crowning achievement' of a long term process. A very high degree of information sharing exists between producers – religious links bind community together, although producers are also very open to new ideas, assisted by international community network of emigrants etc. Strong 'integrative competencies' are found in the community, and there is deep involvement in local life. Marketing is coherent, consensual approach is followed.

The following questions/discussion took place...

What factors explain the success of this case? Is it always so ideal? The area is very tiny, then the social/religious aspect helps – there are a number of 'multi-competency' individuals. It is an ancient region that has adopted new ideas from the outside. Does the social/economic/political climate of Switzerland help? The environment has been very protective, which means that maintenance of traditions etc could continue outside an otherwise adverse climate. Now, producers are in place for more widespread policy revalorisation of typical products. Do others outside the specific region not want to see the geographic limits enlarged? No, the geographic area is very specialised and has separate identity and administration, so there is little debate about this.

9. German Case Study 1: Bavarian Beer

Burkhard Schaer presented this case. Some points were...

The process was started by lots of little regions within Bavaria getting the PGI, then PGI obtained for 'Bavarian Beer' as a whole. Bavaria is a big region, very heterogenous. The product has very old traditions and old specification, but actually borrowed from northern recipe – later, adoption of English techniques. Bavaria later became synonymous with a beer region – more than 4000 individual brands exist. 'Bavaria' is a protected name since 2001, though pre-2001 brands can keep the name under certain conditions. There are 667 Bavarian breweries and all can use PGI. €4.3billion, 19000 jobs in total. The designation could go further in terms of making the link to ingredients, the purity/non-additive aspect. There is huge variation in styles, alcohol content, etc – the common feature is that the beers are all brewed in Bavaria, with at least 50% of barley coming from Bavaria. Bavarian purity laws are more stringent than Germany-wide, latter allow some sugar additive and also chemicals for export.

10. German Case 2: Schrobenhausener Asparagus

This is a Bavarian vegetable which will apply for a PGI this year. Distinctive factor is extraordinary quality of the product, due to geographic conditions – the sandy soils allow quick growth and they impart flavour. Also long tradition of production, dating back to 1850, where it was sold to the royal palace of Munich, and cultivated in gardens, very small-scale. There are 267 farms, producing 620 hectares, although a very small number of farms produce a sizable proportion of total amount. 70% is sold direct, producers

change higher prices than are charged by retailers. There are instances of retailers outside the region using the Schrobenhauser name when selling outside the region – about a third is abused in this way. It is this abuse which has stimulated the trademark creation by the Producers Association. Product has to be sold within 2 days to protect freshness.

11. French Case Study 1: Taureau de Camargue

Vanessa Persillet presented this case study. Some points were...

This is the first and only beef meat product in France to get a PDO. It is derived from the rearing of bulls for games, and the desire to find an alternative market for unfit bulls. Thus, there were no prior specific processing criteria, so specification was developed. Have found that though the carcasses are unconventional, still succeeded in getting same price for TdC as conventional beef. It has a different taste.

The following questions/discussion took place...

The product is not in need of protection, so why is it needed? Who would want to imitate it? It is a marketing tool, 'Camargue' is a good way to sell – this qualification is a good way to get a good price.

12. French Case Study 2: Roquefort Cheese

Legalisation dates from 1925, PDO since 1996. There are 2500 milk producers, making 170million litres per year. There are 7 processing firms, of which the Roquefort Society is the biggest, processing 70% of the 18,000 tonnes of cheese per year. RS belongs to Lactalis, the biggest industrial dairy group in France. The Confederation of Roquefort acts as an interprofessional body. Only 50% of milk is processed into Roquefort, Feta, for example, is also produced. There is very careful specification of price at each stage. 1700 jobs linked to Roquefort activity, estimated 10,000 direct and linked jobs in total. But more could be done to maximise rural development activity, there is a lack of relationships between links in the supply chain and to other actors. There is a 'sector' mentality, and farmers get a lot of money for their milk, so there is no incentive to diversify.

The following discussion took place...

One firm really dominates here – is this a good or a bad thing? Actually, in Roquefort, producers are strong, the Confederation is old, so domination is not so great. Lactalis adopts different strategies for the different productions it is involved with.

13. Closing Session

Filippo Arfini led the discussion in the closing session. The way forward for WP5 was considered. The following points were raised...

The need to clarify overall objectives of WP5, and the 'audience' for the results (policymakers or practitioners?)

The need to find a common methodology to allow comparison across case studies (though it is difficult to take a quantitative approach with so few, diverse, cases)

The need to move from descriptive to explanatory accounts. Alternative approaches for this were suggested. Cases could be 'plotted' on appropriate axis, according to criteria such as level of industrialisation of production, market orientation, etc. Influential factors could be categorised according to level of proximity to case (macro to micro) or using PEST framework (political, economic, social, technological). Cases could move towards a modelling approach where 'number of jobs' and/or 'value added' could be the dependent variables in a model to which the influence of a set of other agreed variables could be assessed, broadly speaking.

The importance of recognising the costs of certification need to be recognised along with the benefits.

Angela Tregear made the following proposal for a 4 stage workplan:

1. Overall aim of WP5 is to assess the opportunity of OLPs. Objectives could be phrased in terms of addressing the following questions...

To what extent are the case OLPs competitive?

To what extent are the case OLPs contributing to local development?

To what extent are the case OLPs meeting consumer needs?

2. Checklist of Items

To gain common information from each case, a checklist is made, which each unit completes according to their case(s).

3. Explanatory/Analytical Work

To give assessment of 'how' and 'why' the case situation is the way it is, each unit discusses explanatory factors, according to a common framework (for example, PEST)

4. Recommendations

Each unit addresses the questions agreed in 1., in light of material presented in 2 and 3, with the aim of identifying 'what needs to happen' for the case to be more competitive, more contributing to rural development, better meeting customer needs, etc.

Final Agreement Points

Each unit to submit suggestions to Filippo for checklist questions

The next meeting takes place in Toulouse in February 2003.

