

DOLPHINS - TASK2 - WP5

Case-studies analysis

GUIDELINES

This is the guideline to be used for analysing selected case-studies for WP5 with a common "language" and methodology. The guideline reflects the scheme and the topics analysed during the Task 1 (WP1-WP4). The aim is to produce a general overview on characteristics, evolution, problems and opportunities of OLP products on the basis of case-studies cross-readings.

0. General information:

- ✓ Name of OLP L'ETIVAZ
- ✓ Type of product mountain hard cheese - production : around 320 tons
- ✓ Type of denomination registered trade mark and PDO (2000)
- ✓ Country of origin Switzerland
- ✓ Area of production Pays d'en Haut

1. Definition, characteristics and legal protection (ex-WP1):

This part is devoted to the issue of legal protection systems, and to the way PDO-PGI (or other legal protection systems) intervene on the relationships between the product and its production system, modifying actors' interests and actions.

1.1 Characteristics of the OLP and its production system:

- ✓ Is OLP production process based on specific non-transferable local assets (both of material - i.e. specific plant varieties or animal breed - and immaterial kind - i.e. local knowledge and culture)?

The production process is linked to the specific tempo of life in mountain pastures during summer.

- cows are fed only with raw fodder from the mountain pasture. Import of hay is not permitted.
- the milk is processed on the alpine pasture in "chalets" at an altitude between 1000 and 2000 meters. Milk transport is not allowed.
- cheese is made with raw milk that cannot be stored more than 18 hours before processing.

There is no specific requirement for cows breed.

- ✓ To what extent the OLP is made differently in the local area?
- ✓ To what extent there is an heterogeneity in production techniques, in production costs and in the characteristics of the firms involved in the supply chain (dimension, access to marketing channels)?
- ✓

There is relatively little heterogeneity between producers-processors.

1.2 The process of institutionalisation

- ✓ Which were the problems faced by the OLP before the activation of the legal protection system?

In 1986, The "federation laitiere" (orlait), which was marketing the Etivaz cheese, closed its cellars in Vevey. This crisis led to the extension of cellars in the production area. The producers

decided that the cooperative, which was dedicated to cheese ripening, would take also in charge marketing issues and sell the cheese production.

- ✓ Who activate the request for protection? Which are the interests and economic actors?

In 1997, on producers' behalf, the cooperative requested for protection. The objective was to position the product on the high quality market segment and to increase its fame.

- ✓ Which problems were to be faced in the drawing of the Code of Practices – *Cahier des Charges* (production area, techniques, product quality, etc.)?

The code of practices confirmed and replaced the previous trademark rules, which have been decided in 1988.

- ✓ Which conflicts emerged?

There were no declared oppositions.

- ✓ Was the solution reached a good compromise (accepted by all actors), or did it give way to an unstable equilibrium?

It went off smoothly, as the code of practices was in the continuity of the previous organisation.

1.3 Code of practice:

- ✓ Relevant issues of the Code of practice (if it exists...)

- production area at an altitude between 1000 and 2000 meters.
- production season between May and October.
- cows are fed only with raw fodder from the mountain pasture. Import of hay is not permitted.
- the milk is processed on the alpine pasture in "chalets". Milk transport is not allowed.
- cheese is made with raw milk that cannot be stored more than 18 hours before processing. The cauldrons are coated with copper and wood heated.

- ✓ Relevant issues related on certification (product and process)

- certification ISO 9002
- certification HACCP
- certification to regulation UE 92/46 for export in the EU.
- PDO was recognised in 2000 and certification is delivered by an accredited body (OIC)

1.4 Certification:

- ✓ Description of certification procedures, subjects involved, certification costs, sanctions

to be completed

1.5 Legislative aspects – description of:

- ✓ Laws that institute and regulate the denomination of this product

- registered trademark in 1988, with a protected logo.
- PDO, recognised in 2000

✓ Legal institutions concerned with it (in the definition of product characteristics, in the protection, in quality monitoring, etc.)

- Institut fédéral de la propriété intellectuelle (IPI)
- Office Fédéral de l'Agriculture (OFAG), concerning PDO
- Organisme intercantonal de certification (OIC), concerning certification

✓ Existence of trademarks and collective brands

Existence of a trademark, which was registered by the cooperative in 1988.

✓ Existence of indications which can mislead the consumers

Some industrial products copies of the Etivaz label (a famous cut-out drawing).

✓ Existence of jurisdictional case involving or concerning quality, imitation or denominations of the product

none known

2. Link with production and marketing system (ex-WP2):

In this part we should analyse not only the characteristics of the local production system (vertical co-ordination mechanism among firms inside the supply chain and local agro-food system), but also the marketing system which can be conventional or typical of high quality food products.

2.1 Production chain aspect

✓ Short description of the supply chain

- 80 milk producers / cheese-makers (they make cheese during summer in the mountain pastures and deliver milk to milk factories in winter). They are members and sell their cheese production to :

- 1 cooperative (ripening and commercial issues- marketing and sales), which sells the production to :

- around 100 buyers (17 wholesalers buy 75 % of the production)

✓ Organisation of the supply chain with special reference to vertical co-ordination mechanisms

Strong vertical co-ordination.

✓ Characters, typology and structure of the Actors involved

All supply chain levels are strongly linked : 80 artisan producers / cheese-makers that are members of 1 cooperative

✓ Strategy of the main Actors (firms and other private/public institutions) involved in the supply chain

Producers are looking for a better price for milk (year-round) and are worried about passing on the farm to their children.

The cooperative is not interested by growth but wants to position the product on the high quality market segment, in order to get a premium on the market.

The region authorities wish the mountain pastures to be maintained and tourism to develop.

✓ Quality management

- on the mountain pastures : inspection by the cooperative technician and the regional milk control officer.
- in the cellars : cooperative management
- At the end of the ripening process, a premium is paid to the producer, according to a quality grade.
- Controls by the Organisme Intercantonal de certification.

✓ Characters of the marketing channels

The production is sold by the cooperative to : cheese wholesalers (75%), retailers (21%), direct sales (4%). The product is proposed to the consumer by the two main Swiss retailers supermarkets (Migros and Coop) but the volume that is sold to these big retailers is not known. Around 10% of the production is exported. mainly in France and Germany.

✓ Effects of PDO-PGI on prices, volumes, marketing channels, market structures, etc.

- Volumes are very limited, without any way to increase the production (300 to 350 tons per year).
- Prices are fixed by the cooperative without negotiation of buyers (because of the product rarity).
- The Etivaz has created in Switzerland the Swiss cheese premium category (first PDO in Switzerland, the family has increased now with Gruyère and Tête de moine).

✓ On which basis do the firms decide weather to use PDO/PGI rather than sell the product without it?

Big retailers are reluctant to stick the PDO label on the packaging. In some rare cases, the product is not even sold under the Etivaz name.

✓ How are these effects distributed along the supply chain? And inside-outside the area of production?

The price that is paid to producers is high (but it concerns only the summer season).

✓ Do the PDO-PGI create different opportunities for industrial and artisanal firms, for small and big firms, etc.?

- The PDO allows producers to maintain artisan cheese-making.
- The entrance of big firms is discouraged. A new ripener should build a 3000 pieces cellar in the production area in order to get the denomination (according to the code of practices).

✓ Which kind of firms use PDO-PGI on OLP, and in which kind of marketing channels?

The trademark and the PDO are generally used together but some retailers mention the trademark only.

✓ Are there firms specialised in PDO-PGI production?

yes, PDO production is exclusive.

2.2 Consortia and Interprofessional bodies:

- ✓ Description of the origin and the structure of the Interprofessional bodies involved

The cooperative was created in 1974, from a producers association that was born in 1934.

- ✓ Role of Interprofessional bodies

- product ripening
- quality control
- research on the product typicity
- marketing strategy
- promotion
- volumes planning, which are shared between members before the production season.
- price fixing

- ✓ Issue related to the governance of the Chain

- strong vertical integration
- strong assets specificity

3. Link with rural development (ex-WP3):

In this part we should go into the connection between the OLP and the rural development dynamics. In particular, the analysis concerns not only the supply chain but mainly the relationships between the product and its economic and social context.

3.1 Area of production:

- ✓ Relevance of the OLP for the region (in terms of revenue, employment, land management, culture and local identity, etc.)

Land management (pastures keeping) and local identity (Maison de l'Étivaz).

- ✓ To what extent OLP specificity comes from local natural resources?

The OLP specificity is strongly linked to the mountain life in summer (cows go up and stay in the mountain pastures during five months)

- ✓ In which way PDO-PGI Code of practice (if it exists) take into account these relationships?

The cheese is made at the mountain chalet during the summer season.

- ✓ Which are the links of the OLP with the local culture? (OLP festivals, gastronomy, traditions, etc.)

The cooperative participates in PDO festivals, is partner of the events that are organised by the association for the development of the Pays d'en-haut.

- ✓ Which are the stakeholders in the OLP others than firms involved in the supply chain (tourism associations, local and non local consumers associations, cultural associations, local and non local public institutions, research institutes, etc.?)

Local : Association pour le développement du pays d'en-haut, "Pays d'en haut" label

Régional : Etat de Vaud : promotion of the typical regional products.

Fédéral : - Office Fédéral de l'Agriculture : specific supports to mountain farms, investment credits, promotion of PDO

- Association Suisse des AOC-IGP.
- Institut d'Economie Rurale de l'EPFZ

3.2 The Effects of PDO-PGI ("institutionalisation"):

- ✓ How do the definition of production area, techniques, and characteristic of the final product in the Code of practice affect the value of local resources in the supply chain and outside it (externalities)?
 - mountain pastures keeping (ski slopes, prevention of forest fires)
 - social and cultural local identity
 - tourism (landscapes, visits and tasting in the mountain pastures chalets).
- ✓ Have small and/or artisan firms difficulties in implementing PDO-PGI schemes? Which are the problems? (shortness of the resources and skills required, low flexibility in production schemes, hygienic problems, etc.).
 - The artisan cheese-making leads to quality heterogeneity.

3.3 Rural development tools:

- ✓ Are OLP important for stimulating the demand of other local products (both food and non-food, or services) in the rural area?
 - tourist products (hotels and restaurants).
- ✓ Are there any tools for building networks between different local economic activities starting from the OLP, that can create diversification opportunities in rural areas (tourism, non-food craft products, environmental and recreational services ...)? (for example: "product routes")
 - Maison de l'Etivaz
 - mountain walk paths to the pastures.
- ✓ Which are the actions of rural development based on the OLP product? Which is their legal base? (for example: EU LEADER Initiative ...)
- ✓ Which are the actors involved (public/private, Consortia ...)?
- ✓ Problems and results of these OLP-related development actions

3.4 Evaluation:

- ✓ Keeping in mind your case-study, which are the most appropriate methodologies, criteria and parameters to use when evaluating the economic, social, cultural, environmental impact of OLPs on rural development processes?
 - economic : which premium is payed to the producers ?
 - social : How many farms are passed on to the next generation ?.Is a rural community maintained, with its specific way of life?
 - culture : Is a gastronomy patrimony saved ? (such as a specific taste and flavour) , Are specific landscapes maintained ?
 - environment : Which tasks in favour of environment are carried out by farmers' activity ? (such as mountain pastures keeping or prevention of forest fires).

4. Link with consumer and citizens (ex-WP4):

In this part we should go into the attitudes of the consumers towards the OLP analysed and their habits and perceptions. Consequently we have to analyse even the marketing strategies related to this.

4.1 Image of the product:

- ✓ Description of promotion (advertising, packaging, use of trademark, use of Collective brand, etc)

- a registered trade mark and logo (a cut-out drawing that is characteristic of the pays d'en haut), whose printed paper is stuck on the cheese rounds.
- a PDO Swiss logo
- Public relations : tasting meetings with main clients, partnerships with hotels and restaurants in the region, participation in touristic and sporting events (such as the yearly balloons racing event in Château d'oex)
- Participation in events of the Swiss association for PDO-PGI.
- a lot of articles in newspapers and magazines, when a new PDO is recognised.

- ✓ Perception by the consumer

- The product fame among consumers could be higher (it is not enough differentiated from Gruyère).

- ✓ Image of the product VS competitors

- tasty, rare, artisan, mountain product.

4.2 Marketing differentiation:

- ✓ Capability of the consumers to recognise and perceive OLP Vs non OLP

Swiss consumers are used to conventional products and in supermarkets, the price and quality range for a given product are not wide. Retailers are reluctant to increase diversity and to develop their assortment. In Switzerland, PDO /PGI are new denominations and are not yet well known. OLP products begin to be attractive.

- ✓ Competitive advantage and disadvantage of OLP against non OLP

- competitive advantage : the link to the territory (affective link)
- competitive disadvantage : a high price that is generally not explained and justified, a lack of know-how in packaging and promotion vs the misleading aggressive commercial strategy of industrial products (that does not allow the OLP products to differentiate).

4.3 Strategies:

- ✓ Influence of GDO on the chain

It maintains a specific supply chain (that may disappear according to production conditions and costs).

- ✓ Quality strategies: "Cost leadership" against "Focalisation": low/high quality, different techniques of productions and different prices.

Focalisation is the only possible strategy with small quantities, high quality, a strong image and a specific promise to the consumer.

✓ Most relevant actions of marketing supporting the product

- a well-targeted low cost marketing

✓ Strategy of diversification followed by the firm involved

Diversification towards other dairy products (such as yoghurts) has been studied in order to better valorise the milk that is produced in winter.

Please add the following information:

- bibliographic references on the OLP analysed

PGD thesis of Jean-Marc Chappuis p. 241 to 295.

- a copy of the Code of Practice

- internet websites on the OLP analysed (official website, firms' websites, etc.)

www.aoc-igp.ch or www.blw.admin.ch

- any other useful information