



## Direct Marketing for High Nature Value Products – The Bulgarian Approach

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### Abstract

The survey is carried out on the example of Bratsigovo Bessarapski Hills in the Central south part of Bulgaria. This area is under Natura 2000, designated as Specially Protected Area, and contains entirely a proposed Site of Community Interest. For the purpose of the analysis the regional factors of sustainability are identified. An increasing part of the farms in the region are applying the High Nature Value (HNV) System. They are predominantly small-sized farms, developing traditional farming, and delivering their products mostly to the local markets. Unfortunately, the market for these value-added products is still not developed, and the farmers cannot get extra price. The main goal of the paper is to propose a market-delivery system for HNV products with a contribution to the sustainable local development. Such a system will enable farmers to get greater flexibility, a big choice in planning and realizing the sales, as well as reducing their dependence on intermediaries. The study is based on the research findings of the Bulgarian team in the frame of FP7 project entitled "Farming transitions: Pathways towards regional sustainability of agriculture in Europe" (FarmPath).

**Key words:** High-nature-value system, direct farm marketing, sustainable local development

### Introduction

The EU is committed to the protection of biodiversity and nature conservation. This idea is reflected in its policies and measures for environmental protection in all EU Member States.

A European Commission report (2008) indicates that the a variety of pressures resulting from the population growth, urbanisation, increase in agricultural land, climate change, tourism growth, poor land management and many other factors leads to loss of biodiversity in the 27 EU countries, and governments must take measures for its protection. Thus has arisen the need for sustainable management of High Nature Value (HNV) farmlands through HNV farming. This is a top-down approach emphasized in the EU directives for HNV areas protection; it designates broad categories of low-intensity farming and livestock breeding that use environment-friendly land management practices for HNV grassland,

biodiversity protection, and nature conservation in HNV areas in Europe. HNV farming tends to generate lower market profits for the farmers, so they receive payments under Axis 2 of the RDP - Natura 2000 payments (for agricultural land) and Agri-environmental payments. The challenge is how to stimulate the HNV farmers seeking better returns, not to abandon or to intensify their farming system (Beaufoy and Marsden, 2011). Overall EU policy measures are addressed to support the development of a modern, competitive and sustainable agriculture, delivering value-added products to the final consumers.

On the other hand, in recent years we have witnessed the emergence of new forms of dynamism in agricultural commodity markets (Renting et al, 2013). Food markets are becoming more differentiated on the basis of a range of socially constructed food quality criteria, resulting in the emergence of new quality-food markets in addition to existing anonymous mass food markets (Marsden,

1998). The food chain dimension has become a key element enabling us to understand better new patterns of rural development (Marsden et al, 2000) and, potentially also, a significant building block for future policies designed to influence these.

In this paper we explore the possibility to combine distinctive “quality” food products as HNV-products and the regional factors of sustainability through proposing an adequate market-delivery system for them.

### **Materials and Methods**

The survey is based on the case-study approach, provided via the frame of FP7 project entitled “Farming transitions: Pathways towards regional sustainability of agriculture in Europe” (FarmPath). A combination of two methods for collecting primary information is applied: semi-structured interviews with representatives of different parties in the region, and field observations.

### **Results**

#### **Bessarapski hills - study area description**

The study area is situated in a transitional zone between the lowlands of the Thracia valley and the northern hills of the Phodope Mountains. Administratively it is divided between two districts (NUTS 3 level) with the majority of area falling within Pazardjik district and less than 20% of the area - in Plovdiv district.

The study focuses particularly on the area designated as Specially Protected Area under the Birds Directive – Bessaparski Hills (Code BG 0002057) with a total area of 14 765 ha. Geographically, this area contains entirely a proposed Site of Community Interest under the Habitats Directive (code BG 0000254) which covers 6 743 ha.

Administratively, the two Natura 2000 zones fall within the boundaries of five municipalities (LAU1 level) – Bratsigovo, Peshtera and Pazardjik in Pazardjik district and Stamboliiski and Krichim in Plovdiv district. The municipality with the largest area in the Natura 2000 zone is Bratsigovo and as such it is in the main focus of the study.

The overall regional economy, despite some differences at municipal level, is largely determined by the existing natural production conditions. The semi-intensive conventional farming spread in the region (Bessaparski Hills Natura 2000 zone) is characterized by small-

scale plots of land managed with low-external inputs and often requires high labour input. Traditionally well developed in the region are fruit and vegetable production, as well as sheep and cattle breeding. The area is characterised by a majority of farmers who have smallholdings of arable land (0.5 to 1.5 ha). Most of the farms are semi-subsistence ones, and farmers apply traditional practices. They use small quantities of fertilizers. Their production is both for family (including extended family) consumption and for the market. There are also a few larger family farms operating for the market. Some of the farmers are interested in organic farming. The agriculture and food industry in the municipalities include: production and processing of fruits, vegetables and herbs and essential oils plants (including roses for rose oil) and livestock production and processing of meat and dairy products. The agricultural production is dominated by vegetable crops (early vegetables, pepper, cabbage, leeks, lettuces etc.), orchards (mostly apples and peaches) as well as vineyards. In Bratsigovo municipality strong apple production has developed (in the village of Byaga there is a plantation of about 100 ha). Roses are grown in the villages of Rozovo, Byaga and Bratsigovo town as well. In the mountainous villages (e.g. village of Ravnogor) potatoes and cranberries are grown. In the villages of Stamboliiski municipality the vegetable-growing is quite well developed in small greenhouses of size 0.3 up to 0.5 ha each. In the last two years new plantations of perennials (mainly pears and apples) have been created. The village of Kurtovo Konare is famous with the production of its Kurtovska red peppers.

#### **High nature value system**

Nowadays it is largely discussed that the agriculture is under the public consumer pressure for a larger variety of distinctive “quality” food products (Renting et al, 20013). In this paper we explore the incidence of a certain agricultural system that delivers products of such origin and with a distinctive nature-system impact, e.g. the High Nature Value (HNV) farming system. HNV system is extensive, protecting the nature-systems, the biodiversity, and moreover developing the local agricultural economy in a sustainable way, and supplying consumers with products of high value. It is in conformity with the regulations of the territories under Natura 2000 and other

requirements of the protected areas. It implies grassland management with benefits to the biodiversity. Some of the farmers are interested in organic farming and the process of conversion has been started.

In 2007 the implementation of the rural development policy first introduced the concept of HNV farming in Bulgaria. The agri-environmental measure (AEM) in the RDP 2007-2013, Axis 2 comprises five main packages one of which was focused on maintenance of HNV grasslands. Thus, HNV farmland was identified for the needs of the implementation of the AEM. The approach that was used followed the EEA (European Environmental Agency) approach for mapping areas which potentially can be considered as areas of High Nature Value complemented by the available biodiversity geo-referenced data at national level. At present approximately 33% (around 1, 7 million ha) of the agricultural areas in Bulgaria were defined as potential areas of high nature value, of which pastures and meadows were eligible for support under the AEM. In general, if an area is recognized as a biodiversity valuable place – national protected area, Natura 2000 zone, Important Bird Area, Important Plant Area, Primary Butterfly Area, etc., and there are extensive farming practices – then, it is highly likely that it was mapped as HNV farmland in Bulgaria.

HNV farming in Bulgaria is a top-down approach and the agriculture practices were adopted according to the requirements for the respective designation of the territory. In 1998 35% of the territory was designated as CORINE site because of its significance for conservation of rare and endangered habitats, plants, and animals. In 2005 Besaparski Hills was proclaimed Important Bird Area by Birdlife International. The territory was included in Important Plant Areas network (IPA). Since 2008 it has become part of the Bulgarian and European ecological network Natura 2000.

#### **Direct marketing – an effective regional marketing tool**

HNV farming delivers added-value products that are more labor-intensive, require more management and investment. The SME's that are predominant in the observed region are facing many difficulties. Marketing problems identified by producers are often attributed to the market and the capacity to access it: lack of

buyers, unreasonably low farm gate prices, high quality requirements, etc. There is also unequal distribution of power and value added across the established agrifood system. Milk and meat processors have a dominant role; they lay down the rules (in particular the pricing) and usually the rules are unfavourable for agricultural producers.

As an essential marketing tool for sustainable local development, the direct delivery system favors the producers' easy market access, better linkages with the consumers, possibility to perform and participate in local producers' initiatives. Fred Gale states that direct marketing plays a role in rural development by encouraging a climate of entrepreneurship and innovation, attracting agricultural tourists, and promoting alternative forms of agriculture. (Gale, F., 1997) Direct marketing has many advantages that complies with the specifics of HNV-products, and additionally can foster the vital community development:

- Small-scale producers can gain necessary assets to compete efficiently in a local market.
- Puts power back into the hands of the producer by eliminating the intermediaries.
- Can increase the value of farmer's products through delivering high product quality and freshness.
- Provides a good possibility to add value to the products by additional processing and authentic packaging.
- Maintains customer-oriented sales and services built on mutual trust relationship.
- Ensures direct feedback, and high market transparency.
- Provides a link between urban consumers and rural food producers that can be valuable in developing sustainable communities.
- Adds value in knowing where food comes from and how it is produced - a chance to educate the customers about the benefits of the valued-added products.
- Bolsters farmers' income by increasing the farm gate prices, and thus preserving small farms.
- Strengthens economic and social ties between farms and urban residents.

- Promotes rural development by promoting agricultural tourism and local traditional products.

It appears that direct marketing can be recognized as an outlet for HNV products. There are many different forms of direct marketing schemes that can be applied, delivering strong impact on the sustainable local development. Direct sales through farmers' markets, farm stands, on-farm shops or box-delivery itself might deliver HNV products as agricultural commodities or foodstuffs directly from the producers (or farmers' organisations) to the consumers. Moreover, local producers can be facilitated in organizing multiple farm outlets or a local farmers' market based on a common theme related to a distinct local products. Direct marketing may also be undertaken through door-to-door campaigns or over the phone and on-line. Mail order can overcome the distance problem for farms far from the consumer, and thus enlarging the market place. A diverse mix of direct marketing methods could be a future option for local farm entrepreneurs developing an innovative local farming.

In general, there are two main possibilities for farmers to reach the market using the direct marketing approach:

a. By their own efforts;

b. By participating in local farmers' groups, gaining more power and advantages, or by establishing Farmers' Market Coalition for HNV-products, and thus to advance the segment of HNV-products, and the farm direct marketing industry as a whole ([www.nafdma.com](http://www.nafdma.com)).

Regardless the two options above, through the Project assistance (Farm Path Initiative), farmers can obtain many specialized services that could overcome a big range of marketing constraints, such as:

- Capacity building of groups through management and financial training.
- Assistance in identifying problems.
- Assistance in identifying and developing solutions by:
  - Providing training and market information;
  - Facilitating linkages between farmers and consumers, between farmers themselves, and between farmers and government and non-government institutions;
  - Developing improved delivery systems.

The Mobile Advisory Centre of GEF project stimulates farmers to sell directly, they inform them about good hygiene practices and improvement of milk and milk products quality, advise farmers to use one and the same shape of the jars and labels, link farmers to consumers organizing joint visits of the fairs and exhibitions.

A future option is to propose multi-level approach, combining the value-added products of HNV farming, the local assets within local tourism activities, and the advantages of direct marketing. Fred Gale generalizes "To benefit from direct marketing, the communities need to make a concentrated effort to draw urban consumers to take advantage of the growing interest in travel, tourism, and ecological/environmental issues" (Gale, F., 1997).

### **The cohesion of the regional factors of sustainability, the HNV system, and the direct marketing approach**

#### ***Market Process***

The Farm Path initiative facilitates the local market development, and the supply mechanism by which farmers can make direct sales. A new local brand program, already launched in another region, will start in this municipality as well. Farmers are already aware that the Ordinance, in compliance with the commercial laws, will entitle them to direct sale (about 30% of the quota) of their own small stock. This will enable them greater flexibility and choice in planning and realizing their sales, seeking the best conditions for reducing their dependence on intermediaries.

#### ***Social Activities and Movements***

Regarding the impact on market development through delivering fresh and high-quality products with added-value – on one hand, and on the other – supporting farmers in their activities, and ensuring higher incomes, the direct marketing system has a huge social impact as well. In addition, it can gather adherents of localism – of ecologically clean products, local traditions, habits, cuisine, etc. Moreover, it is a big opportunity to establish linkages not only on local level, but on regional as well, and thus to expand the idea on a huge scale.

Farmers start to participate in group visits to demonstration farms with similar activities, visit fairs, and attend different trainings. The initiative fosters the organization of traditional

and cultural groups and feasts in order to promote local ecologically clean products and to encourage the direct sales (feast of potatoes in Ravnogor, feast of bread in Isparihovo, festival of strawberry in Rozovo, feast of peppers in Kurtovo Konare etc.). The key actors in organizational issues are the local so called "Chitalishta".

With the expansion and promotion of the initiative (Farm Path) originated an informal movement/group of consumers of products produced by these farmers who directly order and buy products from them (most of them are city dwellers, higher educated).

#### **Consumer preferences**

All farmers' efforts have focused on to attract customers by creating a market attractive appearance (jars, packing, labelling etc.) for their products, provoked by consumers needs and behaviour. This creates possibilities on local level for linking and integrating the processes of production, processing, marketing and sales in one cycle.

#### **Intensification**

The aim and scope of the initiative is to stop/reduce the intensification and to preserve biodiversity and for conservation of rare and endangered habitats, plants and animals. The initiative made progress in spite of the violations that overstep the prohibitions and restrictions for farming in the protected areas.

#### **Homogenisation of products**

The Farm Path initiative enables the diversification in the production of various products and services; enables expansion of the diversification of products, by-products some of which have become art works (toys of straw, fruits carving, puppets from fruits and vegetables etc.).

#### **Conclusion**

The HNV system enhances farmers to develop diversified on-farm activities and to apply additional forms of commodity sales, such as processing, direct sales of own produce, various tourist services etc., and significantly to develop and promote a local brand. Most of them are providers of local environmental friendly products. The implications for future initiatives are, firstly, the tremendous potential for farmers and wider rural communities to benefit from value-added marketing as a local

development strategy. However, this study also shows that if HNV system is to be viable for low-resource people, it may be necessary to promote both resources and techniques in local initiatives. Additionally, a focus on building strong relationships both within the farmers group and linkages with local and wider stakeholders may enhance long-term sustainability of the region. The relationship between the farmers and other stakeholders is becoming more powerful and targeted in order to enforce the direct marketing initiative, and to sustain the long-term vital local development. The initiative also strengthens the relationship farmer-consumer – the latter already sustained buying directly farmers' products.

New bridges have been created between within HNV system and direct marketing: i) agriculture and food processing and rural tourism sub-regimes; ii) farmers and consumers (support and solidarity of the latter against the mediators).

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