

REGIONAL PRODUCTS IN THE EUROPEAN POLICY CONTEXT – STAKEHOLDERS' BENEFITS

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ABSTRACT

This article attempts to observe the issue of so called Quality Agricultural Products (QAP) from several stakeholders' point of view, particularly as concerns a purchaser of such type of goods. It is certain that importance of producers and specialists involved in regional products marketing cannot be omitted. Considerations presented in the article, though connected with the Common Market, have a wider meaning and can be used in a discussion about other markets in the world as a counterbalance for progressive globalization and mass production with rather anonymous goods. In the paper the author tried to stress that such initiatives as QAP are essential as they directly contribute to backing entrepreneurship and ensure publicity which particularly for small companies is often the only chance for wider promotion. Moreover, they meet contemporary expectations and requirements in market environment regarding ecological aspects, activation and stimulation of poorer regions, and encouraging fair-play yet intense competition. And as the practical experiences prove, these activities result in increasing entrepreneurial spirit.

Keywords: *Quality Agricultural Products (QAP), European Union, PDO, PGI, TSG, Organic Farming, Stakeholders*

AVRUPA POLİTİKASI KAPSAMINDA BÖLGESEL ÜRÜNLER – PAYDAŞLARIN ÇIKARLARI

ÖZET

Bu çalışma, "Kaliteli Tarımsal Ürünler" olarak adlandırılan ürünlerin başta tüketicileri olmak üzere, paydaşlarının bakış açılarını ortaya koymayı hedeflemektedir. Bölgesel pazarlama kapsamında tüketicilerin olduğu kadar üretici ve uzmanların da önemi göz ardı edilemez. Bu makalede sözü geçen ürünler, aslında Ortak Piyasalar ile ilişkili olsalar da, daha geniş bir anlamda ele alınmaktadır. Bunlar, dünya piyasaları kapsamında küreselleşme ve seri üretimin yol açtığı sorunların üstesinden gelmeyi hedefleyerek pazarlanan isimsiz/markasız ürünlerdir. Çalışmanın yazarı, "Kaliteli Tarımsal Ürünler" gibi üretim dallarının girişimcilikçe destek olduğunu ve bu ürünlerin özellikle küçük işletmeler için bir tanıtım aracı görevi yaptığı konusu üzerinde durmaktadır. Bu ürünler ayrıca ekolojik dengenin korunması, yoksul bölgelerin harekete geçirilerek teşvik edilmesi ve eşit şartlarda, ancak yoğun bir rekabete yön vermesi özellikleri ile günümüz beklentileri ile uyum göstermektedir. Ayrıca deneyimler, bu etkinliklerin girişimcilik ruhunu desteklediğini göstermektedir.

Anahtar Kelimeler: *Kaliteli Tarımsal Ürünler (QAP), Avrupa Birliği, PDO, PGI, TSG, Organik Tarım, Paydaşlar*

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**REGIONAL PRODUCTS IN THE EUROPEAN POLICY CONTEXT–
STAKEHOLDERS' BENEFITS**

INTRODUCTION

Reference literature, still poorly advanced in the new EU Member States, due to the early stage of shaping the regional product's category in those states, generally presents the phenomenon only from a supply side perspective. Contemporary consumers become more sensitive to the global giants' practices and they tend to support less powerful, yet solid regional producers and retailers via their purchasing decisions. Nowadays such terms as: corporate social responsibility, ecology, organic farming/food, are not only clear for buyers but the terms exist in their everyday activities as well. The purchase of Quality Agricultural Products, protected in the EU by law is one of the opportunities to manifest the attitude of being an aware consumer. Obviously these market activities are not directed against global tycoons - local producers who offer special, unique goods may thrive side by side with them in a perfect symbiosis, complementing each other as concerns both philosophy and the range of activities as well as offers. Furthermore, it has already become clear that nowadays even excellent quality and brilliant innovation can be copied within weeks, if not days. We can observe the companies offering convergence so the product identity and branding belong to the major differentiators. The EU legislation presented before is also a solution.

The Essence of a Regional Product

Quality Agricultural Products, in many cases produced for many generations and deeply rooted in a tradition of a given society, at the same time constitute a crucial factor of a specific culture and frequently co-create this culture.

Cultivation of heritage is especially vital in some business fields, and food industry (including alcohol), catering, non-mass tourism are vivid examples. However, mainly food serves as explicit business cards of a given region and is recognized and frequently preferred by local inhabitants. Regional consumption products are defined here as goods produced on a given territory, recognized by local inhabitants and usually distributed in a small area as well as offered to individual buyers. What is characteristic, even huge corporations emphasize the roots of acquired smaller companies. For example Nestle, the owner of Italian chocolate

Regional Products In The European Policy Context– Stakeholders' Benefits

brand Perugia with more than 100 year old history, shows the original name and its tradition.

For a few years in well-developed countries, and gradually on emerging markets, one has been able to observe coming back to nature, a kind of fashion for healthy food produced on the basis of traditional recipes. It becomes a significant factor of building the image of a region and its economic activity. Cultivating production of regional food is an element of creating the identity of local societies as well as protecting cultural heritage from being forgotten.

Moreover, in contemporary economies, one can witness increase in interest in ecological food. It is one of the fastest developing sectors of agricultural as well as food and beverages fields in the world, with the growth of sales e.g. in the EU-15 on average by 30% in 1998 – 2005 ("Organic Farming", 2006). Similarly, the growing importance of the supporting production of eco-food (also the traditional one) and promoting the dietetic habits based on them is expressly exemplified by the international undertakings. The EU experts estimated the value of the world market of eco-food at the level of over 26 billion USD, thirteen of which come to the USA and eleven to the EU. In the countries of the EU-15, the share of eco-products in common food sales is estimated at the level of over 20%; contrary, in Poland as an EU newcomer 0,1% and the sector of Polish buyers of these products has been increasing. It creates a chance for traditional regional brands both on domestic as well as foreign markets (Szczepaniak, 2005).

Regional Policy of the EU as a Chance for Developing Local Brands

The EU policy stresses the meaning of regional food and farming products as factors helping to build identity, image and protection of local traditions. Regional agricultural products can be produced only in some EU regions, which guarantees protecting their names and production technology.

Since July 14th 1992, high quality traditional food products have been protected and promoted by the Council Regulation /EC/ No 2081/92, as amended on March 26th 2006 according to the Council Regulation /EC/ No 510/2006. It enables adopting a uniform approach and constituting fair rules of competition, protecting brands from misuse and imitation. Hence the British producer of "Yorkshire Feta" cheese, having been granted the PDO certificate by the Greeks, had to change its

Anna Maria Nikodemska-Wolowik

name into "Fine Fettle Yorkshire Cheese". But a consumer, the key stakeholder, may be quite astonished, seeing two similar pieces of cheese: one called Feta (i.e. original from Greece) and the other called for instance Kostas, produced in Poland. Protecting the name of a regional product within the EU is not reflected in reserving its appearance; since the rules of registration and rights stemming from it are governed by a separate regulation on the Community designs no 6/2002. A given product obtains the Certificate of Registration (which is connected with additional costs incurred by a producer) in the Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) located in Alicante, Spain.

The possibility to obtain three kinds of certificates stimulates entrepreneurs associated in groups of producers (individuals are very exceptional). Although one has to wait relatively long for registration (even up to 1,5 years), more than 700 products have already gained the certificates, with France and Italy as the leaders (followed by Spain, Portugal, Greece, Germany). From the states which joined the EU in 2004, e.g. from Poland, producers tabled more than a dozen applications, but so far (till January '08), only one was registered (PDO – cheese: Bryndza Podhalanska). The leader in that group of states is the Czech Republic with 10 PDO/PGI certificates.

The analysis of protected products from various states, carried out by the author, is slightly surprising. Germany, stereotypically associated with technologically advanced industry, possesses 49 PDO/PGI certificates, including as many as 21 for natural mineral water and spring water (EU official sites, www.europa.eu.int/comm/agriculture/foodqual/quali1_en.htm, access: Dec.15, 2007). On the other hand, in the UK which is not associated with sharp focus on cheese production, cheese is the dominating registered item, as many as 12 in 29 PDO/PGI (EU official sites, www.europa.eu.int/comm/agriculture/foodqual/quali1_en.htm, access: Dec. 15, 2007).

The updated regulations in March 2006 opened up the certification to applicants from non-EU states. A group of producers, united in Federacion Nacional de Cafeteros de Colombia, the first candidates from the third countries, in 2007 obtained the PGI for their coffee, Café de Colombia.

Table 1 contains all the three categories of marks of distinction.

Regional Products In The European Policy Context– Stakeholders’ Benefits

Table 1: Quality Agricultural Products Protected in EU

Category of Quality Agricultural Products	PDO – Protected Designation of Origin	PGI - Protected Geographical Indication	TSG – Traditional Speciality Guaranteed
Key criterion	GEOGRAPHICAL ORIGIN		LONG TRADITION
Types of products	cheeses, fresh meat and offal, meat based product, other products of animal origin, oils and fats, fruits, vegetables, cereals, fish, molluscs, fresh crustaceans, beer, beverages made of plant extracts, bread, pastry, cakes, confectionery, biscuits, other baker’s wares, other agricultural products – produced, processed, prepared in one defined geographical area (region, place, rarely country)	natural mineral waters, spring waters, natural gum and resins, essential oils, hay, cork, cochineal – produced or/and processed, or/and prepared in one defined geographical area (region, place, rarely country)	chocolate, other food preparations with cocoa, pasta (also cooked and stuffed), prepared dishes, prepared sauces, soups, stocks, ice-cream, sorbet – containing traditional ingredients or having been produced on the basis of traditional methods by at least two generations and 25 years
Examples	Prosciutto Toscano, Feta, Chufa de Valencia /tiger nuts/, Miel de Granada /honey/, Camembert de Normandie, Brie de Meaux, Kalamata Olives, Chianti Classico, Castanha de Padrela /chestnut/	Mortadella Bologna, Pivo Budejovicke, Schwarzwalden Schinken, Toscano /olive oil/, Tiroler Speck /ham/	Mozzarella, Jamon Serrano /ham/, Hushallsost /Swedish cheese/, Leche Certificada de Granja /milk/

Source: “Agriculture-Quality Policy” (2008a). Retrieved January 30, 2008 from the World Wide Web: http://ec.europa.eu/agriculture/qual/en/de_en.htm and “Agriculture-Quality Policy” (2008b). Retrieved January 30, 2008 from the World Wide Web: http://ec.europa.eu/agriculture/qual/en/uk_en.htm.

Anna Maria Nikodemska-Wolowik

The three symbols of the protection are clear and very noticeable: circles or rather suns with the EU stars inside painted vital blue and yellow. The full name of a given category is available in all the EU official languages.

It is worth adding that products' packages may also include other marks, referring to uniqueness of a given product, though the EU mark definitely dominates. Thanks to fact that the recipients are not disorientated and for them that mark constitutes the main value of a purchased article. It may be illustrated by the example of Spanish Cadi butter. The main element visible on the package is the PDO graphic sign, and other parts of the box include also local marks "Qualitat Alimentaria", "Producte Certificat Calitax" as well as "Matega de L'Alt Urgell I la Cerdanya".

Organic Farming and Other Initiatives

In the context of the issues discussed, it is worth paying attention to another EU certificate, namely *Organic Farming* (OF). Although the OF is not tied with region or tradition, all the certificates have quite a lot in common.

The graphic sign placed on the food qualified within this category is very similar to the symbols of regional products described above. It has been used since March 2000 according to the Commission Regulation EEC No 2092/91 as a guarantee that both plant and animal products come from ecological cultivation and culture, as well as that they are environmentally friendly.

The standards are connected for instance with listing the permitted additives, processing aids for processed animals products, improving the conditions of animal welfare, soil protection, biodiversity. In 2004 organic food held a market share of *circa* 2% (i.e. the share of organics in total food sales) in the EU-15, while the USA 2,3%, Latin America less than 0,5%. The European leaders include: Switzerland (3,5%), Denmark (2,5%) and Austria (2,3) ("European Action Plan for Organic Food and Farming", 2004).

A consumer, who makes a decision to purchase such food, is absolutely confident that at least 95% of the product's ingredients are organically produced. And the OF relates to different consumer's motives - ethical values, when it comes to attitudes towards environment or animal welfare and personal aspects, when healthy food from not polluted natural areas is the major determinant of purchase. However, the price is a barrier because its premium reaches even 50-60%.

Regional Products In The European Policy Context– Stakeholders' Benefits

Except the EU initiatives mentioned above – as crucial for the aim of the paper - several similar undertakings may be also added here. They reflect general increasing tendencies in consumer behaviour, i.e. eco- and ethno-orientation. Chosen as vivid instances, two associations and two single projects illustrate the fact:

EUROMONTANA – an independent multisectoral organization which represents 18 European countries, promoting “living mountains, integrated and sustainable development and quality of life in mountain areas”; European Mountain Agrofood is an example of the association’s project focussed on local food typical for these regions, (Euromontana official sides: www.euromontana.org , access: 09.05.2008)

SLOW FOOD – an international eco-gastronomic organization founded in Italy as a counterbalance to fast food and contemporary anxious and tense life, described more precisely below, (Slow Food International official sides: www.slowfood.com, access: 08.05.2008)

SUS-CHAIN – a research project realized in 2003-2005, co-financed by European Commission; the major goal of the project was to find a proper direction of changes in agro-food sector and explore connections between food supply chains and sustainable rural development, (SUS-CHAIN official sides: www.sus-chain.org , access: 09.05.2008)

DOLPHINS – a project realized in 1998-2002 financed by EC, with the main purpose to enable and strengthen cooperation and experiences exchange in the field of origin labelled products within European countries; the acronym stands for Development of Origin Labelled Products. Humanity, Innovation and Sustainability; (<http://www.origin-food.org/cadre/cadal.htm>., access: May 08, 2007).

Towards Visible Benefits

Taking advantage of the identity of a region, the products described above at the same time contribute to strengthening this image. One can even risk a theory that strong local brands contribute to creating not only the image of the region they come from but even the image of the whole country.

The literature in the area generally labelled as *country-of origin* touches many problems of a country image but it is rarely focused on regional aspects (Cervino, Sanchez and Cubillo, 2005). What takes place is a chain reaction: power of unique products can be used by agro-tourist

companies i.e. the ones organising stay for tourists on traditional rural farms.

Figure 1 illustrates two various possibilities how Quality Agricultural Products can influence to stimulate stakeholders' entrepreneurship, even from different branches, somehow naturally, completely resigning from typical promotional activities (those typical ones include e.g. touristic brochures promoting the region and its major advantages). The scheme below also shows natural dissemination of information concerning those products.

Influence of the PDO/PGI/TSG Marks	<p>DIRECT INFLUENCE (impact on product): → points of sale, regional catering → creating culinary recipes based on certified food → publishing cookery books, presenting the recipes in local, national and foreign media</p>
	<p>INDIRECT INFLUENCE (impact on region): → by word of mouth → region as attraction for domestic and foreign tourists, both business and holiday travelers → increase in interest in the region → stimuli for development of farms and business in rural areas, particularly hotel industry and tourist facilities</p>

Figure 1: Examples of the influence of EU marks

Therefore it is not surprising that regional policies in many countries are to intensify competitiveness as concerns tourism industry, also the one connected with health resorts, development of micro- and small companies as well as agriculture with agricultural and food industry, benefiting from natural advantages. One may notice a rule that a popular region thanks to its hitherto existing reputation has a positive impact on perceiving the products produced there (e.g. PDO). On the other hand, a region which so far has been unknown, may gain popularity thanks to the impact strength of local goods (e.g. PGI). It creates a chance especially to the new EU members and representatives of emerging markets. However, such associations are possible only if values of specific brands are consistently and conscientiously protected as well as communicated (Kotler and Gerner, 2002; Laroche, Papadopoulos, Heslop and Bergeron, 2002; Olins, 2002; Dinnie, 2002).

One more phenomenon is worth even a short presentation which more fully illustrates the synergy effect described. Local products enjoy

Regional Products In The European Policy Context– Stakeholders' Benefits

special esteem of societies living in a given region. They become a kind of the personifying element of the inhabitants proud of possessing something unique and characteristic of their region. Local society using specific products simultaneously gives them a special guarantee and advertises them: "We really know our job, we create, caress and consume our products". Taking it into account, regional producers should take care of maintaining close and friendly relations with the inhabitants. As the applications are usually made by associated farmers, strong local cooperation and partnership is stimulated even by those who used to be competitors. And other local societies can join them in the efforts to get the noble label (including consumers and other stakeholders), building social cohesion. Strongly rooted in a local tradition, many producers benefit much from the region they stem from. They also contribute to creating business culture and can influence shaping the local image. The business image located in a region plays an important role for the image of the place so the companies can benefit from a favourable image of their home location. Thus a versatile cooperation between a place and a company situated there can be used to benefit both parties. They can be perceived as a chance for regions' development. Their offer can strengthen a region's image, its attractiveness and create regional identity. In these areas what should be searched for is a competitive advantage.

On the other hand, it should be remembered that tabling an application is expensive, apart from that these are producers who cover the costs of periodical EU controls of compliance with the specifications of already registered goods.

Consumers can be really sure of the origin of PDO/PGI/TSG products which gained these hard-won stamps of authenticity. The noble marks express reputation and distinctiveness. The protection gives valuable intellectual property rights as well as added value owing to distinguishing given goods from those of competitors. As buyers pay more for the products, they require the same quality all the time, so after the control non-complying products are withdrawn from the market.

Some data can illustrate the phenomenon. In Italy, one year turnover reaches approximately 8,5 million euros (Drewnowska, 2006). Consumers appreciate these goods and prove it by purchasing them - it can be illustrated with the example of Portugal where the value of selling cheese has increased by 130% only thanks to certificates. Generally, according to Secodip data from 2002, cheese with PDO/PGI status claims

circa 30% price premium over the competitors. What is interesting, in Southern European countries consumers are eager to pay even 50% more for registered goods (Jasinski and Rzytki, 2005). Investigating the meat market in Portugal in 2001, researchers found out that 46% of beef consumers population in that country preferred and actually bought PDO beef (Marreiros and Ness, 2001).

However, some marketing research results indicate European consumers' attitudes towards the regional labels which were far from being enthusiastic. For instance, French survey carried out in 2007 showed clearly that most of the buyers needed better information in terms of its quality, intensity and extent, particularly in points of sale and mass-media (Larceneux and Carpenter, 2007).

Meeting the Stakeholders' Requirements

A distinct trend in consumers' behaviour is a turn towards nature and tiredness with the noise of big cities. Both national and foreign tourists are looking for picturesque places located far away from agglomerations. In many countries, all around the world, the places which are ecologically clean, beautifully located, with charming nature, often belong to relatively poor regions of a country. Hence international trend for agro-tourism and involvement of SMEs in this kind of business may help to economically revive these areas. Thus one can observe increasing interest in agro-tourism and often at the same time in regional cuisine. Italian Tuscany provides numerous examples in this issue, where over 30% of agro-tourist farms offer "prodotti tipici".

Popularity of regional products has also been increasing because of the ever stronger anti-globalist movement mentioned before and its actions directed against tycoons. These are consumers who should support local business and protect its identity. Globalization is opposed to regionalization and consumers more and more frequently declare ethnocentric attitudes. The full concept of ethnocentrism was presented in the publications for example by Sharma, Shimp and Shin (1987), Bawa (2004) or Figiel (2004), the researchers presenting both well-developed and emerging markets. Ethnocentric attitude is equal to preferring by consumers national products which is caused by protecting by these consumers their own economy and employment level. This is a phenomenon of the developed world, while the consumers from less developed countries have repeatedly presented a marked preference for imported goods.

Regional Products In The European Policy Context– Stakeholders' Benefits

Eco- and ethnotrends are reflected by the actions of the Slow Food association. It was set up in 1986 in Italy to protect regional cooking traditions and currently associates circa 80,000 companies all over the world, including over 150 from Poland. It gained interest of many family enterprises and obtained a certificate which enjoys common appreciation. The Slow Food sign can be granted only to the producers who base on old recipes, raw products of highest quality and do not use food protectors.

SUMMARY

Finally, it is worth adding that local initiatives of regional or ecological producers aiming to strengthen brand identity deserve recognition. Nevertheless, as Polish practice proves, they are not very effective, especially if such producers are active on foreign markets. There appear other groups of stakeholders with frequently other preferences than in a native country. Hence regional producers must act more widely, coherently and cohesively, as abundance of undertakings disorients customers in line with a well known rule: too much incohesive information means no information. Hence it is desirable to endow those actions with a unified character and use the programmes offered by renowned international institutions. It may be a prestigious NGO, like Slow Food, but the proposals of the EU for instance seem to be the best direction here. In this short article it is impossible to discuss in details a wide issue of complex and multi-dimensional problem of regional brands and their stakeholders. Nevertheless, the basic aim of this analysis was to attract attention to the problem and notice its key aspects.

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Anna Maria Nikodemka-Wolowik

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