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## PDO - PGI products market, supply chains and institutions

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## **PDO - PGI products : market, supply chains and institutions**

This poster presents a European research project which is supported by the EU commission within the framework of the FAIR programme (CT95-306). This project (period 1996-99) assembles 7 research teams in the following countries : France, Italy, Greece, The Netherlands, Great Britain and Switzerland<sup>1</sup>. The purpose of the project is to carry out an evaluation of the protection of origin policy by means of an analysis of 21 supply chains and of the action of the institutions involved in quality and origin protection for each of the products in each country.

The overall context is the following. The implementation of the EU origin protection policy is not going to be easy for at least three reasons.

1. This policy is going to be applied in all EU countries, in very different conditions, according to :
  - structures of agriculture and food sectors,
  - technological diversity between and within the countries,
  - overall quality policy approaches,
  - consumption habits, markets segmentations, etc.

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<sup>1</sup> P1. Institut National de la Recherche Agronomique - Département d'Economie et Sociologie Rurale - Unité de Recherche sur les qualifications agro-alimentaires, Le Mans, France. Bertil Sylvander, senior researcher, head of research unit, economist, specialist in the markets for quality products.

P2. Centre régional d'innovation et de transfert de technologie. Crisalide, Beaucozé, France. Marc Leusie, head of consulting group.

P3. Centro Ricerche Produzioni Animali S.p.A., Reggio Emilia, Italy. Kees de Roest, senior researcher, agricultural economist, specialist in the socio-economic study of quality products.

P4. National Agriculture Research Foundation, Athens, Greece. Christos Fotopoulos, senior researcher, specialist in market studies and consumption patterns.

P5. Department of Marketing and Marketing Research, Wageningen University, Holland. Prof. Matthew T.G. Meulenbergh, head of the department, and Math Candel, senior researcher, specialist in food consumption and food- & agribusiness marketing.

P6. Food Industry Management, Wye College, Great Britain. Andrew Fearn, senior researcher, specialist in supply chain analysis and management.

P7. Institut d'Economie Rurale de l'EPFZ, Switzerland. Dominique Barjolle, specialist in the marketing for quality products.

- imitation and/or substitutes patterns.  
How to analyse this diversity and to define conditions for an harmonisation of these approaches ?
- 2. This policy comes after a 30 years period of Common Agricultural Policy based upon and aiming to high productivity and process standardisation. These policy objectives have been efficient in a sector-oriented economical development, but come partially in contradiction with a territorial and a quality-chain approach. How to make compromises between food supply chains and quality related to territories ?
- 3. The protection of origin policy arrives in a context characterised by a generalisation of the commercial freedom at the European level as well as at the world level. The question of how to deal with the relationships between competition and protection is raised and how this must be handled with regards to their legitimacy.

**The objective of the research is :**

To analyse the economic and institutional conditions for the development of PDO-PGI<sup>2</sup> products in the EU (Regulation 2081/92) and to provide recommendations for the EU and the involved institutions to ensure success of the quality policy. This will contribute to an appropriate degree of harmonisation in decision-making between the local, regional, national and community levels.

\* Specific objectives are :

- to analyse the structures, strategies and performances of 21 PDO-PGI supply chains in six European countries (FR, GB, NL, GR, IT, CH) :
  - \* first, to describe the production structures and identify all actors involved with each of the PDO-PGI products selected;
  - \* second, to analyse the strategic management and performance of the PDO-PGI supply chain. Identify appropriate success criteria and generic conditions for an efficient distribution of value-added (this will involve a dynamic analysis of the whole supply chain);
  - \* third, to analyse consumers' expectations of selected products (actual and potential added values). Describe the integration process of these actual and potential added-values in the strategies adopted within each supply chain;
- to make a comparative analysis of the selected supply chains. Implications for the determination of generic factors for success and failure in PDO/PGI markets;
- to formulate a synthesis and recommendations for the European Commission and the involved institutions to ensure the long term success of the quality policy for PDO-PGI products.
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<sup>2</sup> PDO : Protection of Designation of Origin, PGI Protection of Geographical Indication

### **Choice of the products to be studied**

According to the above presented economical context, the product selection process has taken into account the diversity of the economical situations (while all products have to be officially registered by the EU):

- the nature of the products (animal and plant production)
- high or low degree of processing,
- production structures,
- market size and evolution,
- industrial or artisanal processes,
- previously protected or not,
- more or less threatened by imitations and/or substitutes

### **List of the studied products :**

|                 |   |
|-----------------|---|
| France          | Cantal, Jamón de Terruel (Spain), Agneau du Quercy, Comté, Ternasco de Aragon (Spain), Pommes de terre de Merville, Huile d'olives de Nyons |
| Greece          | Feta, Zagora apples, Peza Olive Oil   |
| Italy           | Prosciutto di Parma, Parmigiano Reggiano, Fontina cheese  |
| The Netherlands | Noord-Hollandse Goudse, Noord-Hollandse Edammer, Boeren Leidsche met Sleutels (cheese), Opperdoeze ronde (potatoes)                         |
| Great Britain   | West Country Farmhouse Cheddar Cheese, Scottish Lamb, Jersey Potatoes   |
| Switzerland     | Gruyère, Abricot Luizet du Valais (apricots)  |

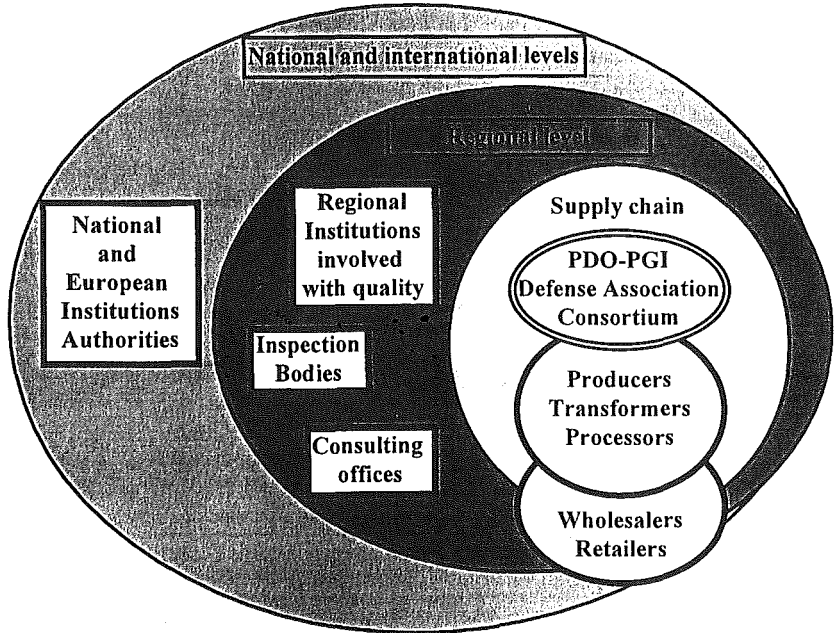
### **Research tasks**

The methodology starts from a classical « Structure-Strategies-Performances analysis » (Porter, 1985) with regards to the necessity to penetrate into the firm's "black box", in order to explain their efficiency factors, competitive advantages and strategies. This approach will allow the research to valid the hypothesis of the existence throughout Europe, in a given sector, of several production models, defined by their production processes, marketing systems and competition areas. It is assumed that the firm's strategies are more effective if they take into account this diversity in their strategies.

The research deals with the consumers and the markets through qualitative and quantitative surveys in order to define the demand of consumers for protected origin products. Lastly, the research focuses on the economic coordination and is therefore completed by an institutional analysis (which institutions are important to focus on? what is their role ? how are the firms influenced by the institutions and how do they take part in the institutional quality construction ?) (Williamson, 1995, Salais & Storper, 1994). The issue will allow

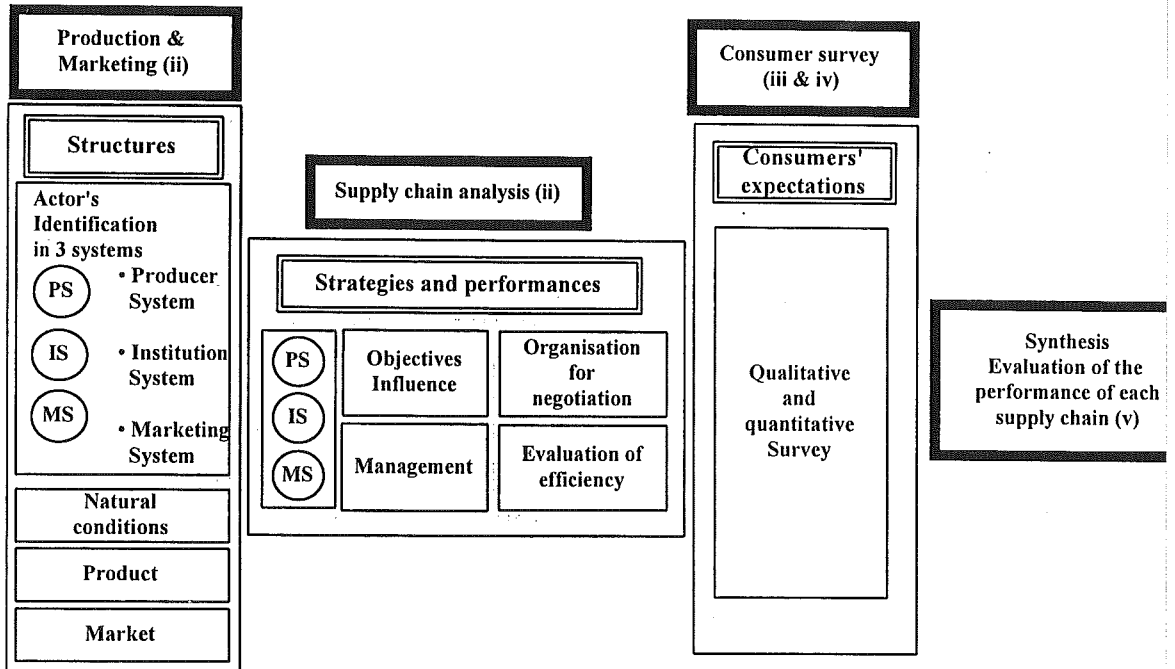
the research to define the performances conditions of a European policy on the protection of origin of agricultural products.

Figure 1. Actors involved in the production of a PDO-PGI product



*PDO - PGI products : market, supply chains and institutions*

*Figure 2. Distribution of the research tasks*



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