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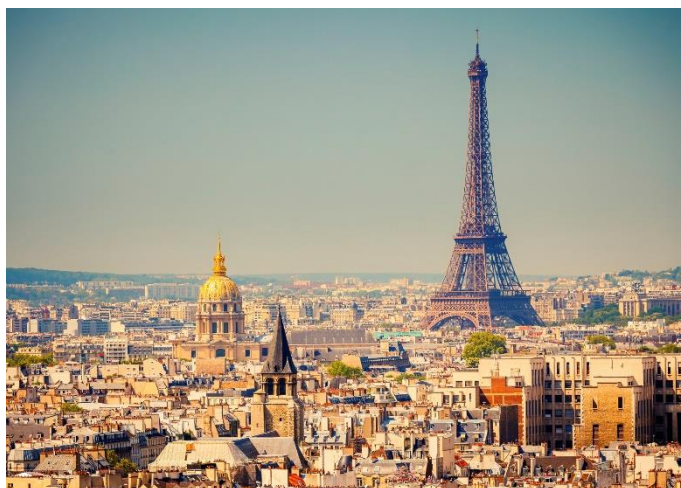
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## **An integrated approach to evaluate generic promotions**

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# **An integrated approach to evaluate generic promotions**

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## **Abstract**

*Generic promotions are becoming very important in the agro-food system, either to promote a particular food product or an origin labelled product. These promotions are difficult to balance because there are private and public interests. Sometimes, there are also conflicts among private aims. In most cases, the main objective is to enhance consumption. However, there can be other purposes such as introducing local producers into the modern channels of distribution. Very rarely, evaluations are carried out despite large expenditures on promoting.*

*In this paper, an evaluation of a generic promotion campaign undertaken in Aragón (Spain) is presented. The campaign included wine and ham with Protected Designation of Origin (PDO), a protected Geographical Indication (PGI) for lamb and a quality label (TSG) for different products. Their typical and traditional making nature as well as their high quality distinguish all of them. Data have been collected through questionnaires addressed to consumers and producing firms, and personal interviews with the distribution chains managers.*

*Keywords : generic promotion, PDO-PGI products, Spain, agro-food channel*

## INTRODUCTION

Generic promotions in the agro-food system are less frequent than brand promotions. This difference is bigger in the USA than in Europe, although generic promotion is becoming a noticeable complement of brand promotion (Ferrero et al., 1996 ; Kinnucan and Thomas, 1997 ; Lee et al., 1996 ; Ward, 1997). In Europe and especially in the Mediterranean countries, there has been a long tradition with geographical designations for food products. Wine designations are more developed, although there are many other products having a solid presence in markets. Launch and maintenance of these products in the market require a constant promoting effort of generic nature.

Advertising is a useful tool for encouraging sales. Nevertheless, other type of actions concerning agro-food industry and distribution should not be neglected. Small and medium-sized firms need to establish fluent relationships with distribution chains in order to make their products reach the consumer. Likewise, distributors have to be persuaded about the need of offering quality-certified products as a complement to the usual supply of white label and brand products.

Despite substantial spending is dedicated to promotion, very rarely evaluations of its impact are carried out. In the USA, we can find published studies on this subject that estimate with econometric tools the effect of advertising expenditures on consumption and revenues (e.g. Ward and Lambert, 1993). Specific aspects have been dealt in geographic areas near to the one analysed in this paper, Aragón (Albisu et al., 1989 ; Sánchez, 1994).

In Aragón, there are four Protected Designation of Origin (PDO) for wine (*Calatayud*, *Campo de Borja*, *Cariñena* and *Somontano*) and one for ham (*Jamón de Teruel*) ; one Protected Geographical Indication (PGI) for lamb (*Ternasco de Aragón*) ; and a quality label (TSG) for different food products ("C" de *calidad*) (Albisu y Meza, 1998 ; DGA, 1999). The corresponding quality certifications and geographical origin determination are defined by the European Union (European Commission, 1998). Evaluation of generic promotions is difficult and becomes more complex when many different products are jointly promoted. Moreover, even within the same group (for instance, wine), market positioning and commercial policies may differ among designations.

In 1997, from June to December, a generic promotion campaign was carried out in Aragón financed by the regional Government and the *Consejos Reguladores*. Although the campaign was mainly addressed to consumers, distributors were considered as well. The goals of the campaign were :

- To expand the knowledge of the quality regional products ;
- To enhance consumption ;
- To achieve a closer cooperation between producers and opinion leaders, such as distributors, consumers associations and the restaurant industry ;
- To raise the availability of these food products in the usual consumption or shopping places.

The means of promotion used were :

- Advertising on the usual media : TV, radio, newspapers and booklets ;
- Point-of-purchase promotions ;
- Activities related to providing information and training in collectives with demanding power.

Therefore, the campaign integrated different collectives with the final goal of encouraging sales that year and eventually in the long run. The public administration considered evaluation was required in order to guide future actions. Data were collected the first quarter of 1998. Three means were used : a questionnaire addressed to consumers in Zaragoza ; a questionnaire addressed to the firms producing the food products promoted ; and personal interviews with the distribution chains managers.

403 consumers, aged over 16, were asked in Zaragoza. Sample was selected stratifying by sex, age and district population. The particular objectives were : finding out the buyer perceptions of products attributes and their level of knowledge ; evaluating the reach of the promotion ; and obtaining guides for the design of future campaigns.

103 producer firms belonging to all the geographical designations were asked. The objectives were : getting to know their opinion about the campaign and possible modifications.

Finally, the managers of all the distribution chains in Zaragoza were interviewed (*Alcampo*, *Continente*, *Corte*

*Inglés, Galerías Primero, Pryca and Sabeco*). The objective was : finding out their opinions about quality certified products from Aragón and about the campaign.

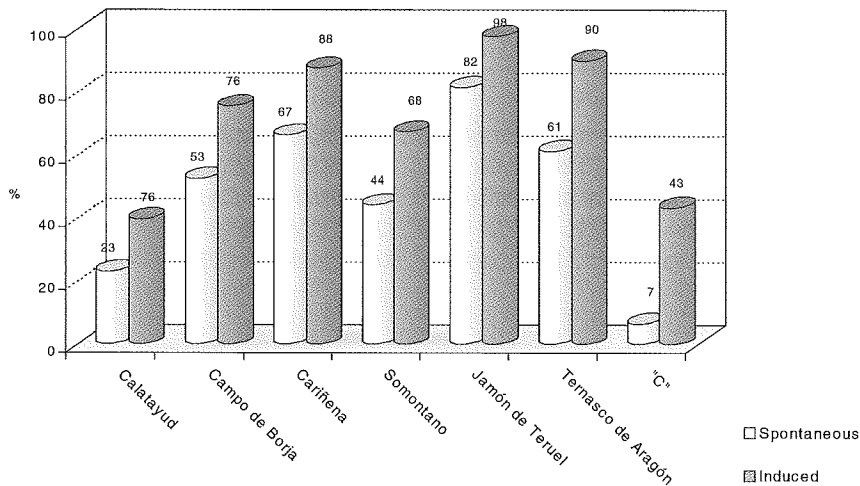
In this paper, main results derived from the research exposed above are discussed.

## 1. OPINIONS OF CONSUMERS

Both, induced and spontaneous knowledges of all the certified quality designations are high among

consumers. However, some differences in the degree of knowledge exist. The best known designations are ham PDO, lamb PGI and *Cariñena* wine PDO (induced knowledge greater than 85%). *Campo de Borja* and *Somontano* wines PDO are known by more than half of the consumers (induced knowledge greater than 65%). The least known are *Calatayud* wine PDO and the products with quality label (induced knowledge less than 45%) (Figure 1).

Figure 1 : Spontaneous and induced knowledge of certified quality products



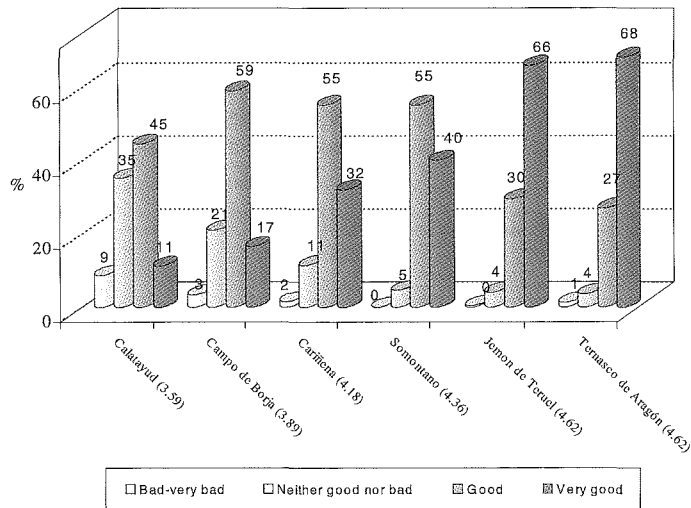
The socio-demographic profile of people who know these products differs among designations. However, consumers who better know them are middle-aged (35-65 years old) with medium-high incomes.

Most of the consumers consider that these food products have high quality (more than 50% find the quality good or very good (G/VG)). Nevertheless, some discrepancies exist among different designations. Ham

and lamb receive the highest scores (Figure 2). This fact together with the high level of knowledge confirms their good positioning.

Among wines, *Somontano* ranks first (G/VG : 95.5%), while *Calatayud* has the lowest score (56%). *Cariñena* and *Campo de Borja* occupy intermediate positions (G/VG : 87.2% and 75.8%, respectively) (Figure 2).

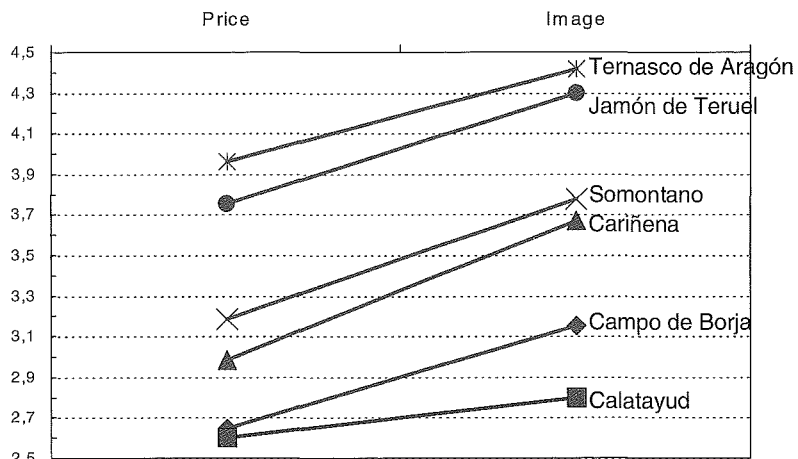
Figure 2 : Consumers' opinion about quality (percentages and average score)



Calatayud wine is considered as the one with the worst image and the lowest price, while lamb again, is considered the first one in the ranking of both attributes (Figure 3). Anyway, all the products except for Calatayud wine have got an image over 3 (intermediate

point in the scale). Ham and lamb prices are not perceived as very expensive (score under 4) while Calatayud and Campo de Borja wines are considered cheap (score under 3). Cariñena and Somontano prices are scored around three.

Figure 3 : Consumers' opinion about image and price (average scores)



Note : scale from 1 : very bad (very cheap) to 5 : very good (very expensive)

For every product, a positive correlation exists among image and price (the same happens with quality). Higher prices are associated to better image and

quality. However, figures are small, ranking between 0.12 (Lamb) and 0.55 (Cariñena), indicating a large diversity among consumers' appreciations. Anyway,

when correlation is calculated with average scores, it rises up to 0.9.

More than half of the consumers (58%) recognise that, thanks to the generic promotion program, they know better the different certified quality products produced in the region. And almost half of them (45%) believe that purchase has been encouraged.

## 2. OPINIONS OF THE AGRO-FOOD INDUSTRY FIRMS

Firms think that the promotion campaign has contributed to improve knowledge of their products. Only firms

belonging to the lamb PGI consider it has had a limited impact.

Around 52% of the producer firms consider this positive effect has been reflected by an increase on sales. However, opinions are not homogeneous among designations. Firms included in *Somontano* wine PDO are the most optimistic (83% find an increase on sales has taken place thanks to promotion), followed by those of quality labels products (65%), while only a minority (20%) of the ones integrated in the lamb PGI agree. The rest of the designations show percentages of agreement around 50% (Table 1).

**Table 1 : Opinions of firms about repercussion of the promotion campaign (%)**

	<i>Calatayud</i>	<i>Campo de Borja</i>	<i>Cariñena</i>	<i>Somontano</i>	<i>Jamón de Teruel</i>	<i>Ternasco Aragón</i>	"C" label	Total
Sales	55	40	50	83	48	20	52	52
Commercial Penetration	66	54	75	14	38	20	73	54
	44	9	33	33	21	20	50	31

Note : percentage over firms in every designation that agree about the positive effect on each variable

Likewise, a third of the firms consider that penetration into food distribution chains has become easier and more than half of them think commercial relationships with usual distributors have improved as a result of promotion (Table 1). Again, significant differences emerge depending on the designation. "C" label firms have been the most benefited from both aspects according to their opinions.

In general, firms declare point-on-purchase promotions as the best tool for promoting. Maybe because those actions have an immediate impact on sales and consumers knowledge.

## 3. OPINIONS OF THE MANAGERS OF FOOD DISTRIBUTION CHAINS

Distributors think the promotion was beneficial because awareness of regional products has increased, having achieved an acceptable image. Consumers have more information available, distribution has improved and as a result a slight raise in demand is assessed.

Although in their opinion quality is satisfactory, the high prices are considered a handicap to expand demand.

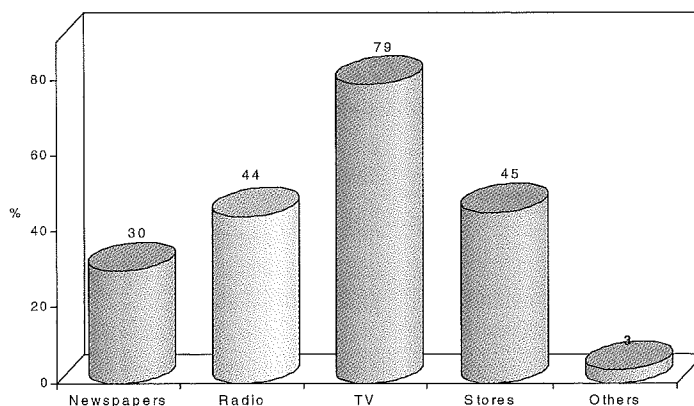
Finally, they consider other regional products not included in the set of promoted products have benefited from the promotion campaign. Distributors pay special attention to regional products as they think there is a chance for increasing their market share.

Promotion is viewed as essential but, according to the managers' opinions, it has to be complemented with the commercial dynamics of the firm. In fact, there are some firms who, simultaneously, have made an additional effort for approaching the distribution chains, enhancing the point-of-purchase promotion.

## 4. CONTRAST OF THE OPINIONS OF CONSUMERS, AGRO-FOOD FIRMS AND DISTRIBUTORS

All the firms and most of the consumers (80%) have received some type of information about the campaign. Advertising on TV has reached the biggest percentage of people (79%). The second communication tools with the highest reach are radio and point-of-purchase promotions (45%) (Figure 4).

**Figure 4 : Advertising media  
(% of consumers who have received information through each medium)**



These are also the promotion ways consumers would choose for future campaigns (TV and point-of-purchase). Attending to their preferences, promotion through the restaurant industry, the visits to the production centres and advertising on outdoor posters should be reinforced in the future (Table 2). Consumers and firms agree that television is the ideal medium for promoting.

**Table 2 : Preferred promoting media by consumers**

Medium	Average	Standard deviation
TV	8.8	1.9
Shops/super-hyper markets	8.2	1.9
Restaurants	7.9	2.0
Radio	7.7	2.2
Newspaper	7.2	2.4
Posters	6.7	2.5
Routes to producer centres	6.7	2.5
Specialised magazines	6.3	2.7
Booklets	6.3	2.3
Magazines (general)	5.9	2.6
Parties	5.6	2.8
Cinema	5.2	3.0

*Note : scale from 1 : unimportant to 10 : very important*

Distributors value positively the campaign. In particular, they consider gastronomic activities (classes about food characteristics) as very satisfactory. This favourable opinion is very important. Distributors are an essential step for products to reach the consumer and point-of-purchase promotions have been revealed as an important promotion tool. The big food retail chains are prepared to repeat this experience in other Spanish regions. This would potentially enlarge the market for these products away from the region of origin. However, some reluctance persists because of problems related to small firms, such as discontinuity in supply and lack of entrepreneurial spirit (distributors regret that very often they had to insist in order to get additional provisions from producer firms). Nevertheless, the campaign has contributed to strengthen the linkages with some firms who have become regular suppliers.

In conclusion, consumers, producer firms and distributors agree that knowledge and quality, in global terms, are good. However, there is disagreement about price. While distributors think price is high in general, consumers distinguish among products, considering that only a minority is expensive.

## 5. REMARKS FOR DESIGNING FUTURE PROMOTION CAMPAIGNS

Most of the consumers would appreciate to receive more information about quality certified products and consider more promotion is required (96%). This means that we are still far away from informative saturation and



new promotion actions would satisfy consumer needs. There is no doubt that generic promotion actions, as the ones described in this paper, draw consumers' interest.

In order to design an advert for future campaigns consumers were asked about the environment that better transmits a high quality image. Quality is relevant as most of the consumers agree that quality clearly differentiates products with geographic origin designation. The most preferred environment is the place of consumption (home, restaurant) followed by highlighting the sophisticated nature of produce (bright bottles, antique house) (Table 3).

**Table 3 : Ranking of preferences for advert environments (%)**

Ranking	Consumption place	Sophisticated product	Natural environment
First	36.2	34.4	29.4
Second	44.1	23.9	31.9
Third	19.7	41.6	38.7

Next, consumers were asked about the attributes of products that should be emphasised in future campaigns. Natural and healthy characteristics are considered the most important. Following and ranking in importance are the attributes regional origin, traditional making and national recognition. A future campaign should include all these aspects, specially the ones concerning health and the natural origin of the product, emphasising the control systems that ensure the objective quality, the non-inclusion of artificial ingredients, etc. It should also reflect the traditional means of making and their increasing recognition in the country. If the promotion takes place in Aragón, it should also emphasise the regional roots of the produce as a manifestation of the regional sentiment.

Firms would like to spread the promotion out in other regions, such as Cataluña, Levante and Madrid. Once the products are settled down in the origin region and the marketing through the distribution chains are well established, firms are able to market their products in larger geographical areas. Some of them are even thinking of the whole country.

The firms belonging to lamb PGI and *Somontano* wine PDO consider the promotion should take place in a specific period of time, while the other geographical designations think a higher impact could be attained by continuous promotion along the year (firms of ham PDO are split). Big food chains prefer generic promotion being continuous although it should be reinforced at specific times.

When firms are asked about their preferences about a global or individual promotion campaign, only the ones belonging to the lamb PGI agree that global would be better, as the one done in 1997. Global means that the campaign promotes jointly the products of the six geographical designations, and the ones included in TSG.

Except for firms belonging to lamb PGI, all the firms recognise that they have not made additional promotional efforts to accompany the generic one. This is a usual mistake as it is thought that generic promotion is enough to encourage sales. However, an optimal impact is only reached when brand promotion is undertaken simultaneously.

Distributors consider that for offering a diversified supply, wines, ham and lamb need to be supplemented by the TSG products. In order to get a higher degree of diversification and to increase sales, they would like to include new products with regional origin but non-belonging to any certified quality designation. This would probably confuse consumers and damage the image of the protected designations. Anyway, they reckon that certified quality products add diversity to the usual supply. This fact, together with non-common point-of-purchase promotions incentivise consumers loyalty and make the store more attractive. Agro-food industry can benefit from this positive opinion. In turn, they should be able to supply high quality products regularly and to establish stable commercial relationships with distributors.

This campaign gathers original elements that are not usually found in other generic promotion campaigns. There are different types of food products, with different features, image and price perceptions. We could think that advertisement messages and actions have not benefited equally to all of them.

However, there are signs that confirm that conflicts hardly exist. Advertising is one essential element of

generic promotion and it accounts for the most proportion of promotion budget. To get the biggest impact through the communication media, high frequency, long duration and geographical spread of the message are needed. And that requires high expenditures that only joint advertising effort can face.

Questionnaires have revealed that there are products with very good image but little known ; some of the products provide image, others popularity while others provide both. Joint efforts have positive and negative aspects. Differential features should be highlighted by generic promotion carried out by every designation and by brand promotion.

Another distinctive feature of the campaign is that it has not only been addressed to consumers, but also to distributors. This has been a very interesting point for small and medium-sized producer firms as they used to have difficulties to penetrate the big distribution chains, because of the lack of knowledge about their standard commercial practices. The promotion campaign has favoured this linkage, what can be basic for the future marketing of these products.

Likewise, opinion leaders exert a great influence on the demand for high quality products. Communication actions addressed to these groups are relevant for the future, given the important role they play as a vehicle for transmitting information.

Its integrating perspective with respect to products and actions characterises this promotion campaign. Experience and results point out this approach has been beneficial and can act as a model for other geographical designation actions in the future. Nevertheless, there are performance and understanding problems within designations that cannot be solved by general promotion programmes. To the contrary they can accentuate internal disagreements and they can be unfairly blamed for that.

Distributors complain about the little commercial orientation of firms. Contacts between them are achieved exclusively thanks to distributor efforts. Food chains blame the firms for their lack of seriousness in supplying the goods. This fact together with the little complementary promotion effort made by most of the firms reveal that this sector is still little market orientated, with the exception of the biggest firms within every designation. The most commercially active firms are also the most optimistic about the positive effects of the promotion campaign.

Food displays in stores have been different among distributor chains. For future campaigns, more homogenisation is required, such as quality and specific attributes of these products are shown in similar ways. They could be more effective if more support were given at the purchase places (e.g. food tasting, booklets, and recipes).

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