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International Marketing and Trade of Protected Designation of Origin Products

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Summary

This poster paper analyses the international marketing and trade strategies implemented by Italian quality food producers with special attention to the export and trade aspects for some important Italian PDO products: Prosciutto di Parma PDO and Parmigiano Reggiano PDO. Discussing the international marketing and trade strategies, according to the traditional 4P approach, the poster paper will report examples of the strategies of the exporters and would focus on the rapid change in trading and distribution channel. The future of PDO products is not only connected to their positioning, to their promotion and international protection but also to the strategies of the retail leaders and to the overall strategy of the producers, that range from small companies to international companies. The latter is more and more present in these markets of “typical products” which represent a diversification and a good investment to improve market positioning.

KEYWORDS: PDO products; international marketing; Parmigiano Reggiano Cheese; Parma ham; consolidation in traditional food sector

1. Background

The PDO/PGI product sector today accounts for about 8% of national consumption of food products. Cheese and prepared meats account for 95% of the value of PDO/PGI. In terms of export, these products are above the national average of the food industry; 18% of output value compared to 13% average. Many products that are frequently exported are of high value; they include PGI Tuscan olive oil (67% product exported), PDO Pecorino Romano cheese (63%) or niche products such as Terre di Siena PDO olive oil (55%), PDO Garda oil (50%) and balsamic vinegars (45%) (Source: Osservatorio Prodotti Tipici, Nomisma, 2004). The proportion of export within a product segment, for example cheeses, shows big differences (Table 1).

Table 1. Output and Export of some Italian PDO cheeses (2005, tonnes)

	Output	Export	Share export / output
Grana Padano PDO	159607	32718	20.5
Parmigiano Reggiano PDO	118979	17617	14.8
Gorgonzola PDO	48480	14027	28.9
Asiago PDO	23621	1444	6.11
Provolone Valpadana PDO	12745	3911	30.7

Note: Figures for Pecorino are not shown and its output is fast declining. In 2000 under 34000 tonnes were produced. This decline in output is explained by pessimistic low forecasts for export, partly due to the cheese being uncompetitive on the US market because of the unfavourable exchange rate euro/dollar.

Source: ISTAT and Consorzi di Tutela

Overall, cheese accounted for two thirds of export, at 650 million euro, followed by cured pork at 270 million euro (2005). 70% PDO/PGI products were sent to EU markets.

Analysis of agri-food exports to European markets shows that the most fragmented segments (cheese, sausage and wine) are “weaker” in terms of volume compared to products bearing strong brand labels rather than protection of origin labels (tomato conserves, pasta and olive oil.) The same is true of the USA; 70% of imported olive oil is “Italian”, 35% of pasta, 28% wine, cheese 23%, tomato products 17%, while the percentage for sausage is 3%.

As known, the image of Italian products is positive, as proved by the way they are cloned in all corners of the earth. A recent survey by Indicod-Ecr and Nomisma (May 2002 – April 2003) showed that sales of Italian sounding products on the USA market accounted for ten times the retail value of “real” Italian products and that this level is rising¹.

2. Objectives

The poster paper analyses the international marketing and trade strategies implemented by Italian quality food exporters with special attention to the export and trade aspects for some important Italian PDOs products.

Discussing the international marketing and trade strategies, the paper will report some examples of the strategies of the quality food exporters. The rapid change in trading and distribution channel will affect the export of quality food in several ways.

Italy has increasing difficulties in unravelling the knot of international market competition, due to the size of the export companies which, on the whole, is inadequate as regards to global market standards and due to Italy’s distribution system which has failed to expand abroad, leaving the advantage to the foreign chains to take, preferentially, their national products to the countries they set up.

But, important consolidation rapidly change the competitive arena for main PDO products.

3. Data and methodology

First of all, the paper will analyse the classic components of marketing, the Four Ps: the selection and development of the *product*, the determination of *price*, the selection and design of distribution channels (*placement*), and all aspects of generating or enhancing demand for the product, including advertising (*promotion*).

Data comes from internal data of institutional Consortium, firm data (producers and retailers), ISTAT data on trade movements and other quoted sources.

This section analyses the marketing of Italian speciality products using the four Ps.

3.1 The selection and development of the product

By international product policy we mean the whole set of decisions relating to selecting a product for export. Speciality products themselves are already extremely differentiated by their very nature and thus enjoy competitive advantage, and price positioning absorbs transport costs and potential import barriers.

Competitive pressure may appear between one typical product and another, or as is often the case for Italian products, between an origin guaranteed product and an imitation. The extent of this depends on how correctly consumers perceive the product.

Through prism or amplification effect, products with guaranteed origin are usually perceived overseas to be at a higher level than they are in the country of origin.

One of the causes of the “prism” is the country of origin effect, or consumers’ previous experience of a country’s products and country attributes. This may be direct experience as

¹ It would be interesting to analyse in more detail the phenomenon of imitation, taking into account that place and legal ownership of intellectual property rights may not be the only factors.

an immigrant or tourist, or it may stem from interpersonal information or mass communications, or generalised opinions about the country..

It is not by chance that the top exported products (PGI Tuscan olive oil, Pecorino Romano PDO cheese and Terre di Siena PDO olive oil) come from Tuscany which is one of the regions most popular with tourists or from the area of Lake Garda (Garda PDO olive oil²). The main consumption areas overseas are traditionally those with a large proportion of Italian immigrants. But today global wide competition means that the country of origin effect is not enough; new requirements of the international consumer have to be taken into account, even for speciality products. In China for example, extra virgin olive oil is promoted as a gastronomic speciality, but operators say that its success depends on its nutritional and health characteristics.

In the eyes of East Asian consumers, Italy represents biodiversity. The most active regions, Emilia Romagna and Lombardy carry out local marketing which means promoting an image of the country, not just organising a stand with regional finance. The two main consortia of Emilia Romagna (Parmigiano Reggiano and Prosciutto di Parma) decided to focus on this country image when in 2005 they halted EU financed joint promotions of speciality products, in this case a French cheese, to focus on "Parma" products.

The importance of the cue "country of origin" is the justification for the EU to make "country of origin" a reliable claim through regulation of traceability and labelling.

3.1.1 Adaptation and communication of product

The requirements of different overseas markets has led consortia of various products, in their institutional function of speciality product promotion, to modify product image or rather enhance the country of origin effect for the culture or environment of the new market. Important or desirable features in one country are not necessarily effective in another³.

Given that intrinsically a speciality product is not easy to adapt, it is the service content rather than the product itself that has to be modified.

International promotion of speciality products having a real or potential overseas market has mainly been institutional and carried out by bodies such as producer consortia. It has strengthened the country of origin effect by playing on the geographic origins of the product. Only recently has there been commercial publicity aiming to improve the relationship with clients. Institutions tend to communicate publicly through publications, cultural initiatives etc.. Commercial advertising by institutions takes cultural differences into account in adapting to the message, as well as the channel to cultural differences. It thus depends on finance being available and local regulations on advertising. The EU makes available funding for international promotion of speciality products, either directly controlled by the EU or financing business or institutions⁴. Another important method of communication overseas are specialised trade fairs, which can be opportunities for sales or method of direct communication to potentially interested operators. They are an efficacious form of communication.

In 2006 Italian companies spent about 7000 million euro on information, promotion, publicity and support for PDO and PGI products, trade fairs and export in general. The money came from the EU, government, regional authorities, Istituto per il Commercio estero, Buonitalia and Chambers of commerce.

² The denomination of origin "Garda" is further specified as "Bresciano", "Orientale" or "Trentino" and is applied only to extra virgin olive oil meeting required standards (Ministerial Decree 17 September 1998 - GURI n. 234 7 October 1998).

³ Market research is expensive especially on new and distant markets, so that international and local support is essential to overcome the language barrier and other difficulties.

⁴ Recent press advertising campaigns in the USA by the Consortia of Prosciutto di Parma ham and Parmigiano Reggiano cheese focus on product imitation and use pictures showing "photocopies" or the "DNA" of the products. The EU has spent 4 million euro over three years for this press advertising.

There have also been recent initiatives by big Italian firms to strengthen market position overseas. An example is “Italia del Gusto -Taste of Italy.” “Taste of Italy (Great Food Good Living)” is a consortium comprising of important Italian firms with high quality products in the food sector. Members are: Amica Chips, Auricchio, Barilla, Conserve Italia, Cremonini, Granarolo, Illy Caffè, Italia Zuccheri, Noverasco, Orogel, Parmacotto, Parmalat, Parmareggio Unigrana, Pastificio Rana, Regnoli, Riso Gallo, Salov, Sammontana, Acqua San Benedetto e Aia (Gruppo Veronesi).

The consortium undertakes activities in marketing, promotions and communications on international markets to assist in the development of international sales for its member firms. It also develops trade marketing and initiatives in distribution and the ho.re.ca. sector.

“Taste of Italy” also carries out public relations with the media and other institutions. In particular it can provide advice and opinions in the areas of marketing and global communications, research, events and sales promotions. It also participates in international trade fairs, and it can help create commercial and logistical synergies and partnerships amongst its members, as well as planning publicity campaigns and media strategy. The aim is to spread the taste and the Italian way of eating all over the world with the products of consortium companies.

3.1.2 Intellectual property rights

International product policy involves ascertaining the legal system of intellectual property rights, which in some countries may give grounds for uncertainty. This is particularly important for definition, communication and promotion of speciality products, which tend to be more complex because the ownership of is collective. It is usually a consortium which guarantees protection of the label, and they or producer members are unlikely to register brands or patents overseas.

The Agreement on TRIPs (Trade-Related Aspects of Intellectual Property Rights) was approved as part of the Final Act of the Uruguay Round. It lays down minimum standards of protection for several categories of intellectual property but the negotiating process has not as yet achieved the hoped-for results. The situation within the EU is of course different; it is governed by Regulations EU 510/2006 and EU 509/2006. Details can be found in the ample literature on the subject.

The experience of the Consorzio del Prosciutto di Parma on the USA market is an example of intellectual property rights problems. The brand was purchased on the USA market, and on Canadian, Japanese and Mexican markets trade marks registered by foreign firms contain the name Parma. Italian companies may not therefore sell prosciutto di Parma ham under the name “prosciutto di Parma” in Canada. The geographical indications are not guaranteed in spite of Art. 22 of TRIP. In Japan the trademark Parma was accepted for a Canadian company but not for Prosciutto di Parma, because it was considered generic. Mexico does not accept the registration of Prosciutto di Parma as a trademark because Parma is already a registered trademark. But the authorities allow both products to be sold on the market.

In practice, promotion is carried out on markets where there are imitation products only where there is legal protection. Where there is legal protection, it is possible to carry out promotion and communication. Institutions thus take action only where there is legal protection; where it is absent or pending only brands are protected and promoted.

3.2 Price policy

Price has critical role in defining in international marketing policy. Numerous variables prevent producers from formulating a true pricing policy for speciality products, especially in the chain long and fragmented. The increasing number of channels, the changing role of intermediaries and modern distribution leaves little margin for manoeuvre by producers.

The more fragmented is the production and the more distant from end markets, the more critical these aspects become.

An analysis of Parmigiano Reggiano cheese shows that retail price trends are not correlated so much with production costs, but with more important factors such as distribution. And on overseas markets, the exchange rates as well as potential import duties and taxes affect end prices too. The growth of large scale modern distribution will further reduce producers' control over the price variable. Supermarket price policies will probably make product positioning more transparent than it is today, and the product will be positioned and perceived in the same way as it is the country of manufacture.

On the other hand, in order to reduce the effects of product imitation, producers and their associations are trying to maintain high levels of differentiation and retain "traditional" distribution channels such as high class restaurants, delicatessens etc. which sell higher priced products.

3.3 Placement: selection and design of international distribution channels

A recent survey of 800 firms accounting for 15% of total turnover in the food industry (Nomisma, 2003) reveals that different channels are used for overseas markets and a firm * often has multichannel distribution.

Table 2. Channels to overseas markets

	First answer (%)	Multiple reply (%)
Foreign importers	45.6	60.8
Foreign distributors	14.0	38.5
Import-export companies	4.0	14.5
Trading companies	2.9	5.5
Other traders	5.0	12.1
Branches	2.4	5.5
Own sales network overseas	12.3	21.1
Direct sales to overseas supermarkets	5.9	15.7
E-commerce	1.2	2.4
Total	100.0	

Source: Nomisma, 2003

The most frequent channels are importers, overseas distributors and a sales network overseas. Next there is direct sale to overseas supermarket chains (one sixth of respondents) and traditional import-export companies.

A quarter of respondents (Multiple reply questions) intend to strengthen the channel of direct selling to overseas supermarkets.

Importers are the most frequent channel on US and northern European markets for the export of Protected Designation of Origin Products.

New York is the capital of the USA market because of its geographical and cultural vicinity to Italy and because it has an average higher standard of living compared to the rest of the US. But the main reason for its pre-eminence is that the main importers are located along the East coast. And although the situation is changing, importers are the only way of penetrating the US market, which has the strictest rules in the world.

Traditionally export started with an importer who distributes the product to quality restaurant outlets. It then moved to specialised retail and subsequently, today it goes through modern distribution. This process is typical of niche products with smaller

producers or on new markets. And on new markets large chains too often approach local importers, for language and other reasons.

On consolidated or larger markets, producers tend to set up overseas branches or invest directly in local production⁵. They may also have direct contact with the supermarkets, although established importers may have strong competitive advantage over the producers. Choosing suppliers, translation and often merchandising are services supplied by the importer, who in this way lowers transaction costs and commercial and quality risks of the product for the distributor, at least in the initial stages.

Italian speciality products show a wide range of operational solutions.

For hard grana cheese, only Zanetti (22% of total export) have direct export agencies in USA, Germany and France. The other exporters have foreign agents.

Auricchio, leader in provolone cheese exports to 50 countries worldwide, historically to countries with a large number of Italian emigrants and their descendents. Exports account for 20% of turnover which was 104 million euro in 2004. The most important destination is North America; Auricchio has an exclusive distributor The Ambriola Company with a network covering all channels in USA and Canada.

Another example is the company IGOR. IGOR s.r.l. of Novara in 2004 accounted for more than 30% of the national market for Gorgonzola, of which 35% was destined for export especially modern retail (2005 turnover was 66 million euro). International clients include the chains Carrefour, Auchan, Metro, Marks & Spencer, Wal Mart, Aldi, Lidl, Rewe, Penny Mark, Netto and Kaufland⁶.

According to National Association for the Speciality Food Trade, New York, the key factors in overseas supermarket buyer decisions are in order of importance: standardized product quality, consumer demand for product category, newness, (certified) reliability of producer, price, ethnic characteristics of shoppers, investment in promotions and advertising, exclusive rights. Trade marketing and very different action from entering and staying in traditional channels is essential for firms selling to overseas supermarkets.

Direct investment and trading agreements in agriculture are very low (2% of the Italian total in 2005) although there have been recent promising developments in the cured pork sector on Asian markets⁷.

Due to the production rules of PDO/PGI, international investment cover traditional products not covered by protection regulations; in fact direct overseas investment is frequent in the cured pork sector and in packaging outside the EU.

Grandi Salumifici Italiani for example accounted for 15% of the total export of cured pork in 2005. It is present in China in a joint venture with an important Chinese company (third largest world player) and control Shanghai Yihua Food Co. With four factories in China for production and curing of traditional Italian products (uncooked ham, smoked uncooked ham, salami, mortadella sausage, cooked ham, frankfurter sausage etc.). GSI also has a trading company as a sales and distribution platform in the main chains across Asia.

GSI has also made direct investment in Brazil and produces products under quality brands Casa Modena and Senfter as well as a more competitive brand, Sino Sul.

4. Trends in international large scale distribution

PDO international distribution is more complicated than simple product placement. Current trends in international distribution, and their impact on speciality producers and selection and design of distribution channels (place) are summarised below.

⁵ These traditional Italian products not covered by specific regulations rather than PDO / PGI. There are for example many direct investments overseas outside the EU in the sectors of cured pork and packaging.

⁶ Strategic assets of these companies range from great attention to health and hygiene standards, high levels of product standardisation and process and product innovation leading to variety and completeness of product range.

⁷ By "typical" products we mean those with a strong link to an area. "Speciality products" has a wider meaning and may include for example those manufactured by Barilla in its USA factory.

1. Segmentation of supply of own brands

In 2001 in the UK own brands accounted overall for 45% of the market, in Belgium 38%, in Germany 33%, in France 22%, in Holland and Spain 20%, and in Italy about 12%.

The degree of market penetration of European supermarket chains shows the following percentages: Carrefour (24.5%), Intermarchè (29.2%), Auchan (15.5%), Leclerc (17.9%), Casino (26.6%), Metro (45.0), Sainsbury (54%) and Asda (44.1%).

2. Internationalisation of own brand management

Distribution companies operating on different international markets tend to select co-packers on a world-wide basis and stipulate transversal supply contracts for own brand products for all markets. Today this is starting to happen for those speciality products where the firm has critical mass. There are often “category management” projects involving fancy food or gourmet with these suppliers. This lowers transaction costs and improves quality standards etc.⁸.

3. Internationalisation of distribution

Many large companies of course carry out a large share of their business in food and non-food outside their country of origin (cross-border distribution).

4.1 Effect on PDO products

All these factors have important effects on national and international end markets for PDO products.

Internationalisation of distribution

The internationalisation of distribution is interesting for export lines made in Italy, which present long term in overseas ranges or promoted as “Italian” or “typical.” This can enlarge end markets and also affect “product transparency.”

An example of this is Carrefour, where the “vision” includes enhancement of local tradition and develops own brand lines of regional products of small and medium enterprises. In Italy Carrefour promotes the brand “Terre d’Italia”, in France “Souvenirs du Terroir”, “Reflets de France”, Destination Saveurs⁹ etc. in its different channels and in Spain “De Nuestra Tierra”. In Switzerland and other countries “national” product lines enrich other own brand lines particularly “Filiera Qualità Carrefour” (Filières Qualité¹⁰) present in all countries. In this way Italian products are exported to Japan, Switzerland, Belgium, Argentina and Columbia and, with special promotions, to France, and Spain. These are analysed below.

Internationalisation of own brand management

Today, co-packers range from specialised multinationals to local producers for particularly local lines. The relative absence of brands in PDO business has helped supermarket chains to develop autonomously own brand speciality products. The absence of strong interlocutors in the sector and brands sometimes leads supermarkets to create upwards vertical integration of marketing of speciality products, which give the company leadership in the channel. For Carrefour, for example, buyers of own brand speciality products for supermarkets in France bypassed traditional intermediaries and from the start of the line there was direct contact between producers and supermarket. In other countries however products were bought through the more traditional channels of importers, wholesalers and trading companies. The management of speciality products for own brands does not as yet

⁸ This trend is leading many producers to adopt BRC or IFS certification. This is a further barrier to entry on the market for some types of company and leads to exporter companies becoming more specialised.

⁹ This line was recently replaced by Traiteur Charcuterie.

¹⁰ Values associated are: taste, food safety, continuity (development lasting over time) authenticity (enhancement of local products) price : quality ratio. For example in Switzerland, Gorgonzola, Parmigiano Reggiano and Prosciutto Crudo di Parma are sold in the FQC line. In Italy Pecorino Sardo cheese is also regulated by a supply chain agreement.

appear to be internationalised as far as producers are concerned as specified before. There is however horizontal partnership with cooperation agreements such as the agreement between Conad and Leclerc. This commits Conad to sharing its know-how in selecting producers of Italian products, particularly speciality.

Segmentation of own brand supply

International large scale retailers have felt the need to escape from this pressure by adding their own brand name to the assortment of products offered. Today's fourth generation own brands correspond to the development of a different own brand for each segment, from lowest to premium price. Intense horizontal competition has led to modern distribution chains attempting to gain the competitive edge by means of two strategies:

- -by providing products able to generate higher profitability compared to the leading brand names;
- -by generating consumer loyalty to the point of sale.

The large scale retailers have recently developed their own umbrella labels for a range of products including fresh food (fruit, vegetable and beef) with a specific quality and safety content, and for typical and organic products.

In some cases, the retailer acts in a vertically cooperative way, by cooperating with the other players along the food-chain (in particular industry), but also horizontally, cooperating with other retailers (competitors), acting in Europe or on global markets. Examples of horizontal cooperation are the development of food safety standards and, more recently, integrated traceability systems, with the example of the international "Cies" and the national action of Indicod-ECR under the GIS umbrella.

Other vertical cooperative strategies carried out along the chain (with agricultural producers, processors, transporters, and so on) have been developed to ensure retailers a greater market strength, through the creation of filiere or chain.

The main examples are the sub-brands for typical products (premium price products), for organic foods, for baby food, for allergen free line, etc. and for voluntary beef labelling.

These are quality chains which confirm the high positioning of private label in consumer perception, increasing profit and market share.

For commercial brand products this all translates into increased competitiveness and excessive use of promotions. But for "typical products," the general absence of commercial brands means there is less competition, while it does not halt the serious erosion of producers' contractual power.

Carrefour's "Terre d'Italia" initiative, a product line from Italian regions, was in 2000 the first scheme for the enhancement of speciality products. The initiative was imitated by other supermarket chains. Their initiatives included Esselunga's "region of the week" gastronomic routes, Coop's "Travelling round the flavours of Italy" in 2000 or MDO with "Discover the flavour of Italy". After this, the largest supermarkets then adopted strategies like Carrefour, with lines based on typical regional products. In this way the supermarket name appears alongside the Consorzio di Tutela of the product guaranteeing production standards and complete consumer protection and partnership in this initiative.

There are two categories of retailer strategies in Italy:



- -Mono-branding Strategies (usually, only retailer's brand name)
- -Multi-branding Strategies (products are offered across different private labels differently positioned in terms of price).

We can distinguish different kinds of private label on the Italian retail market:

- - The Retailer's Brand Name (Coop, GS, Sisa, Conad, Sma, Despar, etc.)
- - Premium Brand (typical, organic, other). Typical: Terre d'Italia, Saponi e Dintorni. Organic: Esselunga Bio, Si ! Naturalmente. Other: Essere Coop, Soluzioni Coop, Fior Fiore Coop and also Solidal Coop.
- - Other Brands (Fantasy brands: Fior di spesa, Quality line, etc.)

- - The Low Price Private Label (Numero 1, Clever, Fidel, Il meno caro, etc.)
- Some chains have created very wide ranges of speciality products and other chains have inserted speciality products among premium products. Other chains have not yet developed a range.

Table 3. Speciality product lines in Italy

Chain	Line	Description
SMA Auchan Gruppo Rinascente		Original and quality regional speciality products at accessible prices. Packaging shows name of supplier, method and place of production for purposes of transparency. More than 120 products.
Carrefour ¹¹		Introduced in 2000 and present in all Carrefour stores in Italy. More than 160 products, authenticity deriving from suppliers selected from different regions of Italy and regional typical foods, some of which are PDO / PGI standard.
Conad		Sapori & Dintorni Conad offers a wide range of speciality products (over 100) based on strong gastronomic traditions; cheeses, preserves, pasta, biscuits and cakes, sausage and oil. Constant development of line.
Coop		128 speciality products representing the best of Italian gastronomic tradition in taste, originality flavour and typicality. PDO cheeses in the line include Parmigiano-Reggiano PDO Fior Fiore Coop ripened for 30 months).
CRAI		Products obtained through typical local and artisan methods protected by product and consumer guarantees such as PDO and PGI etc.. Cheeses include PDO Parmigiano-Reggiano "Selezione di Montagna".
SISA		Brand line with regional typical connotations and imaginative names is being developed. Today there exists "I sapori dell'antica locanda" (Old Inn flavours) for sauces and a range from CEDI Sisa Sardo called "Antiche bontà di Sardegna" (Traditional goodness from Sardinia).
Esselunga		Naturama is a chain controlled by Esselunga and includes various cured pork products including Prosciutto di Parma. Key benefits are traceability codes, Animal Welfare provision, conformity to PDO guidelines and further inspection by Esselunga veterinary inspectors, careful processing of pork in selected curing houses. This all guarantees food safety and quality, slice by slice. The Esselunga Bio product range includes Parmigiano Reggiano produced from organically farmed milk in the area supervised by the Consorzio Parmigiano Reggiano.

Source: our research, 2007

How internationalised is distribution in Italy? Italy is facing increasing difficulties in international market competition, not only due to the size of the export companies which, on the whole, are inadequate as regards global market standards. Italy's distribution system has failed to expand abroad, giving advantage to foreign chains and their national products. The leading Italian retailer is COOP Italia, reaching a turnover much lower than its European competitors. COOP Italia is a consortium of consumer's cooperatives with more than 4,7 million members. The Associates are, in turn, cooperatives that manage approx. 1,265 points of sale, very varied as regards size, structure, management, logistics etc.: hypermarkets, supermarkets and minimarkets. Average retailer concentration: the top 5 retailers in Italy represent 54% of the total turnover. In France the top 5 represent 90%, in

¹¹ Prosciutto di Parma is sold Carrefour supermarkets and hypermarkets in France in the Agir range, in fixed weight sachets, labelled with the number of slices and Origine Italie Jambon de Parme at the price of 3.34 euro per 70 grammes). * Carrefour also sells Jambon sec italien (2.51 euro per 100 grammes, 6 slices). The label says *Doux et fruité*.

Spain 57%, in UK 70% and in Germany 76%. Only recently has Italian distribution started to internationalise. Coopernic was the first attempt at a European level cooperative joined Conad, Leclerc, hypermarket leader in France; Coop Suisse, the second Swiss group; Rewe, number two in Germany and Colruyt, third in Belgium. Coopernic is thus overall the largest European distributor with over 90 billion euros total sales in 17 countries. One of its aims is to have more contractual power in order to stipulate Europe wide purchasing contracts, and another is to develop private label products. Early declarations by members say that each partner will retain its own logo and private labels, but will also become leading seller for some product categories. Conad in its international alliance with Leclerc has thus created a centre for synergic product management. An example is Conad's range of speciality products, "Sapori e Dintorni" which number about 130 in Italy. The line accounts overall for about 10% of the portfolio of own brands, with a constantly increasing turnover since its launch in 2001 (Cristini, 2006). Private label accounts for about 17% of Conad's overall turnover. In France in Leclerc supermarkets about 54 Conad label products are sold. And the last three years have seen promotions entitled "Vive l'Italie" involving mainly the line "Sapori & Dintorni Conad". In 2004, Conad signed another agreement with Rewe, the German cooperative group present in Italy under the names Billa and Standa. This will offer new opportunities for Italian producers. Smaller but dynamic chains have recently started internationalising. One example is SISA, which offers Italian and other foreign speciality products, especially Greek. Overseas SISA Hellas and Sisa Malta supermarkets sell SISA products that are made in Italy.

Co-marketing and Co-promotion

Retailers' strategy of developing brands in order to achieve competitive differentiation may also lead to lower transaction costs and long term advantages with producers and Consorzi di tutela. This happens in particular for communications when co-marketing takes place with Consortia and for price and product policy with producer and trading companies. This is cooperative or co-marketing. PDO and PGI Consorzi di Tutela consider certain types of intervention particularly important. These are institutional promotion and communication of the labels, protection of denominations on international markets, chain agreements and sales contracts with supermarkets and with catering firms and restaurants. An example of this are the promotions run by the Consorzio del Parmigiano Reggiano across Spain in 2005 in 75 supermarkets of El Cortes Inglés and Hipercor hypermarkets of the same chain and 125 Carrefour stores. At the same time the consortium also supported Italian restaurants belonging to the association Arris Gourmet of Barcellona. Other more specific initiatives for catering and restaurants have been taken in Poland and the UK. Viceversa, Conad in developing the line "Sapori e Dintorni" is cooperating closely with suppliers to maximise the efficacy of often joint marketing. Through the supplier, Conad contacts the Consorzio di tutela which may be involved in order to sell out a particular local product.

And in 2006 many joint promotions were made on the Russian market by Consorzi di Tutela of Prosciutto di Parma ham, and Parmigiano Reggiano cheese with international chains such as Auchan and Metro as well as local chains.

5. Case studies: Products and Players

In this part of the poster paper we will focus on the supply chain structure and export channel and actors for selected PDO products.

Indeed, given the internal market difficulties perceived in the last few years, export has become more and more important for these products and it is believed to be even more important in the next future. However export depends on different factors such as hygienic and sanitary regulations, trade marks rules, tariff and quota existence and general market conditions (exchange rate, country risk, financial availability, ecc.).

5.1 Parmigiano Reggiano PDO

The production structure of PR cheese is based on a networks of farms located in the production area (National Law of 10 April 1954, n.125).

Table 4. Parmigiano-Reggiano in Figures (2006)

12 months of minimum ageing
16 litres to make 1kg
20-24 average ageing of the wheels (in months)
38 average weight of a wheel (in kg)
461 number of dairies
600 litres to make one wheel
4.750 producers of milk
251.000 cows
3,089,837 number of wheels produced in the 2006
800 mln valore all'origine 2006

Source: PR cheese Consortium

The origin of milk for the production of PR covers the provinces of Parma, Reggio Emilia, Modena and parts of Bologna and Mantova; the first four provinces are in Emilia Romagna, while Mantova is in Lombardy. Thus, the link between the production zone of PR and the source of raw material is very strong in Emilia Romagna; about 80% of the milk produced in Emilia Romagna is processed into PR; in the mentioned four provinces (representing 80% of the farms and the cows of the region) almost the whole dairy production is directed to PR. Recent studies pointed out remarkable processes of reorganisation, with a progressive concentration of cows in the largest farms especially in plain areas.

The overall number of dairies in the last fifty years has diminished by 28.5% passing from 733 in 1993 to 524 in 2003 and to 461 in 2006.

Without taking new producers into consideration, the concentration rate of facilities over this period of time, expressed by the closing down of dairies or their incorporation into existing units, has been at least 20 dairies/year. This decrease has affected both dairies in the plains and those in the mountains in a very similar way, but the most remarkable concentration, over 36%, has involved cooperative dairies, the number of which diminished to 384 units in 2003 with respect to the 606 that existed ten years prior¹².

For decades cooperatives have been the fundamental organisational structure on which the production of Parmigiano-Reggiano was based and today the cooperative model still prevails with respect to privately owned dairies. This link between cattle breeding farm and cheese dairy is one of the most particular aspects of the productive filière and has both advantages and disadvantages.

In the private cheese dairy the farmer buys the milk and processes it, with all the risks this entails. The co-operative cheese dairy, which is the most common in the area, processes milk of its members (breeders); the cheese dairy has an average of 35 member-breeders supplying milk.

However, the trends inside the production chain are determining a progressive erosion of the production share of cooperative dairies and an increase in private production. The dynamics of the dairy sector in recent years have in fact shown that the rationalisation process of the production system has not only led to a higher concentration of dairies, but it

¹² Source: CRPA - Research Centre on Animal Production data.

has also reduced the importance of cooperative dairies on the total output of Parmigiano-Reggiano cheese.

The average productivity per dairy expressed in tons of processed milk moved from 699 tons of milk in 1970, to 2,713 in 1998 and to 3,824 tons of milk in 2005.

If we consider the strategies of the cheese dairies up to now, their main efforts have been the reorganisation to a bigger scale; the most common dimension is still small, especially if compared to the producers of Grana Padano cheese.

Despite the great decrease in the number of dairies recorded, the PR production increased according to a constantly growing trend.

After the stages of milk processing and the connected operations, the cheese needs a long process of maturing, afterwards continued in adjoining store rooms. This aspect of the production process has particular importance for product quality and needs heavy financial investment for the equipment of the storehouses, where the product must remain for the ripening period (18-20 months). It also needs a large amounts of capital because of the time lapse between production and selling.

So, from a technological point of view the maturing is a very important stage of the production process, while, from an economic point of view, it is the farthest stage from breeding and processing and differs from them both in dimensions and operative strategies. 70% of the cheese dairies have installation that are not large enough to contain their own output for maturing.

The most part of PR is distributed through a 'long channel'; with the intermediation of the wholesaler-seasoner between cheese dairy and distribution channel (retailers or traditional shops). A small quota is sold in farm shops annexed to the cheese dairies (direct channel). In this way, the ripening stage of a great part of the production is mostly entrusted to farms external to the processing and of quite different types. They range from wholesalers who ripen the product directly before selling it to the complex structures of consortia, that collected co-operatives. These represent an important aspect because they connect production to ripening and avoid (or reduce) the speculations, that cause the cyclical crises typical of PR. In 1995 80% of the production of PR was seasoned in private structures, while today cooperative system present the most important seasoning and trading enterprise, as S.p.a., acting on the market. This phenomenon represent an example of vertical integration.

Private farms, as said before, is spread among many different subjects: there are more than 200 wholesalers, but 90% of the market is controlled by 1/4 of them.

The seasoners role is important because they have a strong market power that could frustrate the attempts of the producers to control the market fluctuations: for instance, because it could nullify the supply autoregulation policies that have been realised, with many difficulties, in order to stabilise market and prices.

On the other hand, the wholesaler-seasoners are the ones who take the risk of the ripening (in terms of final quality of the product) and the problems of tied up capital.

One of the biggest problems in the management of the wholesale-ripening farm is the fraction of the ageing and marketing costs, that vary considerably according to the dimension of the farm.

In 2006 the export of Parmigiano Reggiano (and those of the main competitor, Grana Padano) has increased by 4.5% compared to the last year. The growth within the EU was less important compared to the rest of the world (respectively 2.2% and 7.7%). The exports decrease in the two main outlet markets, France (-9.1%) and Germany (-3.1%), has been more than compensated by the increase in the other EU countries such as United Kingdom, Austria and Greece. On the other way, exports are increasing rapidly towards the other extra-UE destinations, especially in North America (+11% in the United States and +4.5% in Canada).

Table 5. Export Parmigiano-Reggiano and Grana Padano¹³ on aggregate data (2001-2005)

	2001	2002	2003	2004	2005
Volume*	35444	38736	43594	46423	50335
Value**	276,712	301,037	348,941	388,063	385,083
EUROPE	24513	26733	30174	32207	34876
France	3503	4189	5510	4366	5030
Belgium, Luxemburg	1314	1562	1818	1764	1604
Germany	5754	6604	7229	8205	9688
United Kingdom	2808	2916	2942	3675	4026
Danmark	442	492	588	764	856
Sweden	403	531	639	677	774
Switzerland	6550	5600	6141	5753	5298
Austria	976	1268	1432	1428	1438
Spain	938	1288	1385	1976	2017
Greece	748	943	947	1281	1379
AFRICA	98	119	94	161	210
U.S.A.	6128	6600	8328	8232	9164
Canada	1547	1779	1647	1727	2102
Brasil	147	198	69	108	95
ASIA	1594	1812	1997	2354	2297
Japan	1346	1477	1595	1857	1617
Australia	973	1076	892	1146	1195

*Tons – **Millions Euro

Source: Consorzio Formaggio Parmigiano-Reggiano

The main channel is represented by agents or importing societies in consolidated market, or trading companies or importer and broker in new and far market.

The old way to open a new market passed from contact with restaurants, gourmet shops and after retailer (usually large scale ones). Now the strategies changed and for new market the contact with restaurant and international retailer is simultaneous.

The first important thing to point out is that the two hard cheese are increasingly marketed together because wholesalers are widening their product portfolio and diversifying their supply in order to offer retailers a product mix of the two Grana Cheeses as well as other Italian cheeses.

They implemented also a set of product differentiation strategies (different ages, improving packaging, snacks, grated, etc.). They implement specific retail strategies, selling differentiated product in different retail channels, regions and countries.

The packed products is normally branded (in total 40% of the production) and the quota of private label is increasingly high.

The main players are private companies or cooperative groups. On the one hand, the process has been characterized by the enlargement of the corporate structure and vertical integration in the great cooperative groups in both cases of PR and GP while, on the other hand, the growth by horizontal integration (with partial diversification) and vertical integration (in particular for seasoning and packaging) has been applied by the big

¹³ Grana Padano turnover at the production stage amounts at 946 millions euros, while at the consumption stage arises at 1.865 millions euros.

companies of Grana Padano which, as known, are characterized by a less fragmented and more commercial oriented industrial structure.

Table 6. Turnover (million euros, 2005 data) and export of Grana Padano, Parmigiano Reggiano and other grana cheese (cow milk) in value (mil. Euro) and quantity (tons), 2004 data.

Firm	Turnover	Export in value	%	Export in quantity	%
Zanetti SpA	217	98.0	19.6	15,200	22.4
Agriform	76*	25.5	5.1	3,482	5.1
Consorzio Latterie Virgilio	335	19.9	4.0	2,350	3.5
Colla	135	17.4	3.5	2,042	3.0
Unigrana ¹⁴		16.2	3.2	1,859	2.7
Saviola		14.2	2.8	2,100	3.1
Ambrosi	152	14.0	2.8	2,000	2.9
Parmareggio		13.3	2.7	1,080	1.6
Casearia Brazzale		12.5	2.5	2,196	3.2
Nuova Sala ¹⁵		12.3	2.5	2,000	2.9
Zarpellon		10.5	2.1	1,470	2.2
Others		247.4	49.4	31,292	46.1
Totale		501.2	100.0	67,850	100.0

*: 2004 data

Source: Firms data and EUROPEAN COMMISSION, DIRECTORATE-GENERAL JRC (2006).

The first ten exporters of Grana Padano, Parmigiano Reggiano and grated grana cheese count less than 50% of the overall figure. The data are aggregated (GP and PR), but it has to be considered that the first two players, Zanetti and Agriform, are specialized in Grana Padano PDO, while Consorzio Latterie Virgilio associates dairies facilities producing both GP and PR, Colla produces GP and commercializes PR with its own brand or with retailer and catering brands. The first player specialized in Parmigiano Reggiano is Unigrana.

Zanetti S.p.A. is specialized in the production of GP and maturing of GP, PR and other typical Italian cheeses. It sells its products on the domestic market and abroad, both in wheels, pre-packed portions and grated. With more than 50% of external trade turnover, Zanetti represents the biggest exporter. It produces every year about 130.000 wheels seasons 410.000 wheels of Grana Padano. It's a very diversified and innovative firm, with facilities for portioning and grating. It exports in Europe, Japan, USA, Australia, Canada, China and South Africa.

In association with ten member cooperative dairies, Agriform has been producing, maturing and selling typical cheeses since 1980. In 2004 Agriform had a turnover of over 76 milion Euro, 35% of which was abroad. The main destination countries are Germany, USA, Australia, Canada, France and United Kingdom. About 75% of the overall turnover is made up of Grana Padano. In 2004, 300,000 cheeses were sold. With more than 1.500 breeders associates, overall production reaches every year about 220,000 cheeses produced, making Agriform the largest producers within the Grana Padano Consortium.

¹⁴ Unigrana S.p.A. and Parmareggio are companies belonged by the Granterre Group.

¹⁵ This company, for instance, is certificated according the international standard BRC, that means it operates strictly connected with British retailers.

The company "Consorzio Latterie Sociali Mantovane Virgilio" is a second degree cooperative founded in 1966 and there were 110 associated companies (producers manufacturing both Grana Padano PDO and Parmigiano Reggiano PDO) grouping together over 2.500 breeders. The company works in the dairy - cheese and meat sectors. In cheese sector the product are milk, butter, cooking cream, mascarpone cream cheese and cheese such as Parmigiano Reggiano PDO, Grana Padano PDO and Provolone¹⁶. Virgilio belongs to the group Virgilio-Ghinzelli which controls Bertana SpA, Brendolan Prosciutti SpA and Castelcarni SpA too. The overall turnover in 2006 is 340 million euros, and the whole group 620 milioni di euro. The company is the head of a group which includes facilities in the pork meat sector. The vertical integration of cutters in companies within the group, leads to the marketing of meat and the most prestigious PDO production in the Italian cured meat sector. The group is the leader in Italy in the pork slaughter sector, as regards the number of animals slaughtered: approximately 20% of the national production of heavy pork, aimed at the cured meat sector as well as for the new PDO meat "Gran Suino Padano". The group works in the cured meat sector with a company that is part of Brendolan spa, with four PDOs: "Prosciutto di San Daniele", "Prosciutto di Parma", "Prosciutto di Carpegna", "Prosciutto Veneto".

The Granterre Consortium was founded in 1959. They guarantee full control over the supply chain, from livestock to market. The Group's industrial and commercial core is Parmareggio S.p.A. 170.000 ql of milk for processing to make Parmigiano Reggiano, 3.600 heads of livestock divided into four farms and 76 cheese factories represent approximately 1,600 farms. Unigrana started its activity in 1991 as a trading company of the Granterre Union (Co-operative). Unigrana holds the leadership in Europe in the Parmigiano Reggiano market and is among the first operators non manufacturers for Grana Padano. Other industrial activities are butter production, pig breeding, warehousing, ripening and packaging of cheese.

Among the other important companies, Dalter has to be mentioned, with over the 50% of turnover made abroad (exports). Some companies (i.e. Ambrosi and Boni) have branches in UE countries such as France, or are connected with local importers.

5.2 Prosciutto di Parma PDO

The cured ham market, as well known, includes the seven recognized PDO hams and the unbranded product, for which the raw material can be both Italian or foreign. The Prosciutto di Parma is the most important production in this market: it represents the 40% of the overall ham production in Italy and 75% of the PDO ham production. As regards Prosciutto di Parma, about 82% of the entire production is sold in the Italian market (7.7 millions hams, total value at the consumption stage 1.8 billion euros), while the remaining quota (18%), is exported (1.6 millions hams).

¹⁶ This is the second company with regards to total sale of Grana Padano PDO and the 8th company with regards to total sale of Parmigiano Reggiano PDO (Italy + Export) in value.

Table 7. Prosciutto di Parma in Figures (2006)

Production: 171 companies producing Parma Ham
9,839,000 Prosciutto di Parma produced in 2005
5,386 pig breeding farms in 10 region of Italy
139 Slaughterhouses
3000 workers directly involved in the production
500 workers indirectly involved
885 millions euro the market value wholesaler
1,800 millions euros at consumer level
Market share: Italy 82%; foreign 18%
1,800,000 Prosciutto di Parma hams exported in 2005 (+ 8.2% compared to 2004)
8.6 million pre-sliced Prosciutto di Parma packets (173,000 hams) sold in Italy (+19.5% from 2004)
23.1 million pre-sliced Prosciutto di Parma packets (463,000 hams) sold abroad (+15.7% from 2004)

Source: Prosciutto di Parma Consortium

The factories producing Prosciutto di Parma amounted to 201 in 1993 and 171 in 2005, according to Consortium data. It's important to point out that 60% are joint-stock companies (S.p.A and S.r.l.), while the remaining are partnerships. Supposing that business names can be considered in some way as indicators of corporate sizes, we can assert that the considerable incidence of partnerships attests that many firms are still today of small dimensions. According to the Consortium data, the Prosciutto di Parma is exported in over 60 countries, with more than 1.8 million hams exported from Parma each year. The European Union is the principal market, accounting for approximately 74% of the total exports. The three leading non-EU consumers of Prosciutto di Parma PDO are the United States, Japan and Canada. The Consortium has recently opened new markets in Singapore, New Zealand, Lithuania, South Korea and Australia. The pre-sliced Prosciutto di Parma is the packaging format with the best growing rate; it almost doubled its export quota in the last five years, representing now the 20% of total exports (20 million packets).

In 2006, for example, the sliced Parma ham registered +33.2% in Italy and +27.6% abroad. Normally on the whole 170 firms, only 70 are exporters, of which 40 habitual exporter, the others una-tantum exporters (data from different sources, interview, conference, etc.). There are 15 laboratory of slicing and packing of pork products.

The Italian sector of cold cuts (charcuteries) is once again characterised by a substantial fragmentation that embraces both production, where a multitude of small and medium local firms are set up against the few big multi-specialist national groups, and distribution, where the traditional channel still retains the upper hand. The market conditions have forced leading companies to diversified in typical products and technological innovation, targeting products with a high service content.

All big producers are exporter, mainly direct to big retailer; between the medium-sized firm, some medium producers are specialised exporters. The big group are completed vertically integrated from rearing to cutting and slicing.

All the leaders of the pig meat market are among the big groups operating in the Prosciutto di Parma district. These groups have in their product mix many typical products as well as substitute products of Prosciutto di Parma, such as unbranded ham or other pig meat products.

In the case of deli meat market the growth process is complex. On the one hand there is a strong chain integration process from slaughterhouses merging processing/seasoning

plants¹⁷, on the other hand an horizontal integration and diversification from companies operating in other food sectors¹⁸.

At the moment there are strong interests from large industrial groups for local production firms and a growing interest of foreign capital for Italian leading brands.

In ham market operate “brand industries” which account for 1/3 of the total market (PDO and not), are multi-specialist, have foreign branches, direct investments and joint ventures with local leaders in Europe and overseas (USA, Japan, China). They are specialized on convenience foods and supply international retailers.

The situation in 2005 for deli products is shown in the table below. Unfortunately it was not possible to consider only PDO cured ham market share or export data. Apart from Galbani, all the reported companies operate in the production as well as national and international commercialization of Prosciutto di Parma and other important PDO products.

Table 8. Player in the deli products segment, in volumes

Company	Turnover 2005 (millions euros)	Deli products market share (estimation on volume, 2005)
Grandi Salumifici Italiani	434	6
Cesare Fiorucci	375 (consolidated)	5.1
Gruppo Galbani SpA	1,125 (consolidated)	3.3
Fratelli Beretta	335	3.3
Rovagnati	200	2.7
Ferrarini	250	2.4
Gruppo Veronesi	1,700 (consolidated, deli products 570)	3.6
Citterio	350	1.4

Source: our elaboration

Recent market operations modified the competitive arena. In 2005, the leader has become “Grandi Salumifici Italiani Spa”, including Unibon Salumi (brand Casa Modena and Unibon) and Senfter. The group incorporates the characters of a big cooperative pig meat plant controlling all the supply chain, and the ones of a company specialized in the typical deli products¹⁹.

Fiorucci remain the leader brand of Italian deli products in the world market. It operates mostly with the retail and food service sector. The turnover made abroad is one fourth of the total. It has eight plants, seven of which in Italy and one in the USA. The 55% of its capital is owned by the fund Vestar Capital Partners. Fiorucci family owns 25% of the company capital.

The Beretta Group is third in the Italian deli products market, but leader in the take away deli products at the retailers stage. It has 13 plants in Italy and one in the New Jersey (USA) specialized in deli productions and used as the company’s logistic centre for the North America.

Rovagnati was founded in 1941 as a food distribution company; in 1967, it began producing cooked hams, the sector it would lead in the 90’s. In 1994, Rovagnati continued

¹⁷ An example is given by the “Industrie di Macellazione Marino Ghinzelli Spa” which has controlling interests in Brendolan Prosciutti, Macellerie Bertana S.p.A and Castelcarni S.p.A. (a firm specialized in the processed meat products, generally sold to large scale retailers). Brendolan operates in the Prosciutto di Parma PDO market, Prosciutto di San Daniele PDO markets and Prosciutto Veneto-Berico Euganeo PDO market. It has the only plant producine Prosciutto di Carpegna PDO. It is a leader in the Italian PDO ham market with a production of about seven million kilograms produced in its six production sites.

¹⁸ The Cremonini Group, leader of the beef market, is also operating in the deli products market using the brand “Montana”. Its 2005 turnover was 153.3 million euros, with 16% made abroad.

¹⁹ The paragraph on direct foreign investments will deeply analyse the multinational strategy of the Grandi Salumifici Italiani Spa.

its industrial growth with the acquisition of a Romagna-based company with a long tradition and specialization in the production of Mortadella di Bologna PGI. In addition to the construction of new production plant, recently entered in the Prosciutto di Parma PDO production.

The agro-industrial group Ferrarini is very diversified one. Indeed, it includes Ferrarini Spa, specialized in the Prosciutto di Parma PDO production, Fattorie Ferrarini Srl, specialized in the Parmigiano Reggiano PDO cheese and wine production, and Vismara Spa operating in other deli products segment.

The Veronesi Group is the fourth Italian agro-food group, with a turnover of 1.7 billions euro (2006), 94 millions euro of turnover made abroad. AIA-Veronesi Group has recently rationalized its activity transferring to Negroni Spa the management of the most important deli products brands, representing 300 millions euro turnover: Negroni, Montorsi, Fini Salumi and Daniel. The Group has more than 1.000 employees, six plants in Italy and several sales offices in France, Germany, Switzerland and USA.

Citterio, has eight plants in Italy plus a facility in the United States. In Europe, apart from Italy, it operates in Switzerland and France with sales offices and a direct sales organization. It is also present in other countries with area managers, key accounts and distributors.

7. Final remarks

The future of PDO products is not only connected to their positioning, to their promotion and international protection but also to the strategies of the retail leaders and to the overall strategy of the brand industry. The latter is more and more present in these markets of “typical products” which represent a diversification and a good investment to improve market positioning. The supply chains are now consolidating in groups integrated both vertically and horizontally (to reduce transaction costs and guaranty better quality), where the diversification aims to complete the product portfolio, to optimize purchasing costs, to benefit from economies of scale and scope and from promotion and distribution advantages. Following the aggressive marketing promotion strategies and the increasing power of private label products, the prices of the main typical products shows a declining tendency in Italy; this caused a widening of the gap between production and consumption prices. The value-added chain, thus, is now moving through the retail stage, even because the large scale retailers interest caused a strong competition among small-medium producers and a standardization costs increase. On the other side, big producers in order to obtain larger sales volume, allowed risky operation of price cut and promotion.

What will happen in the future? If the international retailers will be really interested in Italian typical products export channels will change, exporters will change and our national products will find solid foreign market outlets, but prices will decline and maybe product image will be negatively affected and quality and variety will decrease.

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