

DIFFERENTIATION STRATEGY OF AGRIFOOD WITH IMPACT ON ECONOMIC AND SOCIAL DEVELOPMENT OF VULNERABLE POPULATIONS CASE STUDY OF COLLECTIVE TRADEMARK

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Abstract

The competitiveness development in agribusiness is based on implementing a value-added and marketing strategy for the agrifood product that positions it into national and international market. Instruments related to Intellectual Property, in order to be included in the property's right allows differentiation as an intangible asset, providing legal security and guaranteeing that the income generated by such differentiation get back to the farmers. In this case study referred to Rabbit production in the province of La Rioja, Argentina, collective trademark is the right tool to apply since it enables the construction of "social capital"; bringing together stakeholders around a production and marketing scheme, empowering them and transcending the economic's aspects. The implementation of trademark's strategy is reached after a process of knowledge's construction that allows improvements with the use of existing technologies and resources that helps to increase scale's economy, and the incorporation of entrepreneur's associations. Those actions have been supported and driven by local development's policies of the local government.

Keywords: Collective trademark, rabbit's production, product differentiation, vulnerable populations

Introduction

In Argentina territory, and specially in La Rioja's province, the rabbit's production requires an analysis of its potential and a review of the sector through the study of the production and industrial chain, its current status, recent dynamics and future projections, which will provide a studies frame of competitiveness of the strategic productive sectors.

The production chain of the rabbit meat sector is disjointed and poorly organized since this activity is developed in small farms where farmers have limited technical knowledge. Thus it becomes difficult to achieve scale, production volumes and quality standards in order to become the real protagonist not only of domestic but also international market.

In international market, the competitiveness of the rabbit sector, the most important factor that influences the sales value is strongly based on the performance of other competing economies. There is not another fundamental condition, even the international prices do not affects the sales value. So that the performance should focus on achieving the sector's transformation and organizing the production's chain including: genetics, nutrition, animal health and productive technologies. Not only farmers but also processors are important actors in the rabbit's value chain and processors should support it implementing safety and quality systems at the slaughterhouses. Furthermore, it is necessary to promote the generation of

skilled and trained human resources, with knowledge in regional production's technical aspects basically in quality and productive capacity in order to develop genuine competitive advantages.

There is a potential in domestic market that can not be missed, knowing that local consumption is very low compared with other countries, (an estimated 2.93 gr / capita in 2013), for instance promotion of activities related to rabbit's consumption based on quality and healthy rabbit meat could stimulate the growth of the domestic market's consumption. Regarding the exports, there are already developed markets, and still margins to increase local consumption, nevertheless all efforts should focus on activities that increase the competitiveness of the sector. A logical sequence would be: i) focusing on the local market; ii) strengthening the competitive position of the product; iii) developing other regional markets, iv) progressing on the international market, bearing in mind the current and potential dimension of the European Union, the main importer.

In this sense, the development of a trademark that differentiates the product based on rabbit meat's quality is essential for ensuring the sustainability of the sector in the long term. The trademarks are Intellectual Property's instruments and they promote the differentiation's appropriation as an intangible asset because their main function is to protect property rights. This occurs not only on individual trademarks but also on the collective ones, including geographical indications and denominations of origin. These instruments protect value added of the products and allow the appropriation of the rent by farmers and processors.

In the rabbit activity's case, at least in Argentina, because it is a productive sector associated with resource-poor farmers with small-scale units, atomized in the territory, collective trademark is the best choice to lead the product differentiation's process. It constitutes a kind of seal that distinguishes the products and / or services produced by farmers and processors, and this kind of associations contributes to the development of social economy. Besides, trademark highlights the development of the social economy, giving to the entrepreneurs the tools to increase sales, and facilitating rescuing associative values toward the market's greater integration and promoting social and economic inclusion of these major vulnerable sectors.

Enterprise Collaboration Agreement (ACE) proved to be the right kind of formal organization, fulfilling the need to create a company, and adding the needed flexibility for this particular business. The actors involved in this ACE are committed to achieve the requirement to standardize processes through a quality protocol. Such agreements create a new legal entity, and it is usually implemented in projects sponsored by governments or international institutions. This new entity is owned by the government or institution that finances project, in this case the province of La Rioja.

During the process of the agreements negotiation's it is mandatory to specify the enterprise's scope, contributions and responsibilities, as well as the definition of the distribution financial results; the terms of the profits that the entity will produce and an analysis of the risk conditions and uncertainty, essential for decision making. The willingness to participate in a shared project arises from the conviction that this is the best way to achieve individual goals.

I.

The provincial government is primarily responsible for designing strategies and public policies to consolidate the productive bases of strategic sectors in order to increase their competitiveness. The concept of competitiveness, sustainable and genuine, is developed through the process of knowledge and enables continuous improvements in technology and the use of existing resources, facilitating the adaptation to changing contexts. Meaning that

the use of economies of scale is the main objective for reaching more efficiency where product differentiation is the most determining factor.

Implementing a differentiation strategy for a food product, has among its key objectives, add value, as a way to improve their position in the market. Besides if this product is the result of regional economies and has a number of players in the production and marketing scheme, it strengthens and improves the "social capital" boosting the economic and social development of its actors.

From this perspective it is understood that government intervention is useful to solve market failures and create the favorable conditions in the competitive environment, both in terms of organizational and institutional character.

In the international market, global production of rabbit meat has grown steadily during the period 1980-2008, and the level of production is not distributed evenly across regions of the world, Asia being the largest producer, followed by America and Europe (FAO). The production of rabbit's meat is concentrated as in only seven nations representing 90% of it. On the side of exports, warns that China is the nation that has the largest number of exported tons, followed by Hungary, France and Belgium. The rabbit export in Argentina in 2013 was 75 tonnes, of which 47 corresponded to the fresh meat category (MAGyP). Europe being the main export market for rabbit's meat from Argentina.

In the domestic market, production takes place in various regions of the country; however distance to the slaughterhouse is one of the most important variables at the moment of defining the location of production. In Argentina, only two facilities fulfill the requirements for export and there are fourteen establishments authorized to federal transit and they are localized in seven provinces in the country (Buenos Aires, Cordoba, Santa Fe, Mendoza, San Luis, La Rioja and La Pampa). There are also slaughterhouses with provincial empowerment in most of the provinces and other ones with municipal authorization.

As for the main product, rabbit meat, highly prized and accepted for its low cholesterol and low fat content, has characteristics that make it very valuable for a healthy diet, important attribute for today's consumers. The subproducts obtained such as skin, blood, urine, offal, manure, legs, and the leather- without significant extra costs, generate revenue enhancing profitability.

In recent years, the government of the Province of La Rioja impulsed rabbit sector development aimed at capturing unemployed labor and thereby alleviating rural poverty that was identified in several locations in the Region. It was necessary to regard a model that would take into account the "local character" and the particularity of the supply and demand of the product.

Historically, in Argentina in general, and in the province of La Rioja in particular, has lacked a strategic vision. This is a sector where the supply chain is disjointed and poorly organized, however at 2014, of the total national production, 22% corresponds to the province of La Rioja. As for the location of production, is observed that the highest average volumes were obtained to the north of the province, in the Famatina region.

The macro and micro context allows to infer that there is a growing national demand and unmet global, especially from the European Union, which gives a positive outlook for exports. But to access these market opportunities, the road is to achieve a high quality product at competitive prices.

Construction of a Collective Trademark

Since 2003 the province of La Rioja implemented a Plan of rabbit production favoring local production, with the participation of families and producers (over 180 breeders) formed three Cooperatives and three Civil Associations. The involved actors, both provincial and national authorities and also officials received training, technical assistance, social support

and funding from the provincial government and Federal Investment Council (CFI), in order to consolidate the activity.

Its main action was the development of a system to facilitate the growth of the productivity and of quality in breeding rabbit for subsequent marketing at the local, national and international markets. This allowed to develop a favorable image the Province due to transferring a positive value to their products. Thus, developing a trademark that differentiates the product based on the quality of rabbit meat was vital to ensure the viability of the sector, in the long run.

In general the activity takes place on small farms with varying degrees of productive development, being difficult to achieve scale, production volumes and quality standards. The way of breeding is intensive type, maximizing the potential productivity of mothers and facilities. Each producer, at the start of the program had an average of 20 mothers. It is reared in cages or modules (cells buried), whose dimensions are 1.5 x 3 m. Cells harboring 10 females and their offspring until weaning at 42 days. The fattening cages are metal of 50 x 70 cm and they are used after weaning with 8 or 10 rabbits each.

The program includes the modernization of a former municipal slaughterhouse in the town of Sanagasta providing it with adequate infrastructure and equipment to have the authorization of SENASA – National Institution responsible for ensuring the quality and safety of food of animal origin circulating in the country- with capacity of 1,500 head of cattle in a day shift and two trucks, one of them is for live animals and other animals slaughtered and chilled, with enough carrying capacity. The logistics of the program includes a truck and enough personnel provided by the Province, and also support to advance in production scheme with the slaughterhouse, as well as provides the feed of the animals, key item in rabbit production for its high impact on production costs.

As for the relevant and inherent in production and operation with hybrid rabbits (Hycat) requires stands of surface small, thus a rabbit in a space of forty square inches (40 cm²) produces between 100 and 120 kg of meat / year. The flexibility of the technical requirements allows to develop different systems and production processes, according to the market situation, or destination where production is directed; in fact, in the Famatina and Bermejo occurs with "semi-industrial cages under shed gable" and areas of La Rioja Capital, Chilecito, Villa Union and Facundo Quiroga occurs under the system of "buried cage "(specially designed for these areas).

Regarding the processes, because issues of distances, artificial insemination is performed in areas with good access, but it was opted for the use of reproducers (breeding) males in areas of difficult access. The gestation period of 42 days allows a very rapid reproduction, obtaining a greater amount of kits / female / year, following the rapid growth of the animal, 2.5 kg. in 70 days, with a conversion rate of 3 to 3.5 kg feed / kg of meat produced. The rotation cycles are short, making a rotation interval of 42 days in breeding females and 70 days of fattening.

Regarding labor, and to the facilities maintenance in a traditional small production, one person can handle between 50 and 80 breeding females, with an average of 3-4 rabbits / female / month in the first year production which would mean an offspring between 150-240 rabbits / month. To the extent that the producer becomes more efficient in the second or third year, can double performance. The activity involves the inclusion of youth and women in the production of rabbits for meat, fully bred in captivity.

The program, according to their objectives, developed a methodology consisting of training and technical assistance related to the differentiation strategy. Thus, workshops in which the various aspects related to the management and production, reproductive, collective trademark strategy, management systems and quality assurance, animal welfare, certification, development of best practices, and business strategies and marketing oriented to producers /

processors / marketers related with technical production of rabbit, were discussed with the active participation of technicians, officials, legislators and the private sector, in general.

The workshop activities included the direct participation of farmers in preparing the Quality Protocol, reaching the exchange of ideas, deepening the model that had been spreaded, and the development of capacities of different groups. The aim was to achieve a future implementation of a quality management system capable of accompanying consolidation desired by the provincial government model, besides of supporting technically and economically the Provincial Program also caters mostly rural population with need of assuring a part of their income and also will ensure their livelihood, trying to transform subsistence economic activities, and convert their weakness into markets in strengths through the integration into the value chain, making a profitable and sustainable business.

The challenge was to design a quality protocol so unified and instances of non-conforming products were reduced to the minimum, thereby ensuring the product image as a healthy and quality decline.

As a result, many indirect beneficiaries were integrated to the value chain, like other producers, such as potential suppliers of alfalfa, suppliers of beans; the meat industry, employees thereof, suppliers of cleaning, etc. as well as technical officials of the province in both the public and private sectors.

These workshops were aimed at the training of assistants, they were all producers with varying degrees of knowledge about the production aspects, basic quality concepts, practical aspects of its implementation, benefits of having a quality protocol, and the need of an active participation, among others. The producers were very interested and eager to receive more training on these issues, and the cases developed and analyzed within the same program, were mitigated by having a quality reviewed system by themselves. Attendees were also trained to start keeping records of activities and events with the aim that they can adjust their work plans.

The program had a public-private joint very clear, and was intended to develop the agribusiness chain of the La Rioja rabbit, it was why it worked closely with producers and technicians involved in the Provincial Plan, and was able to obtain regional information processes, trained employees, each inputs in production on time, and make adjustments in addition to promoting the creation, updating and monitoring of records, a situation that did not exist *ex ante*.

The direct participation of farmers predicted the possibility of implementing and certifying a quality plan, a situation that gives undoubted advantages to the actors involved in the program front of competitors, suppliers, customers and institutions and the benefits of a business plan reached by the development strategy of the trademark.

The main objective was to coordinate and integrate the value chain, through a management system certifiable quality and auditable as well as performing product traceability with the definition in the protocol applicable to the productive sector, to slaughter and to marketing, to offer safety and quality assurance to local and international consumers.

The second stage of the project coincided with almost all second visits to the various producer groups, therefore, their work was oriented to the preparation of the final quality protocol. Those meetings were very practical and successful since it was a way to collect the different experiences that producers brought to the meeting including the new knowledge, concerns and issues associated with implementation.

Thus, surveys and worksheets were made to reach a consensus process between the producers and the development of a Quality Protocol that included how to work with producers, as well as incorporating the Good Manufacturing Practices, track and manage quality, animal welfare, personnel training requirements, good manufacturing practices, the Standard Operating Procedures for Sanitization included therein, and if necessary the design

of a Hazard Analysis Critical Control Point for the refrigerator. Similarly, the requirements for transportation, packaging and marketing are developed. The practice of using registries to develop selfcontrol in the production process and the processing (in a refrigerator) was initiated.

Finally, it was analyzed together with stakeholders (public and private sector) the possibility of create a company with the purpose of manage the business of rabbit production and it was found that the best format was the Association of Corporate Collaboration (ACE). This kind of partnership has the goal of share efforts, risks and responsibilities in certain projects, have the infrastructure and contractual elements required to undertake an activity that exceeds the individual development opportunities effectively.

Conclusion

This widely recognized and proven, both internationally and nationally, that instruments including product differentiation protocols generate trust and commitment among the members of the value chain, and promotes and encourages the adoption of systems of quality management improve production processes and strengthen schemes of production, processing and marketing of food products.

The collective construction of social capital was a crucial aspect, and started with the production implementation of the protocol, including overcoming distances and differences between localities Rioja. The confidence and the engagement construction stakeholder, was achieved through participation in more than 20 workshops and whose purpose was to exchange information on the processes, time used, inputs for each production scheme. The information allowed to set and agree the Quality Protocol proposed by the computer program and had a driver effect and delayed the producers to quickly complete the steps before they would join the program. The preparation of records and allowed for systematic monitoring and evaluation; annual budgeting, analysis of problems and pose possible solutions.

The development of social capital and the adoption of a common protocol, strengthened this project, which was to move efficiently to the constant and unpredictable changes in market behavior, marketing externalities, such as inflation, taxes, and / or changes political direction. So it is essential to consider the key elements for successful implementation of the program were: the development of social capital and the adoption of a common protocol, the result of consensus and the development of the producers themselves.

In this case study we conclude that activities favored obtaining the desired results such as inclusion of rural people without work to a family production scheme that enabled them to obtain resources to support and facilitated them also stability, the adoption breakthrough technologies to improve productivity indicators.

Is expected in an upcoming agenda to determine whether the Program contributed to meet the primary needs of beneficiary groups in generation of own resources and sustainable source of employment, and social inclusion and a certain grade of empowerment.

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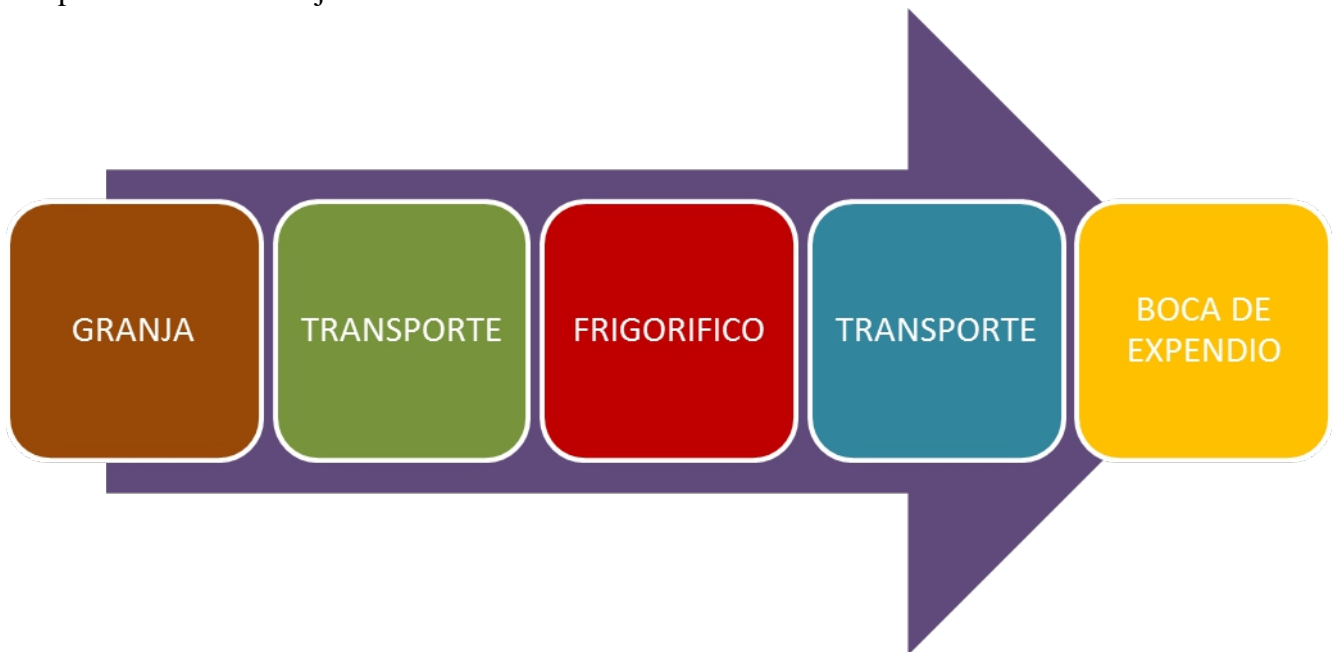
Annex – Summary of the Quality Protocol of Rabbit Production From Province La Rioja - Argentina

Purpose

Valuing rabbit production, satisfying customer requirements as regards compliance with quality standards and safety of the meat product.

Scope of the Protocol

Description of activities to be performed by actors in the production chain of the product "Rabbit Rioja".



Quality Policy

To produce rabbit meat meeting the highest standards in respect of animal welfare, product quality, traceability and food safety, following the objective of meeting the needs of our customers.

General Requirements

Production System and registrations

Producing establishments (farms) must meet the following requirements:

- develop their activities within the framework that dictates the "rabbit Plan of La Rioja"
- Be registered in RENSPA-SENASA-Res 249/2003 and Res. 618/02

Personal

Staff working on farms as well as carriers, should possess the knowledge needed to care for the health, welfare and production of animals in their care.

The training of personnel working with animals is provided by technicians, documenting attendance at such training courses.

Animal Welfare

It is defined as "a state of complete physical and mental health, where the animal is in complete harmony with the surrounding environment"

Therefore facilities and production activities should provide the animal:

- Sufficient free movement.

- wide access to water and food.
- healthy environment to avoid negative effects on the quality of the final product.
- Freedom to express normal behavior
- Adequate Health.

Records and tracking of animals

Records Contain the information required by the protocol in terms of Births; Animal movements (admissions, discharges and deaths); Food and health treatments. The owner of the establishment must keep updated and supplied technical personnel records.

Facilities

It works with two types of facilities: semi-industrial or warehouse system without cell system buried

Field

They should be ready in protected places of annoying noises, strange people and transit vehicles. They must also be non-flooding and ventilated.

The facilities must have:

- Perimeter fence to prevent the entry of other animals, strange people
- Provision of potable water and electricity
- Protection against the sun, wind and rain. For this eaves and forest shade or used hurdle.
- An efficient drainage system and collection of excreta to prevent the escape of ammonia.

Management of breeding stock

HYCAT rabbit breed is used, this is a dual purpose breed, and ethane is used to produce meat and skin.

The reproduction method is assisted by artificial insemination. The cannulas are acquired in a production of semen. Mothers are selected by the same producers of the campuses.

The onset of reproduction is done when reach 3,200 kg liveweight.

Reset criteria used are as follows:

- ill mothers (Mastitis, Sore Hocks, staphylococcal)
- Abortions, Bad calving, decreased fertility or infertility
- Poor maternal fitness

Production between the various cooperatives will sync and ensuring stable production throughout the year. Females receive hormone production management to synchronize jealousy and thus calving, calving, weaning and sales.

Operation fattening

Fattening cages are the same as the breeding cages, about 6 animals per cage are used, enabling a good mobility and does not cause overcrowding. This cage is movable so that it can be located anywhere according to need.

The slaughter weight of around 2,300 kg and 2,500 kg

Weaning

It is performed between 24 and 30 days from the birth of the kits. They take fattening cages for rabbits separating replacement females of fattening for slaughter.

Feeding

The animals must be reared under the exclusive supply of pet food to be purchased together to ensure the quality and equality between different producers.

They must be kept in conditions which ensure physical and chemical integrity and avoiding pests. Keep clean and dry feeders with lids in place to ensure that pests do not proliferate or wet. Provide potable water in sufficient quantity for each category of production.

Health

Farms must have a Health Plan signed by the responsible veterinarian. It also details activities to be developed on the premises; flutter cage, application of insecticides, cleaning chip, etc.

All drugs or vitamins used must be approved for use by SENASA and respect the dose, dosage, indications, routes of application, dates, storage temperature and time restrictions or pre-slaughter withdrawal exist to prevent waste prohibited in the flesh of the final product. They will be stored in a closed and away from other animals and children.

Transport

Loading and unloading must be done neatly, slowly and without shock. The transport vehicle must be enabled, and comply with regulations. The charge density should be such as provided by SENASA Resolution 97/99. The troop of animals accompany the respective identification and documentation (DTA) the producer handed to the carrier, who must complete the required data in the appropriate section of DTA Res. 495/03 SENASA.

Once the animals loaded and sealed the truck will be transported directly to the refrigerator without detours.

Refrigerator

To ensure traceability and origin of the final product, the refrigeration plant must develop operating procedures and systems of verifiable records of animals from the different establishments.

Control of origin and placement of the animals in the fridge

Documentation (DTA) and integrity of seals is recorded on the entry form animals.

Assigning troop number and handling

They are assigned a number Troop. Veterinary checkup pre-mortem (res.4238 / 68 SENASA) is performed.

Slaughter

The troop will be included in the list of slaughter and be slaughtered in full on the date assigned. Then they will be designed as suitable to the cold storage awaiting final packaging cattle.

Packing and shipping

After cooling-aired in the cold room, proceed to the packaging of whole or pitted cattle. The containers have a label that identifies the product, dates of manufacture and expiry, the legend "Once thawed do not refreeze" for the case of frozen and batch number that equals the number of troops to easily identify the origin. The release is done in refrigerated trucks authorized by SENASA, transported separately cooled and frozen.