

THE PROMOTION AND MARKETING OF QUALITY PRODUCTS FROM DISADVANTAGED RURAL AREAS

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Summary

- As part of a project co-funded under the EU's Fifth Framework Programme, a study was undertaken with the following aims:
 - to examine strategies used in the marketing of quality products among small and medium enterprises (SMEs) in disadvantaged rural areas
 - to explore consumer perceptions in relation to purchasing such products
 - to identify the practices of agencies and institutions in supporting the marketing of quality products
 - to bring forward ideas for improved promotion and marketing
- Two study regions were selected – in the south-west and north-west. Surveys were undertaken among businesses producing quality products. These products, mostly speciality foods, included: cheeses, smoked fish, confectionery, preserves, fresh herbs, meats and organic produce.

Surveys were also undertaken among consumers and personnel in relevant support and regulatory agencies.
- Small-scale producers generally and organic producers in particular sell in local markets, directly to customers or final consumers. These with larger volumes tend to sell into the multiples. For those serving distant markets, access to customers is through distributors, bulk buyers and wholesalers. For most, market research and advertising are not major expenditures. Little use was made of the Internet.
- In the view of producers the quality of their products is based on a number of factors – their own reputation and reliability in the eyes of their customers, the use of local resources, the way the products were produced (e.g. using traditional recipes or skills), the quality of ingredients, and features of the products themselves such as distinctiveness of texture, flavour, freshness or health and safety characteristics. Competitive advantage lay more in these various attributes than in official certification systems.
- Producers did not perceive the use of place imagery to be a solution to the problems of marketing for small rural businesses. It is the association of known and trusted producers with particular places which is important.
- The main problems of producers in accessing markets are: the time constraints on small-business operators and the restructuring of food supply channels whereby large multiples are reducing the number of links in the supply chain, centralising delivery systems and limiting interactions with suppliers. Small-

scale producers, relying on personalised contacts for their marketing, would be disfavoured in this context.

- Irish consumers attach high importance to official quality marks but have a low level of awareness of regional labels as markers of quality. For consumers of quality products, quality was perceived mainly in terms that are subjective in character, e.g., design, appearance, taste or freshness. Consumers expect that quality products will be more expensive than conventional products but are willing to pay a premium.
- Personal recommendations – including those from retailers – are the most reliable sources of consumers' information on quality products.
- Consumers encountered problems in sourcing quality products, mainly arising from poor continuity of supply and the limited numbers of sales outlets.
- Region of origin has significance for consumers but only when regional products themselves are of superior quality and are supplied by producers who have earned a high level of trust.
- A complex network of agencies and institutions is involved in SME development, product promotion and marketing, interest group representation and quality control. Most national level organisations focus on a single product (e.g., fish), whereas those at sub-national level tend to be multi-sectoral (e.g. LEADER partnerships). Functions specifically concerned with quality products account for only small proportions of institutional expenditures – except in a few specialist product groups.
- Some disparities were evident between institutional perceptions as to what constitutes quality, and the views of producers and consumers. Institutional representatives recognised the importance of meeting customer/consumer expectations but attached much significance to compliance with regulatory requirements. Producers saw such requirements as minimal thresholds to be surpassed in order to maintain competitive advantage.
- Quality is promoted mainly through training and advisory services, and by ensuring compliance with quality regulations. A number of organisations provide training but relatively few of the small-scale businesses avail of this.
- Product promotion and marketing are supported in various ways – market research, provision of market information, organisation of trade opportunities, presentations to customers, establishing producer–customer contacts, and dissemination of literature. However, allocation of dedicated personnel to the promotion of specific quality products is limited.
- Place imagery is used very much by agencies but given the dominant role of national agencies the place of relevance is 'Ireland', this being favoured over regional or local representations.
- Most institutional representatives considered that links to place were less important than quality as defined by formal certification. In addition, they felt that producer networking and marketing groups should be an important part of the marketing strategy of enterprises producing speciality products.

- The further development of quality rural products and especially the speciality food sub-sector may be achieved through both producer strategies and policy measures. Producers currently using weak strategies would gain advantages by:
 - acquiring training in business development, quality product development, and marketing
 - obtaining assistance with market feasibility studies, in achieving quality standards and in actual marketing of products
 - forming a marketing group
 - having contacts with consumer networks
 - external monitoring of quality
 - using place imagery
 - changing the type of business
 - developing distribution links

- Key elements in a policy for the further development of speciality foods and their niche markets are:
 - ensuring a low-cost marketing environment
 - generating greater public awareness about food quality and quality products
 - having quality assurance schemes sensitive to the particular circumstances of speciality producers
 - providing close-to-producer supports for product labelling, presentation, promotion and marketing
 - facilitating producer-customer contacts
 - supporting group organisation among small-scale producers
 - supporting measures which would ensure close compatibility between the views of producers, consumers and support agencies in regard to the factors that define quality products
 - recognition by agencies of the distinguishing features of small-scale family businesses (including their preferences to remain in low-volume production)

1 INTRODUCTION

In the context of reforms of the Common Agricultural Policy (CAP), increasing liberalisation of agricultural trade, and further restructuring of the agricultural sector, it is recognised that the more disadvantaged and geographically peripheral rural areas face particular adjustment problems.

While agriculture remains important in such areas it is characterised by adverse structural features which restrict the possibilities for reorganising production systems in conventional farming.

In the agri-food sector there are developments which intensify competitive relationships in food chains and put pressure on producers to conform to the requirements imposed by players at later stages in the supply chain. Disadvantaged rural areas tend to be remote from the major consumer markets and experience deficiencies in transport and related infrastructures.

One option advocated for rural areas in these circumstances is to capitalise on their particularly distinctive features: indigenous products and services, attractive environments, cultural heritages, and separate territorial identities. This is based on reasoning that while modern regulatory legislation induces a certain degree of standardisation in goods and services, complete uniformity is not considered desirable. Consumer preferences and lifestyles are changing and creating demands that are based on difference arising from such features as quality, scarcity, novelty and 'authenticity'. Sellers increasingly seek to make the tangible and intangible aspects of a product distinctive from those offered by others.

These trends have implications for rural development to the extent that product differentiation strategies can be based on 'place imagery' and on place promotion.

In marketing, images comprise sets of ideas, beliefs and evaluative impressions about a product or place; these images may be based on both rational and emotional grounds. Place images are representations or symbols of geographical areas while place promotion is the conscious use of publicity and marketing to communicate

selective images of specific localities or areas to a target audience (Gold and Ward 1994: 2). Rural tourism provides obvious examples of place promotion.

In product promotion and marketing, place imagery may thus be used to link regions to attributes of their products and to link products to regional characteristics. The *appellation* systems for French wines illustrate how strong regional identities can be used to market products unique to a region and possessing particular qualities. In general, however, marketing strategies based on linkages between products and their regions of production are not well established in rural development across Europe.

Aims

The present study was part of a project co-funded under the EU's Fifth Framework Programme. The project was concerned with 12 'lagging rural regions' in six countries of the EU and, specifically, with the strategies, structure and policies used to support the successful marketing and promotion of quality products and services in these regions. Its aims were:

- to identify current marketing strategies and promotional activities among small and medium enterprises (SMEs) with special reference to the use of regional imagery in marketing quality products and services;
- to explore consumer perceptions in relation to the purchase of quality products and services from specific lagging regions;
- to identify the strategies and practices of the main institutional structures (e.g., local authorities, development agencies, marketing organisations) in supporting the marketing of quality products and services;
- to bring forward ideas for the future development of regional quality products and services.

The Irish input into the project was shared by three partners with functions allocated as follows:

<i>Teagasc Rural Economy Research Centre</i>	production and marketing of small-scale speciality foods and organic produce
<i>Department of Geography, NUI Galway</i>	production and marketing of tourism services, products and crafts
<i>Teagasc National Food Centre:</i>	consumer behaviour in relation to the purchase of quality products and services

This report is concerned predominantly with speciality foods and organic products but, where considered necessary for completeness reference is made to research findings by other partners in the project. (See Bibliography for a listing of relevant reports).

2 CONTEXT AND CONCEPTUAL FRAMEWORK

The empirical context to the study and the conceptual framework underpinning the research questions derive from three main sources: structural changes in the agri-food sector; trends in rural development; and perspectives on marketing and the food marketing environment (McDonagh and Commins 1999).

Change in the Agri-food Sector

Since the 1960s the Irish agri-food sector has evolved to a stage where Irish companies are now challenging for a place among European and global players in an increasingly competitive environment. Table 1 in the Appendix shows the major milestones in the pathway of change over the past four decades.

In the years prior to accession to the then EEC (in 1973) the sector was based very much on small-scale private and cooperative businesses, operating in a market environment in which there was an on-going shift from exporting live animals to sending out basic products (e.g., beef, lamb). Membership of the EEC began a period of major change – expansion of markets, rationalisation of production facilities, technological development, diversification and product innovation, overseas acquisitions and consequent improvement in market access and distribution systems. The current phase accentuates a number of features which have characterised the changes of the past decades. Convenience foods form a fast-growing segment. The

drive for competitiveness has intensified pressures to lower costs, enlarge the scale of production units, and invest in R & D and marketing. The growing power of the retailing multiples enables them to dictate their own definitions of quality and to impose standards by formalised arrangements obliging producers and distributors to guarantee supply reliability, safety, quality and traceability. There is a trend away from a 'supply-driven' food market to one which responds to the values, perceptions and preferences of consumers. This is accompanied by a consumer emphasis on processes that are environmentally friendly, on products that are produced 'naturally', or are deemed to be unique, 'authentic'; of particular quality, and identifiable with particular places.

This has been one of the bases for the emergence of markets for speciality foods and organic produce. Consumers have also become more conscious of variety and of the role of food in symbolising lifestyles. They are more discerning in their buying behaviour, facilitated by rising disposable incomes. Travel abroad has stimulated a greater awareness of food and has led to a more adventurous public as far as eating is concerned (Meehan and Cowan 1998: 24). Visitors to Ireland now almost double the number of the country's inhabitants. Rural tourism is a quest for other places, other products, and for a discovery of identity and authenticity (Bessiere 1998).

Rural Development

Rural development policies have emphasised the need for, and have actively supported, the use of indigenous resources. Over the past decade or so a number of structural changes have given added impetus to local, area-based rural development.

Within the EU, growing surpluses in conventional lines of production, have obliged policy makers to increase support for diversification into new activities. A particular focus has been placed on 'products with a regional identity'. Some countries – France in particular – have a long tradition of promoting regional products in accordance with well-established quality regulations. The marketing of niche products is considered to have positive implications for rural development, especially by encouraging entrepreneurship and creating more employment. Newer models of rural development are instrumental in supporting the emergence of small-scale food production and processing. In these endeavours 'place promotion' has become an important feature.

These rural development trends have been taking place in a context of growing diversity among rural areas – in population, economy and lifestyles. In-migration to

rural areas is linked to wider cultural shifts such as a renewed interest in rural living, authenticity of experience, traditional modes of production, and niche products.

Marketing

Realising the potential value of rural resources is essential for rural development. However, marketing is often the weak link in rural diversification strategies. This frequently arises from the costs involved, the lack of expertise, the small scale of individual production units, dependence on guaranteed prices for basic commodities, and the undifferentiated nature of products (Leat *et al.* 2000: 3).

Rural SMEs, therefore, tend to lose competitiveness in the context of weak promotion and marketing.

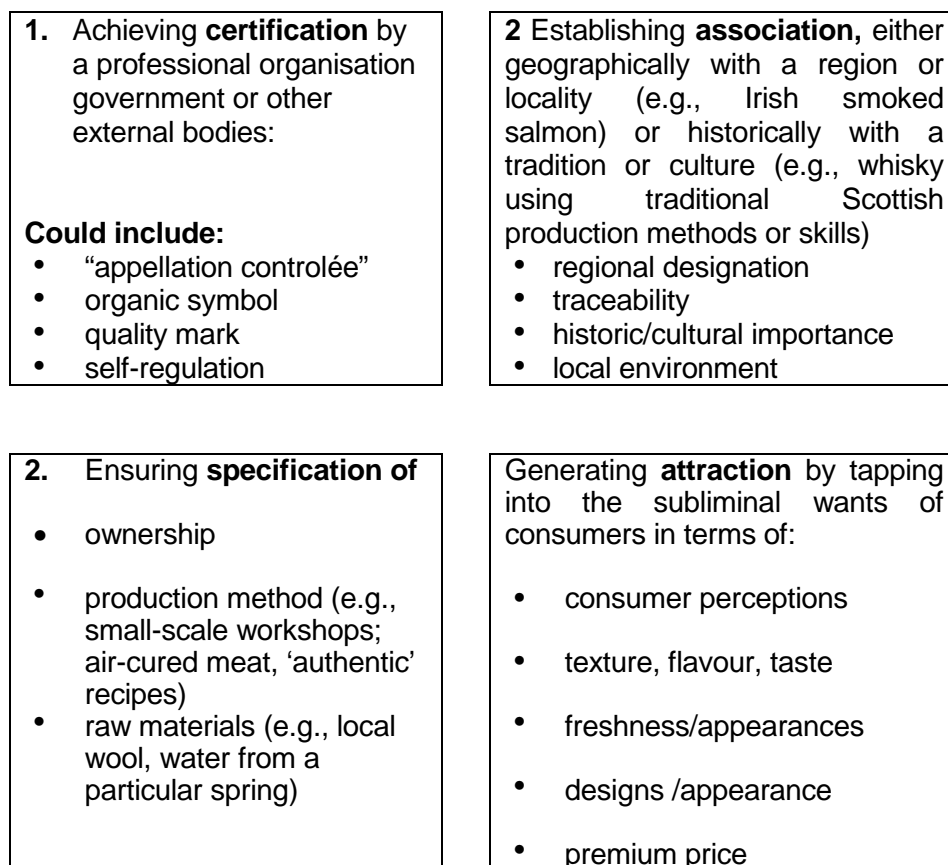
A complex set of factors influences competitiveness and competitive advantage (e.g., costs of production) but for rural SMEs product differentiation and aiming for particular niches in the market – market segmentation – are becoming important. Product differentiation is ‘the ability to provide unique and superior value to the buyer in terms of product quality or other special feature’ (Porter 1990: 37). It means trying to ensure that products are perceived differently from competitive products and can earn a high consumer price. Differentiation can take a number of forms: (i) aspects of the product itself (e.g. quality); (ii) the distribution channels used; (iii) the subjective images of the product or of the producer which establish product ‘character’; and (iv) the services associated with supplying products. Thus, differentiation can be based on supply-side factors, such as the ability of an enterprise to add ‘uniqueness’ to its product; or it can rely on demand-side factors by being dependent on an understanding of the needs, wants and perceptions of customers and consumers.

In this project the focus was placed on ‘quality’ as a means of differentiating products and services. There is no generally agreed definition of what constitutes quality but it refers to ‘the totality of features and characteristics of a product or service that bear on its ability to satisfy needs’ (Kotler 1997). A quality product is differentiated in a positive manner from a standard product and is recognised as such by the consumer and can therefore command a price premium benefit if effectively marketed (Scottish Food Strategy Group 1993).

There are numerous 'markers' or indicators of quality which can be used to achieve quality-specific differentiation of products. They can be categorised into two broad groups: (i) those relating to attributes that can be externally validated and controlled, e.g., by specification and certification procedures; and (ii) those that are more subjective in character, e.g., by being associated with a particular place or by appealing to customer-defined tastes or perceptions. Thus, quality markers may also be grouped in terms of their supply-side or demand-side origin.

Based on these considerations, Figure 1 shows ways of achieving quality differentiation in rural products (Sylvander 1993; Scottish Food Strategy Group 1993).

Figure 1 Achieving Quality Differentiation in Food Products



3 METHODOLOGY

The methodology for the Irish component of the project followed that specified collectively by the partners for the project as a whole. Its main elements were:

- **Production and Marketing:** surveys among primary and intermediate producers of quality products and services in selected regions to assess existing production and marketing practices.
- **Consumption:** surveys among consumers to establish buying behaviour in relation to quality products and services, and to identify factors influencing purchasing decisions.
- **Institutions:** interviews and consultations with representatives of marketing and development agencies to identify their roles and viewpoints in relation to the marketing of quality products and services in lagging regions.
- **Strategies and Policy:** use of an Expert Panel and of local focus groups, and construction of an Expert System to identify the strategies and policies that could contribute to the better promotion of quality products and services. The basis of the Expert System methodology is that it:
 - categorises current strategies of producers and institutions
 - evaluates and ranks these in terms of their advantages and disadvantages
 - points up alternative actions and structures capable of improving the effectiveness of the existing production and marketing system.

[checked to here]

Two study regions were selected – the south-west (West Cork and County Kerry) and the north-west (Counties Sligo, Leitrim and Roscommon). Speciality food production and niche food products are more developed in the south-west while the north-west has a relatively high incidence of organic production.

Within each of these regions, those deemed to be producers of quality products were identified. Products included cheeses, smoked fish, confectionery, preserves, fresh herbs, meats and organic produce. The target lists of enterprises were compiled from information provided by colleagues in Teagasc, especially those in the National Food Centre who drew on their own experience in supplying technical and training services

to the food industry. Other sources used were the listings of An Bord Bia, listings of the main organic farming organisations, and commendatory citations in food guidebooks. The final list compiled comprised 53 producers in the south-west and 33 producers in the north-west. Semi-structured interviews were conducted by the authors in 1998 among 37 'business responsables' (owners or managers) in the south-west and 27 in the north-west. The shortfall in the numbers of interviews was due to non-contacts, recent closures, more than one enterprise being owned by the same person, and refusals.

Because of the small numbers constituting the total populations of interest (and the lesser numbers interviewed) the analysis undertaken was qualitative in nature; the data obtained were not amenable to the quantitative treatment appropriate to large scale sample surveys.

For the consumer survey 397 adults were interviewed under the direction of staff¹ at the Teagasc National Food Centre. The sample was biased deliberately in favour of the middle and upper socio-economic groups.

4 FINDINGS: IRELAND

Production and Marketing

The majority of producers in both regions established their businesses without conducting organised or formal market research; they identified markets informally and marketed directly to consumers initially. Many were non-locals, either non-nationals or incomers from other parts of the country. Given the significance of incomers many entrepreneurs in the food sector 'imported' knowledge of potential markets. High proportions of producers were women and had high education levels.

Public supports were not crucial at the start-up stage but became important at later phases of business development.

¹ Ms B. McIntyre

Smaller volume food producers, and organic producers in particular, but not exclusively, are still confined to local markets and sell directly to customers (intermediaries such as buyers for retail stores) and final consumers. Typically, these also make their own deliveries; organic farmers sell directly from the farm, or have a market stall in the local town, or supply local shops and restaurants.

Food producers with larger volumes, some cheese and meat producers sell into the multiples. For those serving distant markets, access to customers is through distributors, bulk buyers, and wholesalers. 'Group stands' may be organised for food fairs and, where appropriate, group displays, 'tastings' and other in-store promotions are arranged. For most, advertising is not a major expenditure and is more indirect (e.g. in labels or wrappings). Much importance is attached to personal liaison with, and influencing, food journalists as well as consumers. Little use was made of the Internet at the time of the survey.

Many producers felt that centralised state agencies have not given due attention to the speciality foods sub-sector, although the position has improved in recent years.

The market strength of small-scale producers lies largely in their personal contacts and good business relationships with customers and consumers. However, producers identified a number of problems in accessing customers and consumers. A main constraint is time, given their personal commitment to their products, their responsibility for most aspects of the business, and the emphasis placed on personalised relationships in marketing. A second problem is the restructuring of supply channels whereby large multiples are reducing the number of links in the supply chain, limiting interactions with suppliers, centralising delivery systems, accounts and billing, and minimising storage handling requirements. While these newer arrangements may have potential advantage for certain categories of food businesses, the general impression from small-scale producers was that restructuring will tend to disfavour speciality products from small-scale businesses and dislodge the established personalised marketing approaches which give such businesses a competitive advantage.

In the view of those interviewed, an important factor distinguishing quality food, fish and organic products was their identification with attributes of known *producers* – especially producers' reputation, integrity, and reliability in the eyes of customers and consumers. Producers pointed out that product quality also derived from the use of

local resources, and the perceptions on the part of the customers/consumers that speciality products are directly linked to a 'natural' or 'pure' environment. Quality was also found to be *process-related*, in that producers drew attention to the way their products are produced, e.g. handmade, following craft principles, linking traditional skills to modern food technology.

Furthermore, producers saw quality as intrinsic to the *products* themselves – their uniqueness, distinctiveness of texture, flavour, taste, freshness, and their health and safety aspects. Concern for uniqueness was one reason why many producers are disaffected by regulatory legislative moves towards EU harmonisation in food production systems. For organic producers, traceability was of prime importance.

In terms then of the strategies in Figure 1 product differentiation and competitive advantage was most widely achieved through 'generating attraction' and 'forming association'. The producer's reputation was very important. Official quality certification applies only to organic products, although producers of food and fish products considered ISO 9000 and Hazard Analysis at Critical Control Points (HACCP) as acceptable indicators of quality. There is a producers' organisation (Real Foods of Ireland), membership of which is by nomination based on quality standards.

Regional imagery as a marketing strategy implies the use of a brand name by which the product can be readily linked to a specific region. There was a general awareness of this concept among food producers, but at a superficial level. Producers in the south-west were more conscious of the idea because of the recent use of the fuchsia symbol as a brand to represent the area. However, the use of place names for labelling purposes is common. Actual places as well as fictitious places are used with the addition of some place image (e.g. a mountain) as a representation of an identifiable feature of rurality. Usually, placenames were of relevance only in the context of local markets. When exporting, 'Ireland' is the more appropriate place to be represented. For some producers place images are not suitable ways of representing their products, e.g. confectionery may be better shown by high class photography of the product to emphasise its appetising appeal. For most producers, marketing is enhanced not so much by place imagery *per se* but by the association of known and trusted producers with particular places. Most small scale producers spend much time and effort establishing markets through personal contacts and consider that market success depends primarily on other elements of product quality and on their own efforts. Thus, the use of common symbols of territory (as distinct from place names for

labelling) is not regarded as contributing much to more effective marketing strategies. On the other hand, if traceability to place of origin and to original producer becomes a general requirement in food retailing the identification of products with 'real places' will have new significance and speciality producers will gain a distinctive competitive advantage.

Consumption²

Three out of four consumers surveyed claimed to purchase quality products and services, with quality food products being the most frequent purchase. Survey respondents generally could give more than one example of a quality product. More than two out of three quoted an international, national or regional branded product as an example of a quality food and drink product. Brands were seen as an important symbol of quality assurance. Respondents under 25 years old were less likely than others to quote 'Irish made' as an indicator of quality. Brand-conscious young consumers were most likely to nominate international brands.

While consumers place a high level of importance on official quality marks the development of regional labels as markers of quality is of very recent origin in Ireland. Thus when asked about characteristics which define quality products, 60 per cent of consumers considered that 'attraction' factors (see Figure 1) were the most significant. Twenty-two per cent felt that quality was indicated when there was 'specification' of the type of raw materials used, or of the production methods (see Figure 1). Consumers expect that quality products will be more expensive than conventional products but are willing to pay a premium.

For almost two-thirds of respondents, region of origin was an important consideration in their decision to buy quality products. 'Region' was generally taken to mean a *country*. There was a strong loyalty to Irish products, especially beef and dairy products. However, those surveyed generally identified products in terms of a specific producer or product brand. The most frequently quoted purchase of regional food products was farmhouse cheese but such cheeses were identified by their brand names rather than by their place of origin. However, many farmhouse cheese producers brand their products using local place names.

² Comments under this heading are drawn from the work of colleagues in the National Food Centre (McIntyre and Henchion 1999).

Personal recommendations from friends and family members and recommendations from producers and retailers were the most reliable sources of information on quality products. Retailers are in a strong position to encourage sampling and trial purchases. More than 50 per cent of food products were bought directly from the producer, or at markets and fairs.

Most complaints about sourcing quality products and services related to food – rather than to tourism or crafts. The problems included poor continuity of supply and the limited number of outlets where products can be purchased.

Consumers were favourably disposed to rural SMEs, with many linking small-scale of enterprise with quality. They believe that business survival in a competitive environment is based on ability to compete on quality. Small-scale production methods were also seen as conducive to achieving quality.

Territorial designation is not well developed in Ireland; at the time of the survey no products were registered under the EU systems—PDO (Protected Designation of Origin) and PGI (Protected Geographical Indication). Many of the Irish territorial labels are relatively new (e.g. the fuchsia symbol for West Cork). Consequently consumers' awareness of these was low, and there was a low level of understanding of what the labels represented.

In summary, therefore, region of origin can be important in marketing quality products and services but contributes to successful marketing only when the products themselves are of intrinsically superior quality, and are supplied by producers who have earned a high level of trust.

Institutional Issues

The network of institutions involved with the promotion, marketing and quality regulation of quality products and services was identified and inter-organisational links traced. The institutions concerned included statutory agencies, local/regional bodies and representative associations. Representatives from a total of 42 institutions were interviewed. An Expert Panel was also constituted to offer observations and advice on research procedures and findings. In addition a focus group meeting of relevant 'stakeholders' was also held in each study area.

Most of the national level organisations focus on a particular product (e.g. fish), whereas sub-national organisations tend to be multi-sectoral in orientation (e.g. the partnerships in the LEADER Programme). The aims of statutory organisations and of partnerships are formulated within frameworks laid down by relevant government departments. Increasingly, inter-organisational links are being deliberately cultivated, especially through 'instigated' forms of partnership. There has also been increased emphasis on SMEs, and more concern with marketing. Greater influences are now exerted by the EU through its funding. The widest range of organisational assistance for SMEs is available from regional multisectoral organisations (County Enterprise Boards, LEADER and Partnership Companies).

Quality products and services come within the remit of major state and regional agencies (e.g. Bord Bia) but they account for small proportions of expenditures in these agencies. Allocations of staff time to general business development are greatest in multisectoral organisations, while time devoted to promotion and marketing is highest in specialist product marketing groups (e.g. Cáis in relation to cheeses).

As regards factors that contribute to business success among producers of quality products and services, the most frequently mentioned by the institutional interviewees were the product, the characteristics of the service provider, as well as aspects of marketing and ready access to markets.

Problems identified by food and organic support organisations included: lack of producer business skills; lack of market information; cash flow difficulties; and the perception on the part of producers that food legislation is framed at national level for large-scale businesses. Weak producer networking structures were also regarded as a problem.

In the perceptions of institutional representatives, the factors contributing to innovation included: investment by incomers; EU funding; demands created by growth in the Irish economy; and a culture of innovation generally in the agri-food sector. Inhibiting factors were a lack of appropriate education and training; poor knowledge of the marketplace; the absence of a large home market; outmigration of young people; restrictive building regulations; and lack of suitable technical supports for small enterprises.

Respondents' concepts of quality centred on the capability of meeting customer/consumer requirements, but especially on compliance with regulatory standards. Food hygiene and achieving HACCP accreditation were mentioned most frequently by fish and food organisations. Organisations concerned with organics pointed out the importance of adhering to certified methods of production.

In general, organisations have no clear-cut definition of quality and rely on approval by the relevant regulatory body. Certification was not accorded the same status by producers.

Quality is promoted primarily through training and advisory services, and by ensuring compliance with health and safety regulations. A particular incentive is that of West Cork LEADER which has developed quality criteria and codes of practice for local food products (and for tourism) as a basis for determining eligibility to use the fuchsia brand label.

A number of organisations provide training to achieve ISO 9000 marks but it appears that relatively few quality products and services businesses apply for these. HACCP training courses are also provided. Barriers to quality promotion identified by the speciality foods sector in the south-west included the cost involved in complying with regulations, and the inappropriate nature of some regulations.

Product promotion and marketing are supported in various ways – market research, provision of market information, organisation of trade opportunities, presentations to customers, dissemination of promotion literature. However, the allocation of dedicated personnel to quality products and services promotion and marketing is limited.

Promotion and marketing strategies used by relevant institutions include an emphasis on quality features related to Ireland's 'unspoilt' natural environment, quality marks and certification of products, aspects of rurality (e.g. physical features), region of origin, production methods, freshness, flavour and traceability, and the commitments of producers.

Place imagery is used very much in promoting quality products and services but for national level agencies in general 'Ireland' is the place of relevance (e.g. 'Ireland – the Food Island'). Pastoral and marine images of the country are used in overseas promotions by the main food and fish promotion agencies. Agencies may also support

producers in the production of promotional materials using place imagery. Generally, there was no perceived conflict between images used by producers and those recommended by agencies, although the producer survey indicated some concern that images used by individual producers would be submerged by other territorial images, while national agencies favoured the use of generic images of 'Ireland' over other representations.

Most of the food agency representatives considered that links to place, while helpful in creating associations between regions and products, were less important than quality as defined mainly by certification. National organics organisations expressed concerns that place imagery would detract from the organic message.

Most institutional representatives felt that producer networking should be an important part of any marketing strategy by enterprises producing quality products and services. Overall, product marketing groups were seen as the most effective type of network. However, barriers to the development of such groups include lack of experienced organising personnel, lack of training and the limited time available to operators of small businesses to engage in group activity.

In conclusion, then, some disparities are evident between institutional perceptions as to what constitutes quality, and the view of producers and consumers. Organisations favoured compliance with regulatory requirements while producers see these as minimal thresholds which need to be surpassed to maintain competitive advantage. This is most closely aligned to consumers' views that 'attraction' features were the most significant indicators of quality. However, institutions also recognised the importance of meeting customer/consumer requirements.

Strategies and Policies

Expert System methodology was used to classify all producers in the Irish project based on sector, type of enterprise, actions and objectives achieved. A number of 'producer strategies' and associated producer characteristics were identified.

Producers with the most profitable businesses were those most likely to have changed the nature and scale of their production, to have specific arrangements for the internal monitoring of quality, to rely on market research, and to use place imagery. Most of these producers had previous business experience.

In general, producers currently using the weakest strategies would gain advantages by:

- undertaking courses in business development, business management, quality development, production processes and marketing
- obtaining grant/financial aid and technical assistance with market feasibility studies, achieving quality standards, initial promotion and assistance with the actual marketing of the product
- being a member of a marketing group
- having contact with consumer networks
- changing the type of business
- monitoring quality externally
- using regional imagery.

However, the effectiveness of the above actions depends on the characteristics of producers and the specific nature of their enterprises. Also relevant is the capacity of producers to understand the buying behaviour of consumers, especially:

- location of purchases (which can influence product information)
- socio-economic characteristics of consumers
- information sources used by consumers
- consumers perceptions of quality and the factors influencing quality.

Institutions also have a role in reducing any negative misalignment between producers and consumers in regard to the different criteria (see Figure 1) by which quality is defined.

At the more general level of policy, producers considered that institutions were preoccupied with bureaucratic procedures, and lacked understanding of the needs of small-scale producers. Ireland as a country with Irish products is the focus of marketing and not regions or localities with their particular products. Regionally or locally-based agencies provide considerable supports but assistance with marketing is not generally high on their agendas. Product-specific marketing groups are more useful but small-scale enterprises find it difficult to establish these from within their own resources of finance and time.

5 FINDINGS: OVERALL PROJECT³

While there were differences within and across countries in respect of the products and businesses studied, it was possible to make some generalisations which were equally applicable to the promotion of speciality foods in Ireland.

A high proportion of businesses involved in quality products and services are family-owned. Related to this, many business operators are not strong profit maximisers or 'expanders'. Business tends to be limited to a scale that can be managed by the family.

Comparatively few businesses engage in high-cost marketing; few 'business responsables' have undertaken any training in marketing strategies. However, many considered that their marketing could be better facilitated by promotional campaigns to stimulate demand, and by greater producer cooperation.

Producers in different regions highlighted the following policy requirements (not all necessarily apply to all regions):

- more detailed information on export markets
- help with finding customers and business contacts
- campaigns raising awareness of food quality and safety
- financial assistance with marketing local and regional products (as distinct from national products)
- better systems for accessing markets
- assistance with product labelling
- reduction of bureaucratic procedures

'Quality' is not an absolute concept but is defined by both objective and subjective indicators — indicators which are, in turn, formed by the interactions of producers, consumers and institutions. Consumers generally associate quality with price, and are prepared to pay premium prices for assured quality. Across almost all regions, traceability is seen as an important quality attribute.

³ Comments under this heading are based on the project final report edited by Ilbery and Kneafsey (1999).

There is a high level of awareness of, and confidence in, official quality marks although this confidence is not usually based on a technical understanding of the certification process.

Rural SMEs are generally perceived to produce quality products but a minority of consumers associate small-scale production with variability in quality.

While in some regions retailers play a significant role in informing consumers of regional quality products and services, consumers across all regions agreed that the most used and trusted information is obtained by 'word of mouth'.

The degree to which consumers have knowledge of regional products and services from other regions varies according to cultural and linguistic links, geographic proximity, and the extent to which regions are established as tourist destinations. Tourism is thus important in developing consumer networks of benefit to producers of quality products.

Common barriers to the purchase of quality products and services are their lack of visibility, inconsistency of supply, and limited supplies available.

Associating a product with a region of origin does not necessarily guarantee its quality. There is a tendency for regional quality schemes to be eclipsed by national branding. The use of regional imagery may be more suited to micro enterprises for which local markets offer most potential.

Recurring features of good practice among producers included: the business owner's personal involvement, market research (however informal), attendance at training courses, membership of marketing groups, use of regional imagery, use of the Internet, good consumer/customer access to products, external quality monitoring, and changing the nature of the business in face of the changing market environment.

6 CONCLUSIONS

The successful development and marketing of quality products and services in rural areas is highly dependent on entrepreneurship. Entrepreneurship is reflected in a set of personal characteristics which include innovativeness, commitment, willingness to

take risks, production and marketing skills, ability to provide capital, and adaptability to changing production and marketing situations. If niche markets are to be developed the efforts of individual entrepreneurs need to be supported in a manner sensitive to their specific needs and products.

There is no consensus as to what constitutes a 'quality' product. Producers and consumers formulate concepts of quality through a wide range of objective indicators and subjective understandings. Quality assurance schemes, through agencies or self-regulation by producers, can help to define and certify quality characteristics more precisely but some products (or elements of products) are not readily characterised by objective quality standards.

However, it is important that there is a high degree of alignment between the views of different sets of players (producers, consumers, promotion agencies and regulatory institutions) in regard to the factors which constitute quality. At the same time there is need to recognise that some approaches to harmonisation and standardisation of production processes may erode the individuality of speciality producers and stifle niche market development.

Products which can demonstrate strong links to particular places can make effective use of place imagery but associating a product with a region is no automatic guarantee of its quality. The use of regional imagery, therefore, is not itself a solution to the problems of marketing for small businesses in rural areas.

There is a definite segment of consumers interested in purchasing quality products although consumers have also experienced difficulties with continuity of supply. Distribution channels vary according to type of product but given the dispersed location of many speciality producers, together with the limited and geographically concentrated Irish home market, access to affordable and reliable distributors is critical for SMEs wishing to serve a market beyond their local area. However, growing consumer demand for product traceability is likely to result in a greater number of local outlets selling locally produced foods.

Producers need to consider establishing more collective forms of market organisation (product market groups, networks, partnerships, etc.), to increase their market power, avoid fragmented and costly marketing arrangements, and lobby for policy supports appropriate to their needs. Statutory agencies consider that group organisation is a

function that must rest with producers themselves. State agencies provide a range of business supports but the least well developed of these is the market promotion of speciality products.

Key elements in a policy for the further development of speciality foods and their niche markets are:

- ensuring a low-cost marketing environment by, e.g. reducing transport or distribution costs
- generating greater public awareness of the range and variety of quality products
- having quality assurance schemes which do not unnecessarily penalise difference or uniqueness
- providing close-to-producer supports for product labelling, presentation, promotion, and marketing
- facilitating producer-customer contacts
- supporting collective organisation by small-scale producers
- supporting actions designed to ensure that the views of producers, consumers and support agencies are in close alignment as regards the factors that define quality in regional products.

APPENDIX

Table 1: Change in the Indigenous Agri-Food Sector in Ireland, 1960 to 2000

Period	Market Context	Firm Structure	Drivers of Firm Behaviour
1960-1973	<ul style="list-style-type: none"> • Switch from a commodity focus and live animal exports to basic products for UK market 	<ul style="list-style-type: none"> • Small-scale, private and cooperative businesses 	<ul style="list-style-type: none"> • UK markets • Basic technology in food processing
1973-1985	<ul style="list-style-type: none"> • Opening up of EC markets • Better market supports • Intervention buying 	<ul style="list-style-type: none"> • Rationalisation and increasing scale 	<ul style="list-style-type: none"> • EC CAP policies • Expansion of farm output • Access to markets • More advanced technology • Improved communications
1985-1995	<ul style="list-style-type: none"> • Limitations on farm output • Emphasis on: <ul style="list-style-type: none"> – overseas acquisitions – diversification – product innovations – added value • Global markets 	<ul style="list-style-type: none"> • Growing scale in mature sectors and establishment of overseas alliances • Emergence of prepared consumer foods • Speciality food enterprises 	<ul style="list-style-type: none"> • Raw material constraints • More intensive competition • Need to respond to end consumers and to health/environmental awareness • More efficient delivery
1995-2000	<ul style="list-style-type: none"> • More severe limitations on farm output • Agri-commodities to agri-food products • Food ingredients and prepared consumer foods • More explicit recognition of speciality foods • More complex supply chains • Supplier-retailer collaboration 	<ul style="list-style-type: none"> • Expanding scale and greater control of distribution and supply • Continued entrepreneurial start-ups to avail of new opportunities • Greater concentration at retail level 	<ul style="list-style-type: none"> • Need to switch from supply-driven culture to customer servicing • Dominant role of large multiples • Greater efficiency in cost structures • Increasing concern for health, safety, quality. • Consumer demand

Source: Adapted from Forbairt (1995)

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