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Number: 53 **Promoting Mountain Quality Food Products (MQFPs) – Analysing possibilities beyond labelling policy**

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PROMOTING MOUNTAIN QUALITY FOOD PRODUCTS (MQFPS) – ANALYSING POSSIBILITIES BEYOND LABELLING POLICY

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ABSTRACT

The new orientation of the Common Agriculture Policy encourages producers to respond to market forces. In addition, the public expect producers to contribute to a living countryside. Based on this context, the purpose of the paper is to discuss what other marketing alternatives exist for the promotion of mountain quality food products beyond labelling. This is done through the analyses of shelves and postal surveys to retailers, carried out as part of the EU project EuroMARC, which included information for Austria, France, Norway, Romania, Slovenia and UK (Scotland). The analysis concentrates on two product promotion aspects: display and store-promotion, and communication of product attributes. The results indicate that even without labelling policy there is scope to improve the promotion of mountain quality food products.

KEYWORDS: Mountain food products, food promotion, local food.

Introduction

The new orientation of the Common Agriculture Policy encourages “market driven” production where European Union producers are expected to respond to market signals on the types and quantities of products to produce. On the other hand, the public are still expecting them to contribute to a living countryside; including environmental, social and cultural aspects. These two contrasting views have particularly deep implications for European rural areas, insofar as adding value to farm and food products is an essential contributor to rural prosperity and cultural diversity.

Many rural areas in the European Union -amongst them mountain areas- produce food products that are unique, either because of the product characteristics, the way they are farmed or due to processing attributes. An avenue for these areas to reach a degree of sustainability is through the expansion of their revenues from the sale of their local products. This strategy can be pursued in two main ways (either separately or by combining them) namely, by expanding the demand for the products, by receiving a premium per unit of product.

The Commission strongly believes that EU farmers must build on high quality reputation to sustain competitiveness and profitability. However, they need to better communicate to consumers the qualities of their products if they want to retain fair share of the value added. This will give the opportunity to consumers to make informed choices. The EU is willing to help reconnecting farmers to consumers (EC, 2009). Following the Commission Communication on agricultural product quality policy, the Commission studied the reaction of other EU Institutions and began stakeholder's consultations. Legislative proposals and guidelines were announced as part of a 'Quality package' for end 2010.

Labelling of specific products is normally done to highlight specific qualities of products in the expectation of not only improving the transmission of those qualities to consumers but also to reach a product differentiation situation that allows producers to face less competition and probably a premium from similar products. However, as pointed out by the recent 'Communication on EU Agricultural Product Quality Policy' (European Commission, 2009) the existing EU labelling and marketing schemes have evolved over time and many private and national certification schemes have been developed in parallel creating a proliferation of signals that consumers may find confusing. In this context the European Commission has only proposed to keep the attribute “mountain” as a reserved term for products farmed in mountain areas (see Box 1 for a summary of the communication).

Box 1: Summary of the Communication on EU agricultural product quality policy

On the 28 of May 2009 the European Commission published a communication on EU agricultural product quality policy. The communication laid down strategic orientations for improving the flow of information between farmers and consumers about where and how farm products have been produced.

The new communication recognised that the existing EU labelling schemes and marketing have evolved over time and many private and national certification schemes have been developed in parallel. Thus stakeholders asked the Commission to act to:

- Improve communication between farmers, buyers and consumers about the quality of farm products;
- Make EU agricultural quality policy instruments more coherent; and

- Make the various schemes and labelling terms easier for farmers, producers and consumers to understand and use.

The Commission's proposal consisted of the following options:

- Extend labelling that identifies the place where agricultural product was farmed;
- Examine the feasibility of laying down specific optional reserved terms for 'product of mountain farming' and 'traditional product'. The latter could replace the current 'Traditional Speciality Guaranteed' scheme.
- Create a unique register for all geographical indications (for wines, spirits and agricultural products and foodstuffs) while preserving the specificities of each system.
- Improve the single market for products under labelling schemes, particularly for organic products.
- Improve international protection of geographical indications and contribute to the development of international standards for marketing standards and organic product.
- Develop 'good practice' guidelines for private certification schemes to reduce the potential for consumer confusion and to reduce red-tape for farmers.

According to the EC, the reform of the system would benefit:

- Farmers - as they would get a fair return reflecting the quality of their produce.
- Consumers - who would be able to make informed choices when buying food.
- Buyers of agricultural products (including the agri-food industry and retailers) - who would find it easier to identify the characteristics and quality of products

The communication does not entail any changes to the current existing rules, but will prepare the way for regulatory proposals in 2010.

Source: European Commission (2009)

Based on the aforementioned context, the purpose of the paper is to discuss what other marketing alternatives exist for the promotion of mountain quality food products beyond labelling. This is done through the analyses of shelves and postal surveys to retailers, carried out as part of the EU project EuroMARC¹, which included information for Austria, France, Norway, Romania, Slovenia and UK (Scotland).²

The analysis concentrates on two product promotion aspects: display and store-promotion, and communication of product attributes. Due to the diversity of products, we concentrate the overview of MQFP marketing on three of the most common types of products in the studied countries, namely: cheese, sausages and water. In addition, we concentrate on two aspects: display and store-promotion, and communication of product attributes.

The structure of the paper is as follows: first, we present the responses of retailers as regards the labelling of mountain food products. Their responses whilst positive to some extent indicate the need to be accurate with respect to the characteristics that are being promoted. Next, we study the promotion of mountain food products and finally we present some conclusions.

¹ This article presents only some of the EuroMARC results concerning only retailers's surveys. Information about the project and the consumer surveys carried out can be found at the project website: <http://www.mountainproducts-europe.org>.

² As regards information from retailers, the EuroMARC Project collected in Austria, France, Norway, Romania, Slovenia and UK (Scotland) information from 550 shelves through a questionnaire with 33 questions (the survey collected information about 1765 mountain food products from 351 retail outlets). In addition, postal (521 responses) and face to face interviews (117 interviews) were carried out.

Would a label improve the marketing of MQFPs?

As regards whether the introduction of a mountain label could address the lack of promotion and communication by MQFP producers and their products, except in a specialist retail environment (e.g. farm shop, farmers' market, specialist shop), the views from retailers were mixed and are presented in Fig. 1.

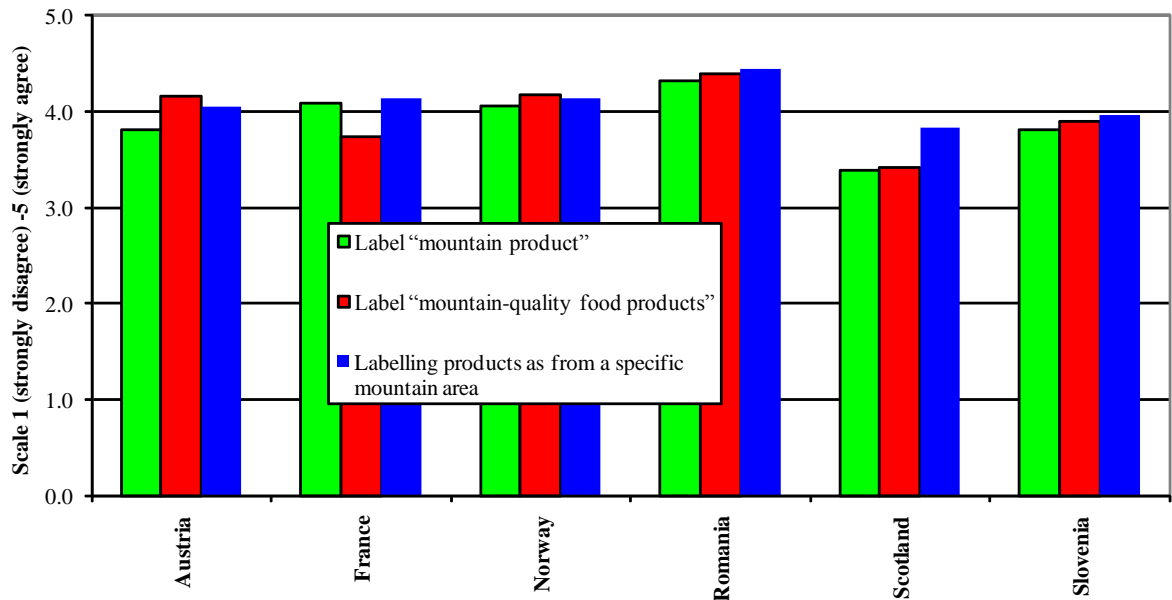


Figure 1. Views about different labels that might increase the appeal of mountain food products (postal survey).

In contrast with Figure 1, face to face interviews, in the case of a label indicating provenance, show that the majority of retailers favoured highlighting the regional/local provenance over the 'mountain' provenance (Au, Fr, No, Sl, Sco), reflecting concerns that MQFP labelling may compete with region/locality indications (e.g. PDO, PGI- FR) or labels for premium quality (e.g. Organic) and thus further confusing consumers (Au), especially those less familiar with labels (No, Sl).

Whilst Fig. 1, as regards labelling products from a specific mountain area, indicates that in Austria, Norway and Romania an MQFP label might well enhance the appeal of such products, it is important to note that in the face to face interviews, some retailers openly expressed their concern that even if an official MQFP designation were introduced, it would be important to keep prices at a competitive level (Fr, Sco, Au), thereby avoiding overpricing. These retailers expressed the view that they should not price such products beyond the means of their regular, rural clientele, who are very important for maintaining year round demand. Moreover, high prices for loyal customers were frequently seen as socially undesirable; placing a burden on the household budgets of rural dwellers with modest incomes.

The different views about labels are that they:

- might be associated with a particular provenance (a mountain area, a mountain range, a particular mountain locality – thereby fitting with the interest in local or locality food);

- are justified for a sustained high quality (Fr, Au; with sensory attributes, and purity and naturalness being important), that reflects attributes well valued and understood by consumers (Sco);
- are promoted so that retailers and consumers become aware of the label's existence and its defining characteristics (e.g., communicating advantages and disadvantages of food production in mountain areas –Au); and need to be introduced in a way that avoids confusion and conflict with existing certification labels.

Marketing of Mountain Quality Food Products

Before presenting the evidence about MQFP marketing, it is important to note two features of these products. First, MQFPs are stocked in a full range of outlets from farm shops and markets to multiple retailers, with slight differences across the countries. Thus in Slovenia (SI) such products are strongly associated with farm shops and markets, whilst in France (Fr) and Austria (Au) they appear to have a good presence in supermarkets and hypermarkets. The second feature is the great diversity of products that fall under the heading of MQFPs. There is a wide variety of MQFP across most product categories; particularly in Au, Fr, SI and Norway (No), but to a slightly lesser extent in Scotland (Sco) and Romania (Ro).

Display and promotion

As regards displays and promotion, across the selected countries the over-riding picture is that MQFP are frequently not afforded their own display (see Fig. 2) and therefore there is often no special signage attracting the consumer towards them (see Fig. 3).

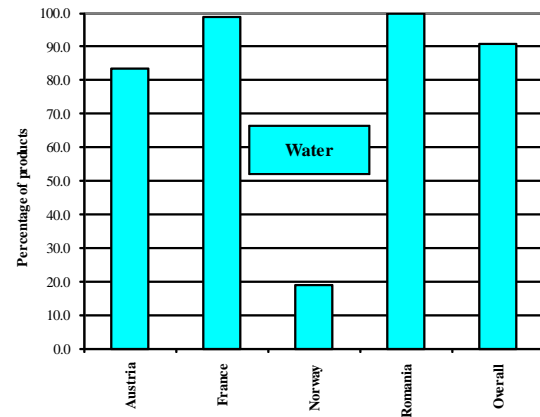
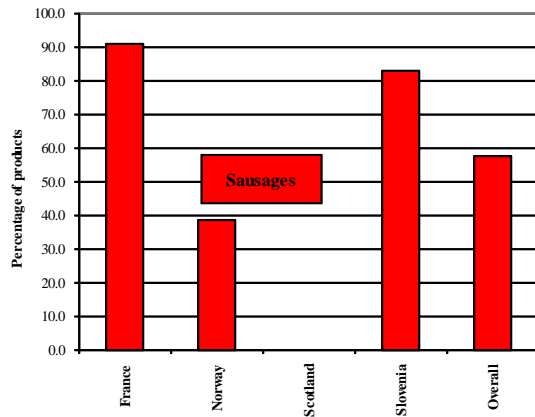
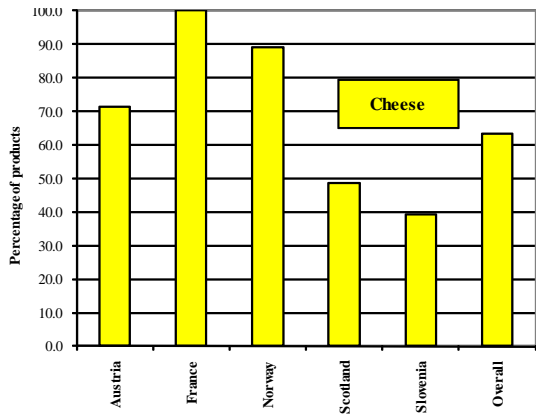


Figure 2. Are mountain products displayed with non-mountain products? (percentage of cases saying yes)

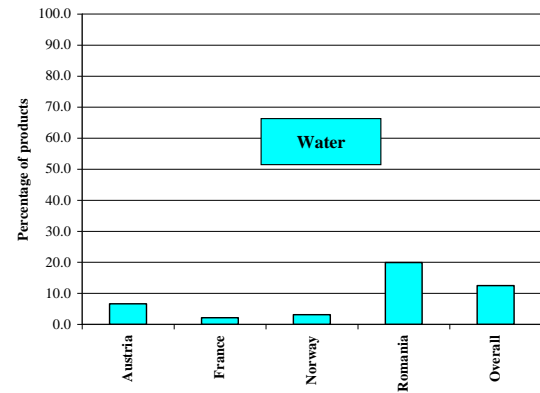
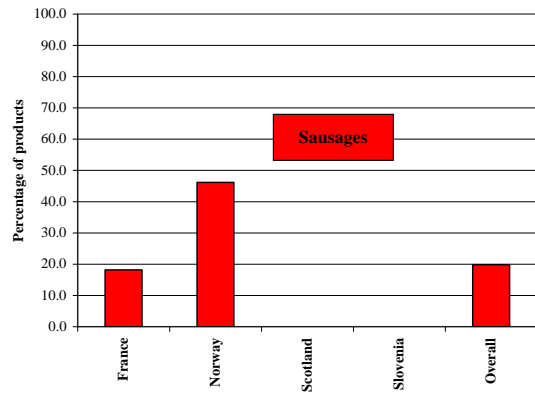
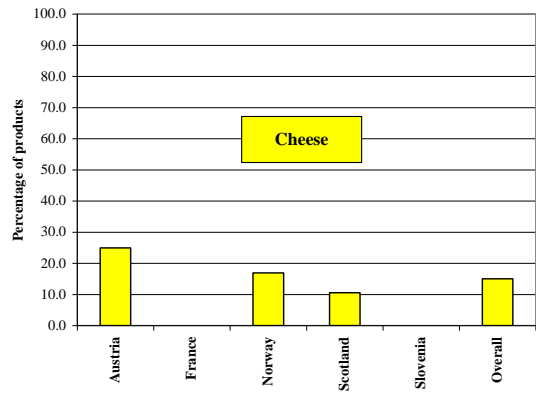


Figure 3. Is there a special mountain product display sign? (on shelf or in shop) (percentage of cases saying yes)

In Austria the difference between MQFP and regional products is not distinctly made, because such a large part of the country is mountainous. The greatest differentiation appears in farmers' markets and speciality shops. In France, although there are many non-mountain areas, a similar situation arises, although the survey was carried close to mountain areas. As in other countries, for example Romania, products, especially in larger shops, are displayed by category, so that mountain and non-mountain items are displayed together. In Norway also, the mountain products tend not to be displayed in any particular way, with premium quality products being the items with special signage and displays.

Product names and their mountain provenance are often just indicated by a locality name, so that it is the package that indicates a mountain origin and not the display. Similarly in Scotland, it is very unusual for MQFP to be afforded separate displays. The only occasions where MQFP are not displayed with their non-mountain counterparts are where the latter do not exist at all, or where all of the products of a mountain producer are displayed together. The case of Slovenia constitutes an exception, since mountain products are usually displayed together in farm markets or shops and speciality outlets, but the display was not always characterised as attractive by the surveyor (see Fig. 4).

Communication

In terms of communication, the display of MQFP can be problematic, since a considerable proportion are not packaged (SI, Fr) and/or their labelling does not communicate explicitly the mountain provenance (see Fig. 5) and place of origin (SI, No). Furthermore, the difference between MQFP and regional/local products is not distinctly made by final consumers (Au, Fr, No, Sco). Moreover, it is frequently necessary for the purchaser / consumer to be familiar with regional geography / culture to fully appreciate the MQFP attributes implied by some product names and labels. So, it is not necessarily the 'mountain' aspect that appeals, rather that the product is of local provenance or from a highly regarded locality.³

With respect to the display of the products (see Fig. 6), in France the mountain provenance of mineral water is always displayed, whilst for cheeses only half of the mountain cheeses use the word 'mountain' to promote the product. French retailers perceive there to be a lack of promotion towards mountain food products. In Norway also, there is retailer concern about a lack of promotion of MQFP. In Romania, the mountain provenance of water products is communicated through the place of origin, which is always a part of the product name.

Representative images of the region and a description of the mountain region are frequently used, but not the word 'mountain' in the product name. The 'mountain' provenance is usually promoted through posters, attractive colourful product labels and by displaying the product in a fridge with the processor's business logo. In Scotland MQFP are rarely promoted as 'mountain' products, although a few do carry the word 'mountain' or the name of a mountain or mountain location. There is again some concern about the lack of promotion, but some collective activities do take place to promote products from particular Highland localities. In Slovenia, the word 'mountain' is rarely present in the product name or description, and overall, there is a lack of promotion for

³ It is interesting to note that some consumers that took part in focus groups organised in the context of the EuroMARC project had the views that 'true' mountain food product do not require flashy or attractive display or packaging as the rustic presentation was actually the best type of advertising for them. This, however, implies that the consumer has knowledge of them.

MQFP or mountain provenance, with only a few exceptions in farmers' markets and speciality shops (e.g. leaflets for a particular brand of meat products).

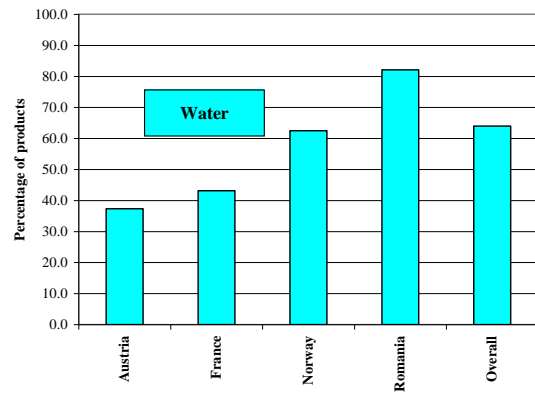
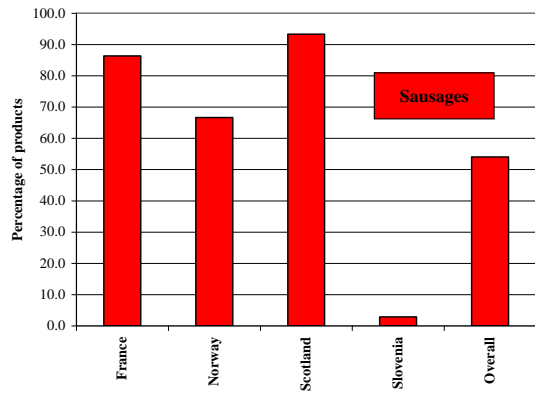
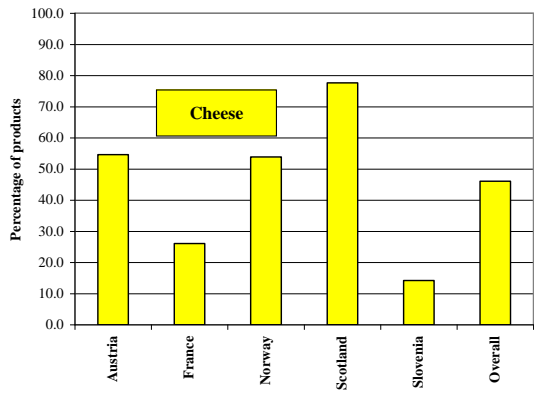


Figure 4. Is the product display attractive? (e.g., colourful, nicely arranged) (percentage of cases saying yes)

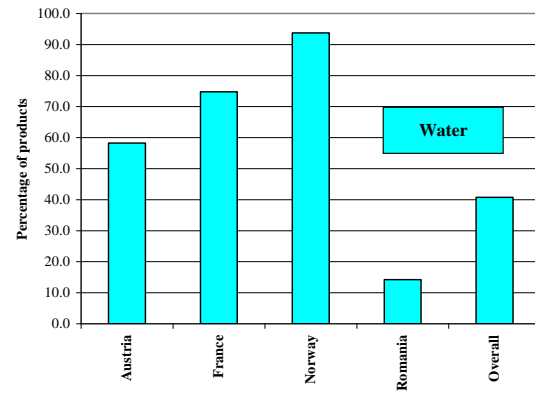
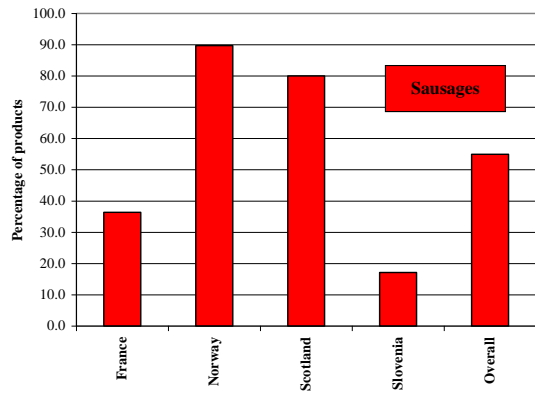
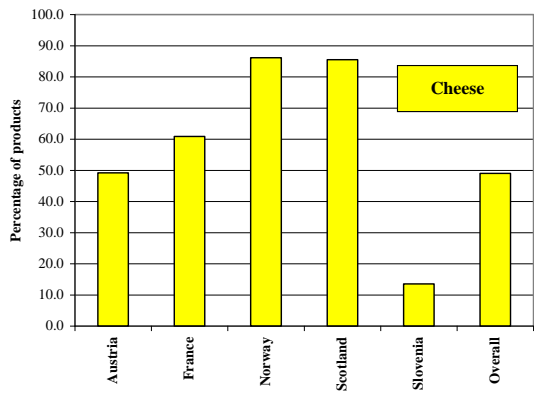


Figure 5. Does the product have printed packaging? (percentage of cases saying yes)

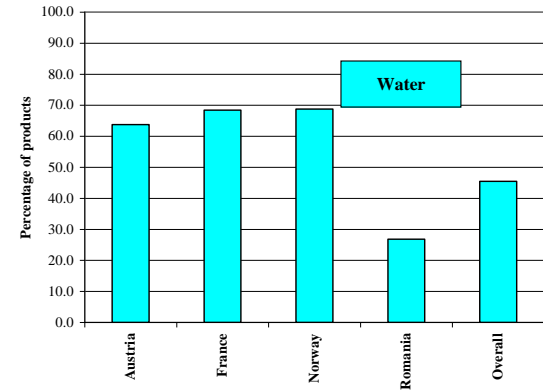
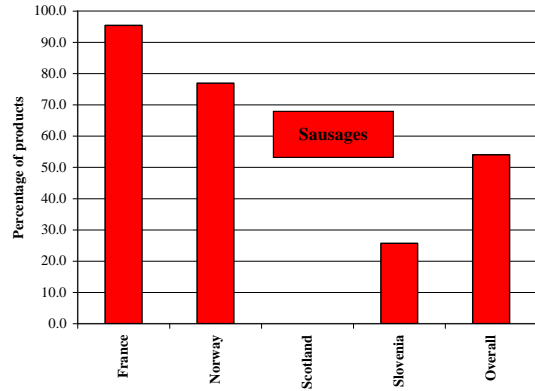
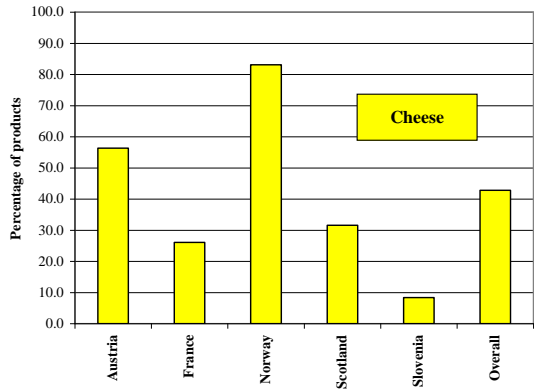


Figure 6. Is mountain provenance of the product prominently displayed on the product? (percentage of cases saying yes)

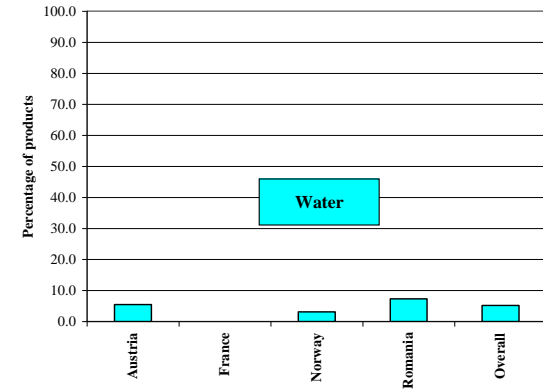
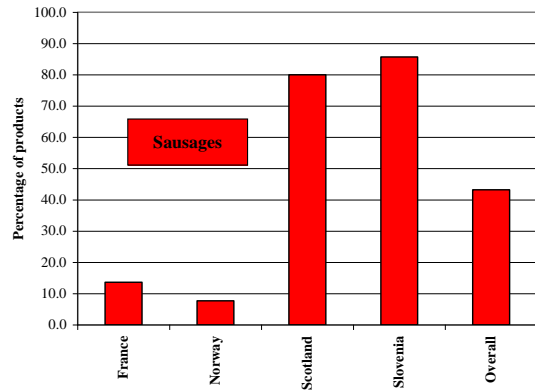
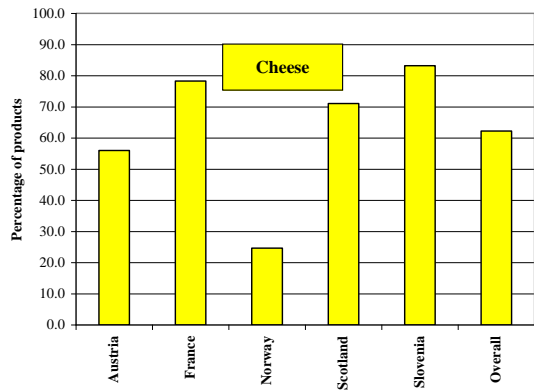


Figure 7. Is personal help/information available? (percentage of cases saying yes)

With the exception of some strong brands, the promotion of MQFP is generally focussed on product packaging and labelling with the use of the word 'mountain', a mountain locality or image. Personal communication (see Fig. 7), in the form of direct interaction between the seller and purchasing consumer is important in farm shops, market stalls and specialist retailers. There is a general view amongst retailers that MQFP are inadequately promoted.

Overall, the situation of MQFPs seems to consistent with the general view amongst retailers (gathered through the face to face interviews) that MQFP are inadequately promoted with a reliance primarily on product packaging and labelling – in the form of an image, symbol or key mountain-related words - to convey a mountain provenance. Personal communication, in the form of direct interaction between the seller and purchasing consumer was mainly practiced in farm shops, market stalls and specialist retailers.

What can be done to promote mountain quality food products?

As pointed out in terms of labels, the views expressed in the surveys are very mixed with no clear preference for an MQFP label, and less so for a Mountain Brand. Support for an MQFP label would appear to be greatest if it can be:

- associated with a particular provenance (a mountain area, a mountain range, a particular mountain locality – thereby fitting with the interest in local or locality food);
- is of a sustained high quality (with sensory attributes, purity and naturalness being important);
- and is promoted so that retailers and consumers become aware of the labels existence and its defining characteristics.

However, MQFP tend to have features which fit well with European consumer trends. Furthermore, they are well described by the following quote from Marsden et al. (2000): "With a short food supply chain, it is not the number of times a product is handled or the distance over which it is ultimately transported which is necessarily critical, but the fact that the product reaches the consumer embedded with information, for example printed on packaging or communicated personally at the point of retail. It is this which enables the consumer to confidently make connections and associations with the place/space of production, and, potentially, the values of the people involved and the production methods employed. The successful translation of this information allows products to be differentiated from more anonymous commodities and potentially to command a premium price if encoded or embedded information provided to consumers is considered valuable. All short food supply chains operate, in part at least, on the principle that the more embedded a product becomes, the scarcer it becomes in the market."

In fact MQFPs have natural ingredients; are produced in a natural environment, frequently by traditional methods; their provenance may be clearly identified; they may be novel or relatively unusual thereby adding variety to food consumption, etc. Consequently, the overall picture is positive for overall market development.

Furthermore, it is apparent that an improvement in supply systems with respect to costs, continuity of supply and market penetration would further assist MQFP sales.

- They need to communicate better with consumers about the qualities of their products.
- A mountain label as mentioned by retailers might not be effective.
- There is plenty to do through promotion e.g., packaging and in-store promotion such as personal advertising.

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