Opportunities and barriers for niche marketing of lamb in European LFAs based on consumer attitudes to product quality

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Abstract

With commodity prices continuing to decrease and with policy constraint that farmers cannot easily increase their incomes by increasing volumes of production, they must find alternative ways to maintain their standard of living. This can be achieved by either niche marketing of agricultural products or by environmental payments, which are paid by either the government or the consumer.

The results of a consumer survey carried out in Less Favoured Areas in Scotland, Germany, Greece, France and Italy to assess consumer attitudes of what constitutes the quality of lamb and the extent to which this provides an opportunity to exploit niche marketing, are discussed. Consumers generally have much less interest in the use of regional labelling, ecologically friendly production systems or the linkage of landscape and production systems in the buying decision. It is concluded that potential exists to develop niche markets for lamb and that these niches demonstrate significant regional differences. Equally, however, it is concluded that there are only limited rewards for production systems which are sympathetic to the environment. To achieve this goal, policy intervention is required, geared directly to environmental management practices. Future policy support towards farmers in LFAs is needed as a mix of policy instruments. Nowadays, financial support of farming in LFAs is necessary to grant farmers income, but structural support (e. g. in marketing products under reliable labelling towards consumers' requests with trust in the "added values") can help to increase LFA-farmers income without increasing subsidies.

Keywords: Consumer expectations; lamb marketing; EU 2078/92 Agri-Environmental Programme; less favoured areas; local markets

Möglichkeiten und Grenzen einer Vermarktung von Lammfleisch aus benachteiligten Gebieten der EU auf der Basis von Konsumentenerwartungen zur Produktqualität

Förderung regionaler Märkte und zielgruppenorientierte Vermarktung von ökologisch nachhaltig und sozial akzeptabel produzierten Agrarprodukten sind Ziel der gemeinsamen als auch nationaler Agrarpolitik geworden. Besonderes Augenmerk gilt dabei den benachteiligten Gebieten mit einer hohen landschaftlichen Attraktivität, aber mit einem komparativen Produktionsnachteil. Lammfleisch ist ein typisches Produkt dieser Regionen. In einer vergleichenden Marktstudie aus fünf benachteiligten Regionen der EU (Frankreich, Italien, Griechenland, Schottland und Deutschland) wurden Konsumentenerwartungen, Vermarktungsstrategien sowie Marktpotentiale erhoben und miteinander verglichen.

Es zeigte sich, dass zielgruppenorientierte Vermarktung im Hochpreissegment erfolgreich sein kann. Dabei sind die lokalen Marktstrukturen und die Verbrauchererwartungen jedoch entscheidend für den Erfolg. Die Orientierung auf bestimmte Zielgruppen und die Wahrnehmung und Beachtung ihrer Kauf– und Konsumverhalten sind im Marketing entscheidend. Das Wertschöpfungspotential in benachteiligten Regionen ist jedoch begrenzt und abhängig von vertikalen Kooperationen lokaler Marktteilnehmer.

Schlüsselwörter: Verbrauchererwartungen; Lammfleisch; EU-Agrarumweltmaßnahmen; benachteiligte Gebiete; lokale Märkte

1 Introduction

In an era of policy measures designed to control food surpluses and limit agricultural public spending (European Union, 1991), farmers throughout Europe are increasingly being told to look to the market place (European Union 1999) and to add value to their products (MCINERNEY, 1999) in order to achieve economic sustainability. Equally, they are increasingly being encouraged to adopt agricultural production methods that are sympathetic to the natural environment in which they operate, thus improving environmental sustainability (MAFF, 1999). These two challenges facing the primary producer and policy maker, lead to the question of whether production systems that benefit the environment can be sufficiently rewarded through the markets for primary products or whether long term public support for the creation of the public good, landscape and environment are needed (REVELL, 1999).

The challenge of adding value is considerable for the primary producer of agricultural products, and is heavily influenced by the structure of the marketing chain and the effectiveness of the market intelligence channels. These challenges become even greater in the Less Favoured Areas (LFAs) where physical limitations on production systems and distance from markets are more pronounced. Furthermore, these areas include some of the most visited and prized touristic environments and landscapes of Europe. Many of these areas also benefit from agri-environmental policy measures (AEP under EU Reg. 2078/92 and 1257/99) aimed at encouraging farming practices of an environmentally friendly nature (fixed stocking rates, grazing periods, no using of pesticides and no fertilizing of pasture to avoid over-exploitation and damage to the natural environment). Consequently, producers in the LFAs who contribute in AEP may be able to add value to their produce through the development of niche markets by placing emphasis on the product quality demanded by consumers, the production methods used and the regional identity often associated with tourist areas. Niches can create value in several ways:

- they differentiate the products so allowing producers to raise prices;
- they allow the rearrangement of the food chain to find more appropriate organizative patterns, that often by-pass intermediaries;
- they establish a more intense communication between producers and consumers, create loyalty which is a key to steady revenues.

This paper discusses the results of a consumer survey carried out in LFAs in Scotland, Germany, Greece, France and

Italy. The survey assesses consumers' attitudes towards what constitutes quality. The paper discusses the opportunities this creates for establishing a niche market for selected livestock products produced in these areas, articulated upon a regional circuit of consumption with more direct relationships between producers and consumers, on the basis of a common awareness of the distinctiveness of the place of production. To this purpose, the survey has aimed at identifying a group of "local consumers" (being resident or tourist) and to explore their attitudes toward meat quality and its relation to the territory and its environment.

The survey was part of the EU-share-cost-project EQULFA (Husbandry Systems and Sustainable Social/Environmental Quality in Less Favoured Areas; 1996 – 2000; Task 4 Markets for Environmental Qualities). The broad aim of the project was to research the adjustment of primary production systems in Less Favoured Areas (LFAs), so that they preserve landscape environments and become sustainable in terms of socio-economics and aid development of rural communities (EQULFA, 2000).

2 Theoretical background: the valorization of "environmental quality"

The theoretical background of the survey is centered upon the concept of valorization (BRUNORI et al., 1999; ALAVOINE-MORNAS, 1997; ROSSI and ROVAI, 1997), which has become central to the strategies of development of LFAs (JENKINS and PARROT, 1999). The concept works out PORTER'S (1990) competitive advantage theory, and tries to adapt it to collective strategies enacted by local networks of small farms, processors and local institutions. Like in PORTER's approach, it is based on a dynamic conception of "resource", rather far from the neo-classical approach. In PORTER's view, as well as in the "endogenous development" approach (PLOEG and LONG, 1994) resources are constructed, not only inherited: they are produced and reproduced through social and economic interaction.

Developing this view, it can be argued that LFAs have characteristics that, unrecognized in a system of knowledge, generated into more favoured settings and applied to create a "conventional" pattern of development, can be successfully turned into resources through original forms of recombination and connections with the markets. A key role in the process of valorization is played by consumers. After a period of homogenization of taste and consumption behaviour stimulated by modernization, it is apparent that the search of novelty by consumers has now taken several directions (GABRIEL and LANG, 1995); one of these directions, which has grown in popularity recently, is the search of what we call authenticity (TREAGAR et al., 1997). Authenticity spans from "being typical of a place" to "value laden" (as in the case of animal welfare) to being produced as naturally as possible. A common feature of the product which uses "authenticity" is that they are perceived as an alternative to "industrial products", i. e. those produced by the big brands of the food industry. Whereas in industrial products, technological innovation is the source of innovation, for the farmers, it is tradition which is important; whereas industrial products are produced on a mass scale, "alternative" products circulate mainly through small chains linking more directly producers with consumers.

Valorization is therefore the search for original ways to connect localities, and their products, to consumers, so to keep within the locality a greater share of the added value. This then implies a process of change at many levels, from farming to the institutional environment, to align the behaviour of the local community in their pursuit of a common objective.

One important precondition for reaching this objective is to find ways to fulfil the expectations of consumers. The key is to find different patterns of behaviour among consumers, and to choose among them the groups that best fit the already defined objectives (environmental protection). Moreover, the framework of analysis must be appropriate.

The values of "environmental quality" have to be taken into account. Values are very important. They are not necessarily coherent with the concrete practices, but nevertheless they are the key to stimulate change. If "environmental qualities" are a set of values to be translated into practice, fulfilment of consumers' expectations should then mean: fulfilment of actual expectations coherent with "environmental quality" values, identification for potential consumers whose expectations are coherent with "environmental quality" values and setting up strategies to attract consumers to pay for values coherent with "environmental quality".

3 Materials and methods

In coherence with the EQULFA project goals and in order to compare and contrast consumer attitudes to product quality and identify those characteristics which may be exploited in a niche marketing campaign, five study regions have been considered. Individual reports have already been made by each partner (ASHWORTH et al., 1999; RAHMANN, 2000; BOUTONNET, 1999; BRUNORI et al., 1999; PAPADOPOULOS et al., 1999). This paper tries to compare the individual results of the partners of the common socio-economic survey. The questionnaire has to be designed in respect to the different local and cultural aspects of the five study areas. Pre-studies have proved the applicability of the questionnaire for interviews and for common statistical analysis. The SPSS© software for social science statistics has been used to analyse the data in a merged data set.

Each study region is both a LFA and an area much visited by tourists for its natural beauty. The areas chosen are the Loch Lomond Park Authority area of Scotland, the Rhön Biosphere Reserve in Germany, the Pertouli Valley in Greece, the Luberon Regional Park in France and the Matese Massif of Italy. In all these regions lamb meat is a significant agricultural product. Increasing the net returns from lamb would have a significant effect on the economic sustainability of the regions. Furthermore, sheep grazing is supposed to play an important part in maintaining the natural environment of these regions and is subsidized for this purpose (AEPs). Consequently, this commodity was chosen as the product used to assess the regional characteristics of the market.

With the support of a joint questionnaire (Annex 1), a random survey of consumers was carried out between autumn 1997 and early summer 1998 within the study area and the nearest large town or city to the study area. Pre-studies have been made by all partners to train the interviewers. The survey was targeted at "local consumers", defined as people who live in the area as residents or temporarily as tourists, are at an age of 18 to 75, and purchase lamb. The structure of the sample is shown in Table 1. The persons have been asked in the street when buying food (in supermarkets, in butcher shops and at farmer markets).

Table 1: **Structure of survey of consumers of lamb**

	Scotland	Germany	Italy	Greece	France	Total
No. Interviews	322	480	437	392	299	1 930
Female	47	56	70	45	65	57
Male	49	44	28	55	35	42
Missing information	3		2			1
< 25 years	9	8	11	16	9	11
25 to 40 years	34	32	37	36	38	35
40 to 60 years	37	40	35	34	41	37
> 60 years	20	20	18	10	12	16
Missing information	1			4		1

A series of common questions were asked in each study area to assess the relative ranking that each consumer gave to a number of issues relating to the purchase of lamb. A second series of common questions was then asked to ascertain what consumers perceived as key elements in the quality of the product they purchased, where they collected their information about their products and finally the extent to which they would pay a premium for a regionally branded product.

4 Results

The marketing conditions, the consumption behaviour and the perception of lamb are different throughout the regions in the EU. It is important to have an understanding of the lamb production and marketing performance in the five selected research sites. The information below has been gathered within the EQULFA project (EQULFA 2000).

4.1 Lamb marketing in the selected research regions

4.1.1 Loch Lomond (Scotland, UK)

Loch Lomond, the largest inland water body in Great Britain, is situated 30 km northwest of the city of Glasgow. The uplands in the north of the area are utilized for hill sheep farming; a typical unit consists of 1000 hectares. On hill farms there are 0.67 to 1.40 breeding ewes per ha. The production patterns of the farmers in the Loch Lomond area are largely determined by the availability of grass. The farmers supply lambs to the market in August/September as light lambs, and from October to February as fat (finished) lambs.

Scottish farmers face a marketing chain that is dominated by a limited number of intermediate outlets. Many abattoir operators are also wholesale butchers who supply retail butchers and the catering sector. The farmers have not altered their production pattern to maximize the price obtained for their produce. The majority of the finished products produced within the Loch Lomond area are marketed through the auction markets, approximately 60 km and 45 km respectively from the main farms in the study area.

Some of the farmers have joined a cooperative and some are members of the quality assurance programme, Farm Assured Scottish Livestock (FASL), which they perceive as improving their marketing. However, all farmers who are members of FASL did not necessarily join with a view to improving their marketing potential. The farmers within the Loch Lomond area do not sell their products with distinctiveness. Nevertheless, the farmers that are members of FASL do have monitored standards of farm welfare, although these standards of animal welfare are becoming a necessity for selling to supermarkets. On the other hand, the farmers do not perceive organic products or products of local distinctiveness as having any potential. They perceive that the benefit in the selling price would not cover the increased costs. Many of the farmers actually think that the products they produce are as near organic as can be produced from such severe constraints, e.g. weather and topography.

4.1.2 Biosphere Reserve Rhön (Germany)

In Germany, biotope conservation under the EU 2078/92 agri-environmental programme (AEP) is very important and mostly done by sheep grazing. Due to cultural heritage, it is recommended to be done with rare breeds like Rhön sheep in the Biosphere Reserve Rhön, the selected research site. The Biosphere Reserve Rhön was established in 1991 and is situated in the middle of Germany in the triangle of Bavaria, Hesse and Thuringia. It comprises about 166 674 hectares. Nowadays, sheep keeping has sunk to only 10 000 ewes (1999). These sheep are kept in flocks between 30 and 300 ewes and mainly fenced in paddocks (RAHMANN, 2000). High performance breeds dominate the flocks, the Rhön sheep has less than 5 % contribution to the total numbers of ewes. Because under AEP no concentrates are fed, the daily weight gain of the lambs is low. Lamb from New Zealand has a better quality and is cheaper than German lamb. That means that lamb produced under AEP and particularly rare breeds have disadvantages in competition to concentrate fed high performance breeds. Both face the problem of lamb from overseas.

To be competitive, “added values” and regional distinctiveness are used for successful marketing of lamb. For example, in the marketing cooperative “From the Rhön – For the Rhön” the consumer perceptions of the Rhön sheep is used for marketing lamb with “added values”. Because German consumers like lamb as a special dish for special occasions, market channels for home consumption like supermarkets and butchers are not suitable for marketing “Rhön lamb” with “added values”. However, tourists pay the most attention to “added values” for products with regional distinctiveness and are even willing to pay for “added values”. Therefore, restaurants are the best marketing channel for successful marketing of lamb. In cooperation between restaurants and shepherds, the “added values” rare and indigenous breed (Rhön sheep), traditional husbandry (herding), landscape protection (agri-environmental schemes) and animal welfare, are used for marketing. With this promotion, the “Rhön lamb” has become – with increasing attention – a special dish for tourists in the Biosphere Reserve Rhön, despite the fact, it is about double the price compared to conventional lamb. In the cooperative the intermediate trade is reduced to the minimum.

4.1.3 Matese Massif (Italy)

The Italian study area is the Matese Massif, a large state owned grassland of 6 149 ha located in the Molise Region (Southern Italy). It is situated at an altitude of 1 400 – 1 500 m. There are two major economic activities in the area: animal husbandry and ski-tourism. Animal husbandry represents a relevant part (50 %) of farms activities and more than 50 % of the saleable gross production in this region. The pastures are utilized for vertical transhumance during the dry season (June – September) by mixed or separate grazing of beef cattle, sheep and horses. The last two decades have been characterized by a drop in the presence of cattle and goats in the communal land while the number of horses has greatly increased. The transhumance system is dying out and only remains in 10 – 15 % of the herds. The farms are very small and depend on communal land in mountain areas.

In Italian farmers' opinion, the most important problem in sheep keeping is the weak market, i. e. prices, and those linked to the difficulty of establishing products withdrawal programmes (i. e. commercialization) while those related to the productive process are less felt. Lambs are sold to merchants who pay low wholesale prices. There is an abbatoir close to Campobasso where about 170 000 head of lamb are slaughtered per year (13 000 cattle and 80 000 pigs). The marketing is nationwide and has to compete with imports, mainly from eastern countries.

Like in the LFAs of the other European Union countries, the EU subsidies (ewe headage premium and AEP) are most important to gain a sufficient and competitive income from sheep keeping. For lamb, there are no special labels used for marketing with added value, although other “local products” (cheese) already exist among local and non-local consumers, especially with “Mozzarella” from cow milk and “Pecorino” and “Caciotta” from sheep and goat milk. The reason is that there are only few points of contact between tourists and producers where lamb could be sold with special distinctiveness. Both live in separate worlds: sheep keeping has a low ranking status and skiing tourists (winter period) do not perceive lamb as a speciality of the region and as a factor to conserve the landscape. There is no lamb offered with distinctiveness in the local restaurants (tourist places). Only during Easter selling lambs and kids at high prices is possible.

4.1.4 Portaikos Valley (Greece)

The Greek research location is in the mountainous northwest of the country in the Portaikos Valley and comprises an area of 12 380 ha. The communal rangelands and the private pastures cover 2 670 and 1 130 ha respectively. 475 livestock farms are situated in the area. About 286 of them breed sheep and nearly all of them goats (448). On average, 19 ewes and 12 does are kept per farm; all are primarly used for milk. The area includes a small strip of flat open land at the lower level while all the rest is mountainous, with small parts of relatively flat or open areas. The traditional livestock keeping has over many centuries created a quality-valued landscape, rich in ecotypes (biotopes or habitats) and in rare and precious flora and fauna.

In Greece, sheep and goats are usually used for milk production (Feta). In 1995, about 627 tons of sheep milk have been produced (goat milk 535 tons and cattle 129 tons) in the Pertuli region. Equally in quantity and distribution, lamb and kids are consumed within the community (1 765 heads of lambs in 1995) or sold for slaughter elsewhere (6 299 heads of lamb in 1995). Cattle are only sold for slaughter abroad. High season for lamb selling is Easter and in autumn. Wool, hides and skins are an important contribution to farm income.

Ewe premia and AEP are very important for farm income in the Pertuli area. The reform of the Common Agricultural Policy (CAP) in 1992 provides subsidies for all competitive activities but imposes restrictions on the number of animals. Therefore, the expansion of activities like sheep keeping is limited, thus the only way of increasing income in the area depends on the ability to improve the organization of the farms, to improve the quality of the product and to sell the products with added values. The increasing tourism (Greek people) gives a new market potential of local products. The problem is that there are no public facilities to slaughter lambs and to sell lamb products locally.

4.1.5 Natural Regional Park of Luberon (France)

The research site in France is the Natural Regional Park of Luberon (LRNP). It is located in the triangle Provence-Alpes-Cotes d'Azur and comprises an area of about 174 000 ha. Sheep production appears to be typical over the sloping land areas. A total of 31 000 ewes are being raised at 110 sheep farms. It is necessary to differentiate the categories of lambs (quality lambs vs. standard lambs) sold by the different types of sheep farmers. Those especially who have contracted an AEP, correspond to the different marketing channels.

In 1996, three types of marketing channels were identified: Meat processors: 43 % of the lambs; livestock merchants: 24 % of the lambs and direct sales to the consumers: 32 % of the lambs (BOUTONNET, 1999). Contractors are big sheep farmers, specialized in sheep farming, selling grass fed lambs and or light suckling lambs to livestock merchants or directly to consumers as an alternative to meat processors. Non-contractors are small sheep farmers, with other enterprise on the farm, selling stall-fed lambs to cooperatives as an alternative to meat processors. These patterns are not absolute, but match with the behaviour of more than half of the farmers in the LRNP.

The marketing channels of the sheep farmers of the Luberon are significantly different according to the type of farmer (with or without AEP contract) and the type of lamb produced (stall-fed lamb or psture-fed/light lamb). The cooperative group “L’agneau du Luberon-Ventoux” operates in an intermediary way: local sales, often direct to the consumer, with a trade mark based on proximity, but official standards of quality. So value can be added to locally produced lambs, but not to those lambs produced by most of the farmers with AEP contracts. A new standard of quality, able to characterize heavy, grass-fed, old lambs, or light, suckling, very young lambs, would be necessary. However, the major marketing channels and most of the consumers are not ready to accept and pay more for such lambs. Farmers operating the AEP procedures can only find a good value for their lambs in local direct sales.

Meat processors have the same policy but some of them, slaughtering a large number of lambs, are able to find the best place where all categories of lambs can reach the best price. They are more present with the farmers with contract (47 % of them sell lambs to meat processors), probably because these big farmers allow the meat processors to buy large quantities of lambs. Meat processors have the same ratio among stall-fed-lamb producers and grass-fed lamb producers, since they are able to market any kind of meat. Nevertheless, more than half of the sheep farmers (of any category) do not sell lambs to meat processors.

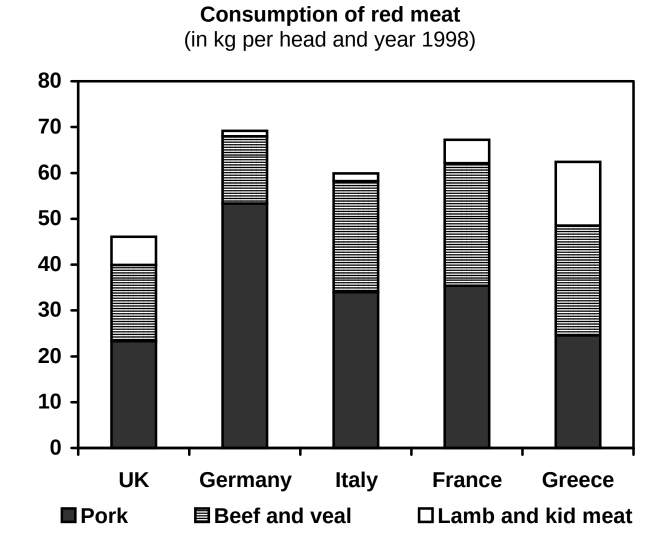
4.2 Consumer attitudes and consumption behaviour for lamb

In all the countries surveyed, lamb is the meat product which is eaten the least often (Table 2), with between 4 % and 28 % of the consumers interviewed never having eaten the product. Furthermore, with the exception of the French and the Scottish consumers who tend to eat the product on a regular basis, the product tends to be eaten only on special occasions. The relative popularity of lamb is confirmed by national estimates of meat consumption. Figure 1 shows lamb to be the least popular meat in all the study regions.

Table 2: **Meat consumption pattern: "How often do you consume the following meat?"**(%)

	Scotland	Germany	Italy	Greece	France
Pork					
Daily	1	5	4	4	6
1 – 2 times/week	20	80	46	42	59
1 – 2 times/month	42	13	28	25	23
Occasionally	19	3	16	22	1
Never	18	2	6	7	11
Beef					
Daily	3	1	12	3	18
1 – 2 times/week	51	43	74	60	58
1 – 2 times/month	20	30	8	24	17
Occasionally	11	14	3	10	1
Never	15	13	4	3	6
Lamb					
Daily				2	3
1 – 2 times/week	13	4	13	20	54
1 – 2 times/month	42	12	32	19	23
Occasionally	25	55	46	47	16
Never	20	28	9	13	4

In all countries, product quality is consistently shown to be the key criterion in the consumers' purchase decision (Table 3) as it not only has the highest mean score, but also the lowest standard deviation. Similarly, animal welfare considerations were also generally given a high level of importance in all countries. With the exception of Greece, animal welfare consistently achieves the second or third ranking. Nevertheless, the range of scores, 3.23 to 4.47, and standard deviations were greater than that reported for quality. In Greece, where animal welfare only ranked fifth in importance to the consumer, it still received a higher value of importance than in France or Scotland. In contrast, the consumers placed less importance on the landscape from where the product originated or on tradition when they purchased lamb, as these criteria had the lower scores. Nevertheless, landscape and tradition were given greater importance in Greece and France than in Scotland, Germany and Italy.



Source: MAFF (1999).

Figure 1

Table 3: **Consumer perception of factors influencing the buying decision** (1 = unimportant, 5 = very important)

	Scotland m	Scotland sd	Germany m	Germany sd	Italy m	Italy sd	France m	France sd	Greece m	Greece sd
Product quality	4.63	0.93	4.77	0.48	4.78	0.59	4.60	0.60	4.81	0.61
Animal welfare	3.23	1.70	4.47	0.76	4.21	1.29	3.46	1.13	3.85	1.21
Regional label	2.47	1.61	4.05	1.14	4.25	1.29	2.64	1.20	4.41	1.01
Eco-label/organic	1.79	1.33	4.32	0.76	4.09	1.39	2.87	1.44	3.73	1.31
Landscape	1.51	1.12	3.66	1.31	3.74	1.48	3.71	0.99	3.90	1.24
Tradition	2.41	1.58	3.22	1.33	4.06	1.35	2.87	1.20	4.02	1.17
Price	3.98	1.41	2.93	1.08	3.37	1.63	2.64	1.12	2.76	1.42

m = mean. – sd = standard deviation.

However, two issues do show a level of variation between study areas, namely price and eco-labelling/organic. Price is considered by the Scottish consumer to rank second only to quality in the buying decision, with a score of 3.98, indicating that value for money clearly plays a significant part in the Scottish consumers' attitude to buying lamb. In all the other study areas, price was accorded the lowest level of importance. Equally however, the scoring for the importance of price showed a significant intraregional variation, as measured by the standard deviation, in all countries. Accordingly, price is not unimportant in the buying decision, but other issues influence the buying decision to a greater extent. A dichotomy in views relating to eco-labelling, for example, labelling associated with the production system being organic, is revealed. In terms of mean scores, much greater importance is associated with labelling of this type in Germany, Italy and Greece than in France or Scotland. Nevertheless, the Greek and the Scottish consumers ranked eco-labelling sixth, while Italy and France ranked the criterion fourth and Germany third in importance.

Can niche marketing potentially be achieved through regional labelling? In relation to this issue, a divergence in the level of importance is also revealed between Greece, Germany and Italy, where people place greater importance upon it compared to France and Scotland. However, the level of disaggregation in regional labelling may influence the decision.

In the expectation that quality would be a key criterion in consumers' purchasing behaviour, the survey asked a series of questions about elements of the product mix which may be regarded as contributing to quality. The results are summarized in Table 4. Consolidated results across the five study areas show freshness and taste to be key elements of perceived quality followed by concerns about chemical residues in the meat.

Table 4: **Consumer perception of factors influencing quality** (1 = unimportant, 5 = very important)

	Scotland		Germany		Italy		France		Greece	
	m	sd	m	sd	m	sd	m	sd	m	sd
Freshness	4.80	0.74	4.66	0.81	4.85	0.54	4.72	0.52	4.66	0.82
Taste	4.72	0.87	4.65	0.52	4.71	0.76	3.66	1.08	4.41	0.96
Chemical residues	3.67	1.68	4.80	0.52	4.77	0.84	3.87	1.06	4.09	1.36
Tenderness	4.66	0.88	4.44	0.70	4.49	0.92	3.86	0.89	4.32	1.06
Fat levels	3.59	1.65	3.90	1.09	4.16	1.28	3.43	1.25	3.79	1.41
Colour	4.03	1.35	3.44	1.10	4.25	1.16	2.71	1.21	3.98	1.19

m = mean. – sd = standard deviation.

Table 5: **Consumer perception of physical factors influencing quality** (% of consumers surveyed in each country)[1]

		Scotland	Germany[2]	Italy	Greece[2]	France
Freshness	n =	155	474	431	215	275
Place of production		18	48	24	37	9
Production system		20	44	37	46	22
Both		61		32		1
Taste	n =	155	474	430	191	282
Place of production		10	11	24	35	23
Production system		19	82	38	61	66
Both		72		33		9
Colour	n =	155	474	430	189	245
Place of production		11	10	24	35	11
Production system		21	64	38	57	74
Both		61		32		2
Tenderness	n =	155	474	431	190	265
Place of production		14	5	23	35	6
Production system		24	71	38	57	66
Both		61		33		3
Fat & cholestrol	n =	155	474	431	187	277
Place of production		9	7	23	23	4
Production system		28	78	38	68	92
Both		62		33		2
No chemicals	n =	155	473	431	187	275
Place of production		11	3	23	20	6
Production system		29	86	38	62	68
Both		60		33		2

[1] Numbers do not add to 100 due to exclusion of other answers and possibility to tick several answers. – [2] In Germany and Greece respondents were asked to consider place of production and system only. They had no option to lump together location and production.

However, considerable variations occurred between countries. Thus, the German consumers were shown to have greatest concern about chemical residues, by ranking it first amongst their perceptions of quality, with a low standard deviation. In contrast, the Scottish consumers were the least concerned about chemical residues, although they do show significant variation in their responses. Equally, freshness was consistently given a high ranking and fat-levels and colour were given a low ranking. Nevertheless, great variability in scoring is seen between countries. Thus, on the lower ranked qualities, fat levels and colour, there was generally a much higher standard deviation within country scores. In contrast, the higher ranking qualities in each country had a much lower spread of scores. Thus, freshness consistently revealed a low standard deviation in score in all study areas. This was also the case for taste and tenderness.

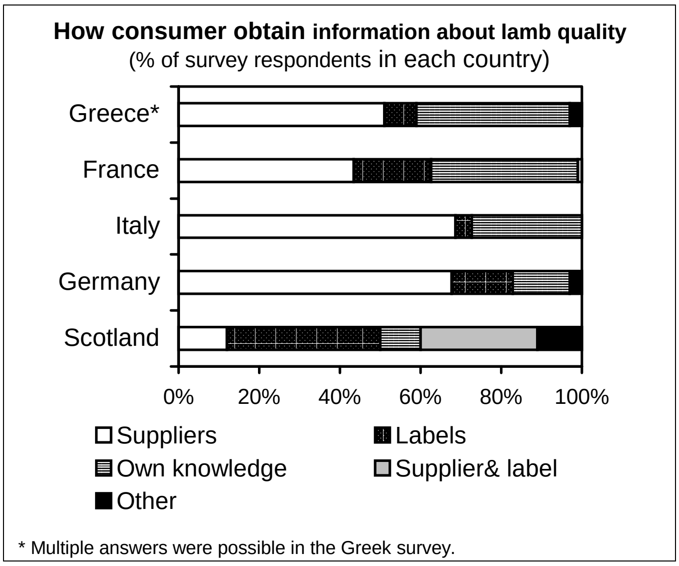
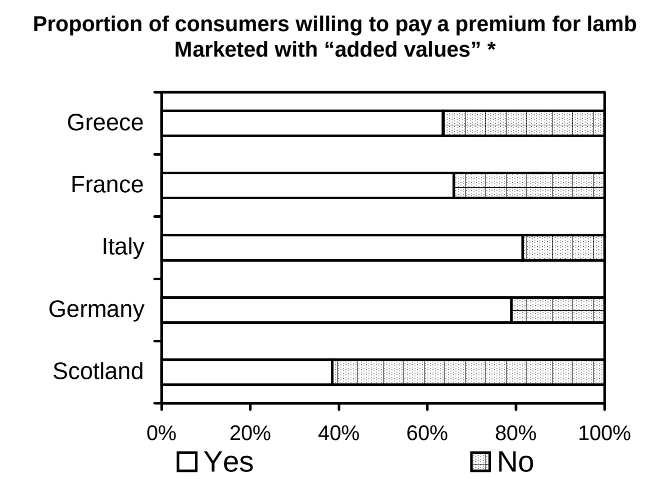


Figure 2

Having identified which elements of quality were important to consumers the survey then sought to identify if any of these quality traits were associated in the consumers' minds with the location of production or the production system used. In all of the study areas, consumers generally observed that production methods were important, and that the physical location of the production process was less important (Table 5). Consequently, opportunities for using location of production as a marketing tool to support quality characteristics is likely to be limited.

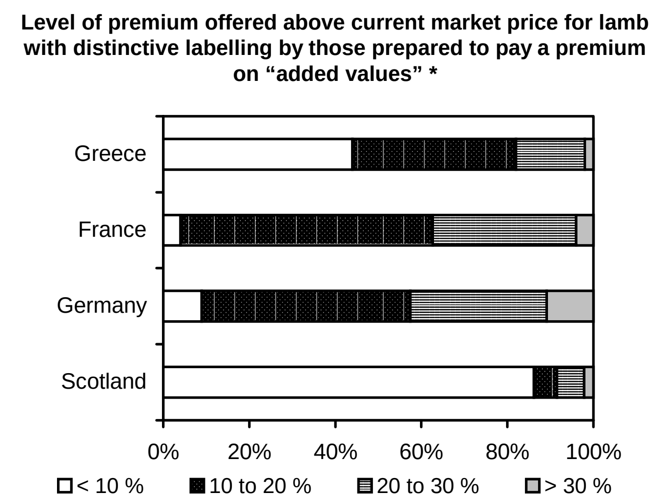
In an effort to identify how producers could provide information to their final consumers, those surveyed were asked from where they got information about the products they consumed (Figure 2). Scottish consumers are revealed to rely much more on label information than consumers in the other regional surveys. In the other regions, trust in the supplier, the butcher, the supermarket or the restaurant, providing the information when asked or voluntarily, is more apparent. Equally, in Greece, Italy and France consumers are more likely to use their own knowledge and therefore be well informed themselves about the products they consume. The dependence upon labelling in Scotland may be a reflection of the greater use of supermarkets, where oral discussion with the butcher is often impossible, or of the mistrust to official sanitary controls. Eighty-two per cent of Scottish consumers surveyed make some use of supermarkets when buying lamb, although one fifth of these also go to retail butchers, compared to 52 % in Germany, 71 % in Italy, 48 % in France and 26 % in Greece.

While elements of the added values of a product may be percived by consumers, there also has to be a willingness to pay a premium to elicit that feature in the product. This has been assessed in each study area by asking the consumers to indicate whether or not they would be prepared to pay a premium for a product marketed using a locally distinctive label (Figure 3).



* Question: "Would you pay a premium for lamb, when it is produced in an environmentally friendly way?"

Figure 3



Question: "How much more would you pay for lamb, when it is produced in an environmentally friendly way and with local distinctiveness". Partner Italy has not asked this question.

Figure 4

A marked contrast between the Scottish answers and those in other study areas is apparent with the Scottish consumer being less inclined to pay a premium for a distinctive product. Scotland is a net exporter of lamb, and consequently almost all of the meat available in Scottish retail outlets is of Scottish origin. The other countries are net importers of lamb and thus local preference is more a matter of concern for the consumers. Among the age groups, those under 25 and those over 60 are the least likely of the Scottish and Italian consumers to pay a premium. In the German study area, the survey revealed that it was the younger consumers, those under 40, who were more inclined to pay a premium. In contrast, in France those under 40 were the least likely to pay a premium, while in Greece the age group over 25 wanted to pay a premium, but not those under 25. The Greek consumers consider Greek lamb as the best quality lamb and they are willing to pay more for it than for lamb from abroad (PAPADOPOULOS et al., 1999).

Even if a premium is offered to producers, will it be sufficient to encourage a change in the producer's actions? To this end, consumers in France, Scotland, Italy, Germany and Greece who were prepared to offer a premium for a distinctive label, were asked to quantify the level of premium they would consider paying (Figure 4). Scottish consumers are shown to be less willing to pay a premium, with the majority not being willing to pay more than 10 % extra. In contrast, in France and Italy a premium of 10 – 20 % would be paid for a regionally identified product by around half of the consumers.

4.3 Discussion

The results of consumer surveys in different member states raise a number of issues for producers and policy makers alike. Niche market opportunities for selling lamb meat do exist. However, the number of consumers willing to pay significant premia is small. In an effort to exploit the added values, producers face a number of challenges. Equally, while common features do exist between member states, some differences are also apparent. Most noticeably, there is a dichotomy in the importance of price in the consumer purchase decision between the study areas.

Nevertheless, there are opportunities for producers to add value through improved product quality and product differentiation. However, the extent to which regional branding can achieve or benefit from these elements is still to be confirmed. Consumers do not generally identify the place of production with product qualities, but rather they associate the quality of product with the production system. Thus, to exploit the market potential the producer will have to promote the elements of the production system he uses. To do this, he needs to promote the virtues of his production system against elements of the quality mix identified by the consumer, particularly animal welfare and chemical residues. Indeed these are the elements of the quality assurance schemes currently being developed by various bodies within the EU. However, marketing schemes like the RSPCA's "Freedom Foods" in the UK or "Rhön lamb" in Germany are generic in nature and do not provide the unique selling point required to raise the value and profile of products from the study areas considered in this paper. Instead, this would require consideration of regional branding and product identity.

The level at which regional branding is to be considered is also identified as an area for further consideration. In the Scottish context, consumers were more likely to pay a premium for a "Scottish" product than for a "Loch Lomond" product. In considering the same question in the French study area BOUTONNET (1999) identified a number of problems in achieving a localized niche product and concluded that "retailers are interested in a regularly convenient supply [...] for them, every type of formal distinction is, at best, useless, or worse, disruptive." Discussion with retail butchers in and around the Scottish study area produced a similar response. In Scotland, few retail butchers buy directly from the producer, instead they rely on a meat wholesaler to provide them with a consistent quality product on a regular basis. Consequently, the retail butchers had little interest in branding a local product. However, they sell products branded as a national "Scottish" product just as French retailers are prepared to use nationally recognized labels. In contrast to these countries, RAHMANN (2000) found that in the Biosphere Reserve Rhön, in Germany, retailers prefer local or regional labels for marketing strategies. They use the regional identity more than national labels to add value. Consumers trust “added values” more in local products. However, they are only willing to pay more for “added values” when they are sure that they can trust the offered quality claims. This is more easily achieved through the transparency of production afforded by local products than national or international products. This is similar to the approach of Italian retailers. However, specific marketing using “added values” is rare in Italy (BRUNORI et al., 1999).

A further element in the willingness to pay a premium for a local or regional brand may be connected to the association by the consumer of the area and the product offered. Within the Scottish study area, consumers were found not to associate the area with sheep production (ASHWORTH et al., 1999). In contrast, in the German study area, a product of particularly distinctive local identity exists in the “Rhön lamb”, which is produced from the local Rhön breed of sheep. Consequently, in this study area, the product has potential for both a regional identity and a product identity. Nevertheless, RAHMANN (2000) identified a number of constraints to the exploitation of the niche market offered by this combination of selling points. These included the problems of low meat quality and quantity, creating the associate problem of continuity of supply, the seasonality of production not equating with the seasonality of demand and the loss of “added value” when the product was sold outside its immediate regional market.

With an assumption of 15 % premium payment for lamb produced in an environmentally friendly way, the turnover per ewe can only increase by 5 to 7 % because lamb contributes only one third to a half of the total turnover of ewes kept under AEP in LFAs. Between a half and two thirds of the total turnover in sheep keeping is gained by subsidies under EU Reg. 2078/92.

The results of the case study analysis described in this paper show that opportunities do exist for the development of niche markets for sheep meat. Although qualitative in nature, the results raise three questions or challenges for producers namely:

- At what level should local distinctiveness be identified?
- Can a locally branded product be supplied in sufficient quantity, quality and continuity to exploit the niche?
- Can a locally branded product be attractive for wholesalers and retailers and how?

The analysis also raises issues for policy makers. Particularly, the analysis suggests that there are limited rewards in the market place for production systems that are particularly sympathetic to the local environment. This is particularly the case if this incurs additional costs or changed cost structures to the producers, through modified farming practices. Consequently, to achieve the goal of production methods sympathetic to the environment is likely to require policy intervention geared directly to environmental management. Nevertheless, niche markets based on product quality have a potential to sustain farm businesses and consequently, by retaining farm businesses and farmers in LFAs, the niche markets will help to manage the environment. Equally, however, it is concluded that significant regional differences in response to niche marketing can be expected in different parts of Europe. The impact of regional cultures and market infrastructures have not been considered in this paper, although this analysis suggests that they are important.

4.4 Conclusion

The results of a consumer survey carried out in Less Favoured Areas in Scotland, Germany, Greece, France and Italy to assess consumer attitudes of what constitutes quality of lamb and the extent to which this provides an opportunity to exploit niche marketing are discussed. Product quality is shown to be the key criterion in the buying decision with freshness, taste and tenderness being the key components of quality. Consumers generally have much less interest in the use of regional labelling, ecologically friendly production systems or the linkage of landscape and production systems in the buying decision. Nevertheless, regional differences are observed, with consumers in Scotland being much more concerned about pricing than other countries. German, French and Italian consumers are more concerned about chemical residues in meat than Scottish and Greek consumers. German consumers, similarly, pay more attention to environmentally friendly production systems than consumers in the other countries. It is concluded that a potential exists to develop niche markets for lamb and that these niches demonstrate significant regional differences. Equally, however, it is concluded that there are only limited rewards for production systems which are sympathetic to the environment.

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Annex

Final consumer questionnaire for lamb

(1) Partner 1 2 3 4 5 (2) Quest. No.

(4) location: (5) date: (6) rural ☐ urban ☐

(7) Butcher ☐ supermarket ☐ restaurant ☐ Farmer ☐

(9) How often do you consume following meat:

	1	2	3	4	5	6
pork	☐	☐	☐	☐	☐	☐
beef	☐	☐	☐	☐	☐	☐
lamb	☐	☐	☐	☐	☐	☐
poultry	☐	☐	☐	☐	☐	☐
fish	☐	☐	☐	☐	☐	☐
*PSE product**	☐	☐	☐	☐	☐	☐

(10) Do you know the *research area**? yes ☐ no ☐

(11) Do you know about the landscape in the *research area**?

(12) Do you know which animals are kept in the *research area**?

(13) What are important qualities? 1=not important 5=very important

(14) Where do you think the quality comes from?

	1	2	3	4	5	locality	husbandry	others
Fresh	☐	☐	☐	☐	☐	☐	☐	☐
Tasty	☐	☐	☐	☐	☐	☐	☐	☐
Colour	☐	☐	☐	☐	☐	☐	☐	☐
Tenderness	☐	☐	☐	☐	☐	☐	☐	☐
Low fat/chol.	☐	☐	☐	☐	☐	☐	☐	☐
No chemicals	☐	☐	☐	☐	☐	☐	☐	☐

(15) What are the most important factors affecting your choice? 1=not important 5=very important

	1	2	3	4	5
Price	☐	☐	☐	☐	☐
Quality	☐	☐	☐	☐	☐
Good kept (animal welfare)	☐	☐	☐	☐	☐
Regional of production	☐	☐	☐	☐	☐
Organic farming/ecological distinctiveness	☐	☐	☐	☐	☐
Traditional food	☐	☐	☐	☐	☐
Meat reared from landscape conservation	☐	☐	☐	☐	☐

(16) How can you recognise these distinctive aspects? trust to supplier ☐ label ☐ direct knowledge ☐ others ☐

(17) Would you prefer the PSE product* coming from the *research area* to others....?: coming from BR Rhön* ☐ coming from Germany* ☐ coming from abroad* ☐

(18) Would you even pay more for PSE product*? no ☐ yes ☐

(18) If (18) is YES, how much more would you pay above current market price for PSE product*? (%)

(19) place of residence: Local ☐ National ☐ Foreigner ☐

(20) sex f ☐ m ☐ (21) age (22) profession:

**PSE product*: environmentally friendly produced lamb under AEP.

** partners locations.