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ANU CENTRE FOR EUROPEAN STUDIES



The impact of GIs on producer and rural prosperity: what we do and don't know, Áron Török, Fillipo Arfini

Policy Forum - Understanding Geographical Indications: What
is the evidence?

What we know about GI management



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 678024.



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DIPARTIMENTO DI SCIENZE
ECONOMICHE E AZIENDALI

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Why GIs are specific?

GIs have to do with:

- humans,
- their history, their ability to transform and adapt to the environment,
- have relationships;
- specific natural and biological resources.



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Rural development and GIs

Regulation (EU) No 1151/2012 of The European Parliament and of the Council on quality schemes for agricultural products and foodstuffs

Art. 1. "... The measures set out in this Regulation are intended to support agricultural and processing activities and the farming systems associated with high quality products, **thereby contributing to the achievement of rural development policy objectives**".

Sustainability: "... Such sustainable development (in the agriculture, forestry and fisheries sectors) conserves land, water, plant and animal genetic resources, is **environmentally non-degrading**, technically appropriate, **economically viable and socially acceptable**" (FAO Council, 1989).

The **assumption** is that GIs, contribute to a sustainable Rural Development thanks to their positive impacts on rural areas in terms of environmental, economic and social effects...**but the outcome is a challenge...**



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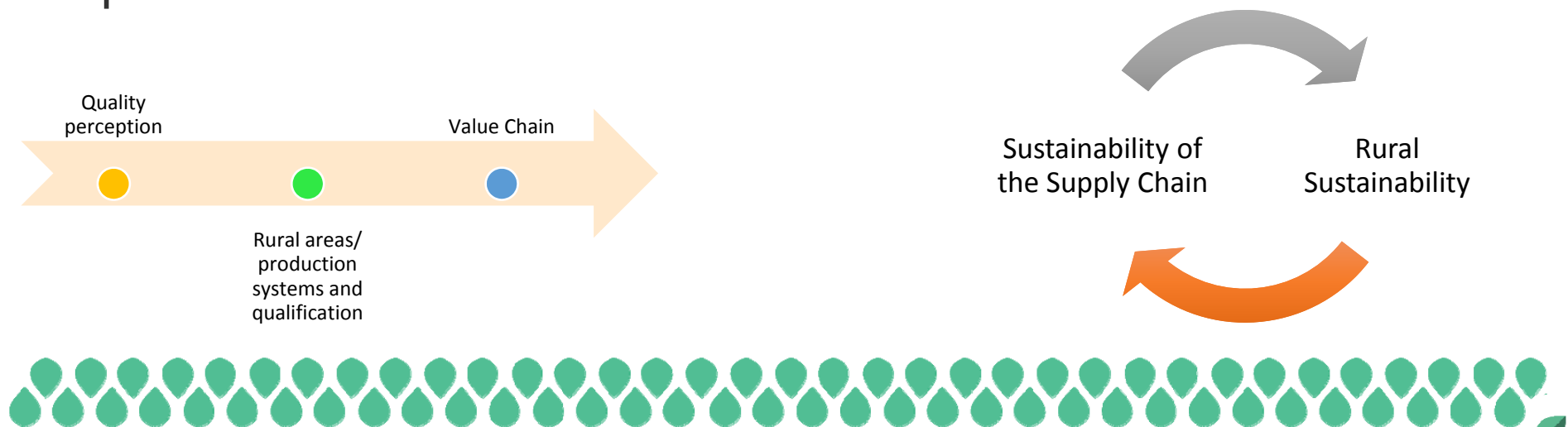
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Rural development and GIs

GIs more than others foodstuff GIs are dealing with :

- ✓ the concept of **quality** and its perception by the consumer;
- ✓ the **rural areas** and the characteristics of the **production system** in its ability to provide unique characteristics, to qualify and manage food production;
- ✓ the **food value chain**, in its ability to deliver value added to producers



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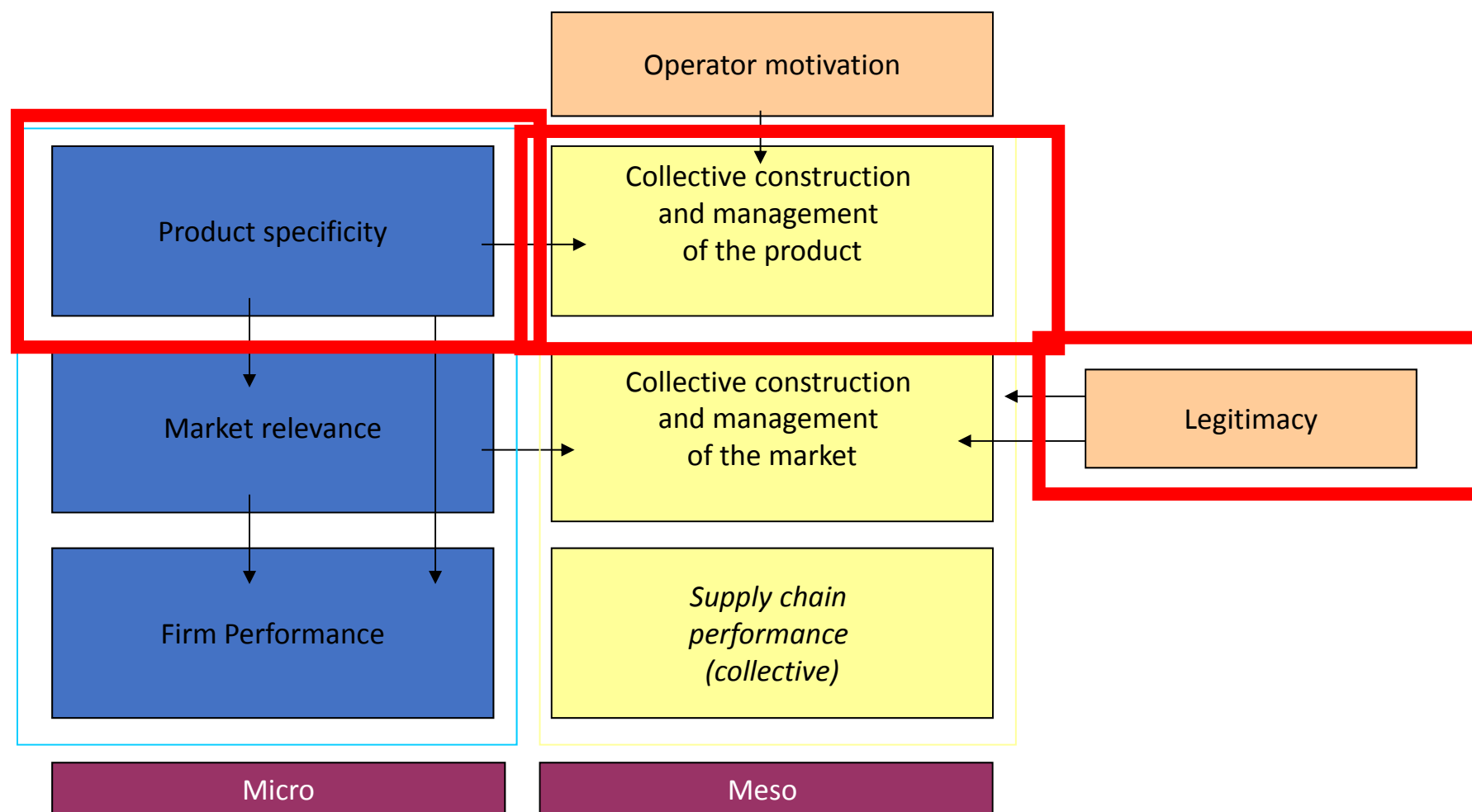
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Rural development and GIs



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The rural dimension of GIs

The rural areas are

- ✓ the place of **production** whose specific environmental and socio-economic characteristics (micro-climate and local varieties) are capable of determining the qualitative characteristics of the products;
- ✓ the place that, according to the **presence of institutions** and methods of interaction between the agents, **facilitates the provision of the product**, lowers **transaction costs** and contributes to the creation of the **reputation** of the product;
- ✓ the place of **consumption** and where the **reputation** origin;
- ✓ the place where different **supply chain management** arrangements generate environmental, social and economic impacts;



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The role of the value chain for GIs

- **Value chains combine** the **technological functions** of the supply chain in a more economic and **managerial function**;
- Chains are regarded as a **tool for managing production**, useful to create appropriate product quality and develop marketing strategies aimed at creating value for all the actors in the chain;
- **A dominant model of GI-value chain does not exist** but - rather - several typologies of GI-value chains emerge, according to the combination of their structural and management features and their interplay with the production system;
- Thus there are relevant implications in term of Rural Development



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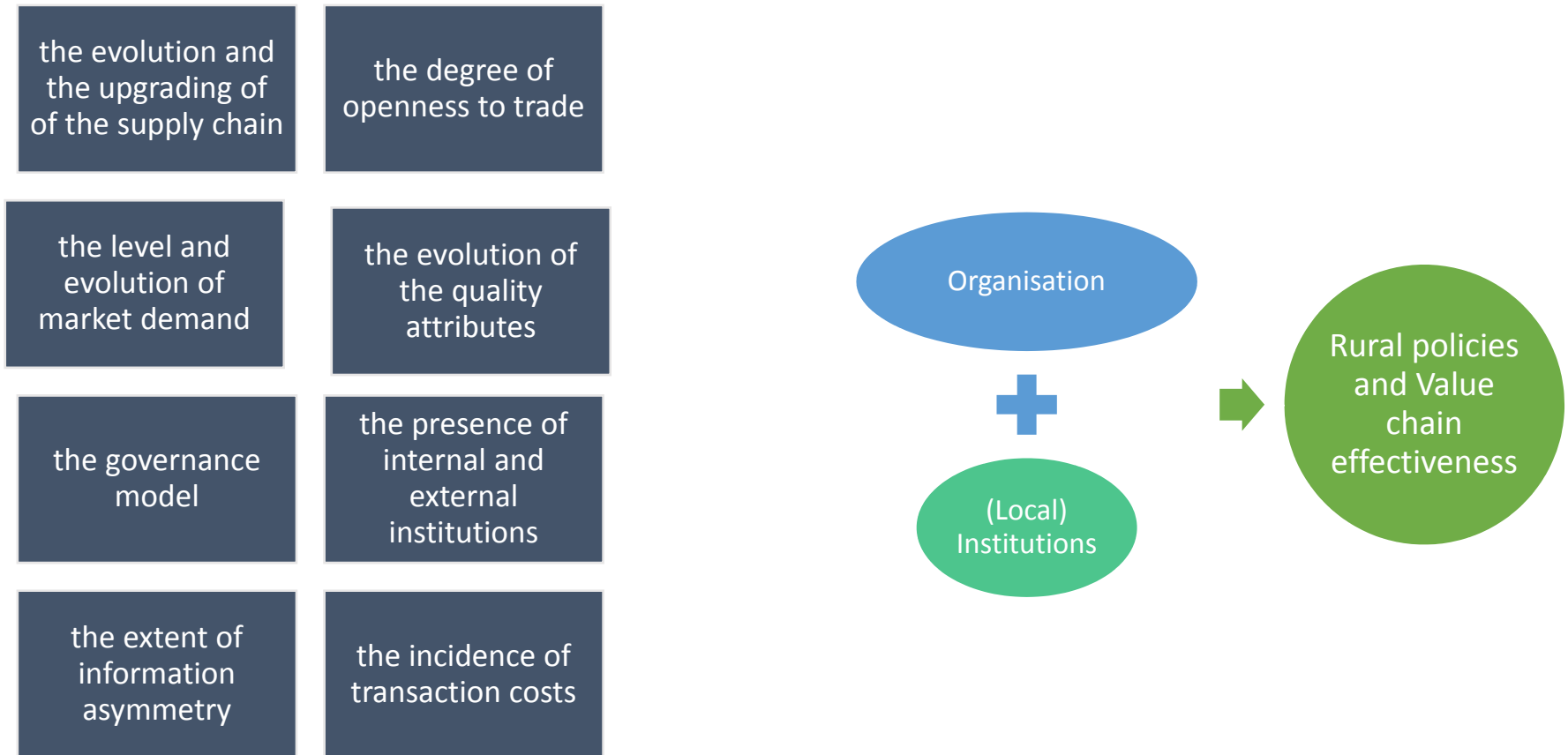
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Factors influencing the effectiveness of a value chain and Rural Development process



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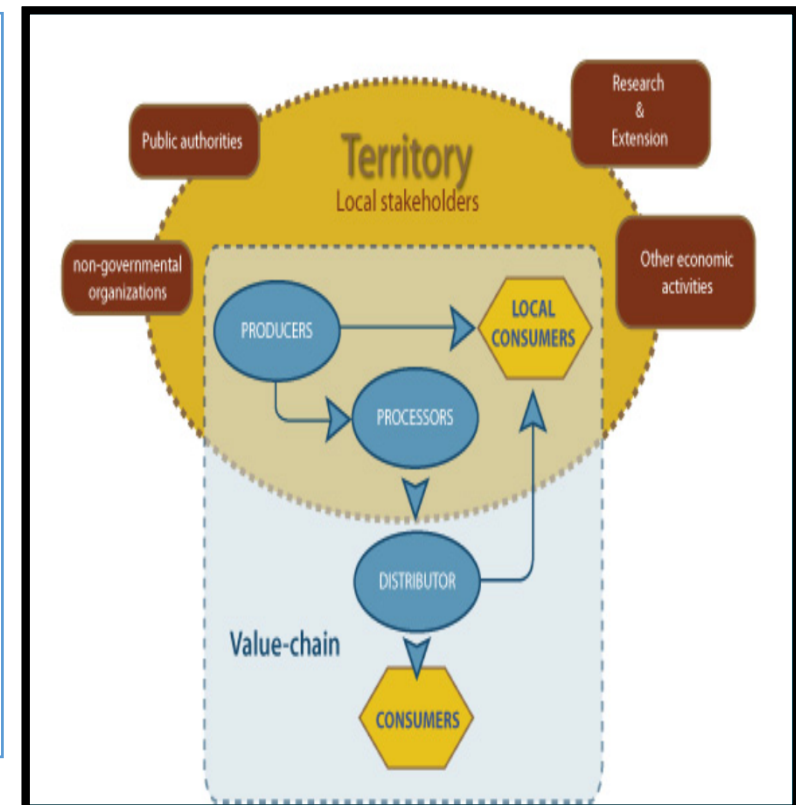
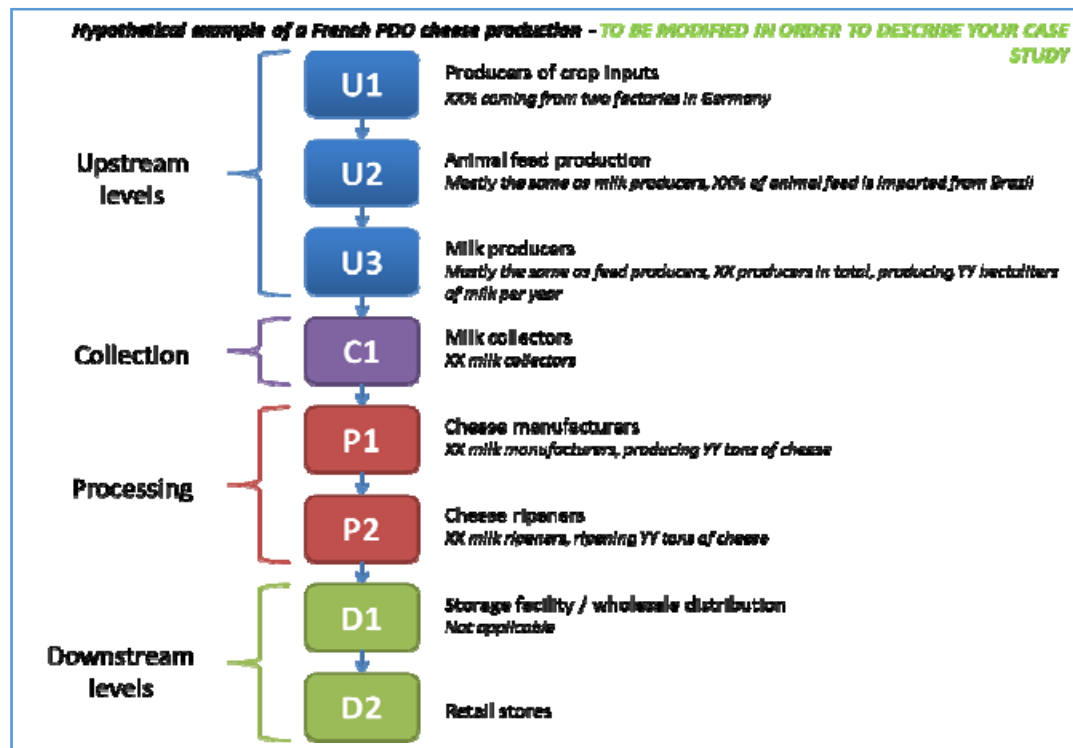
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First commitment: put together VC and Territory



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What we do in GI system



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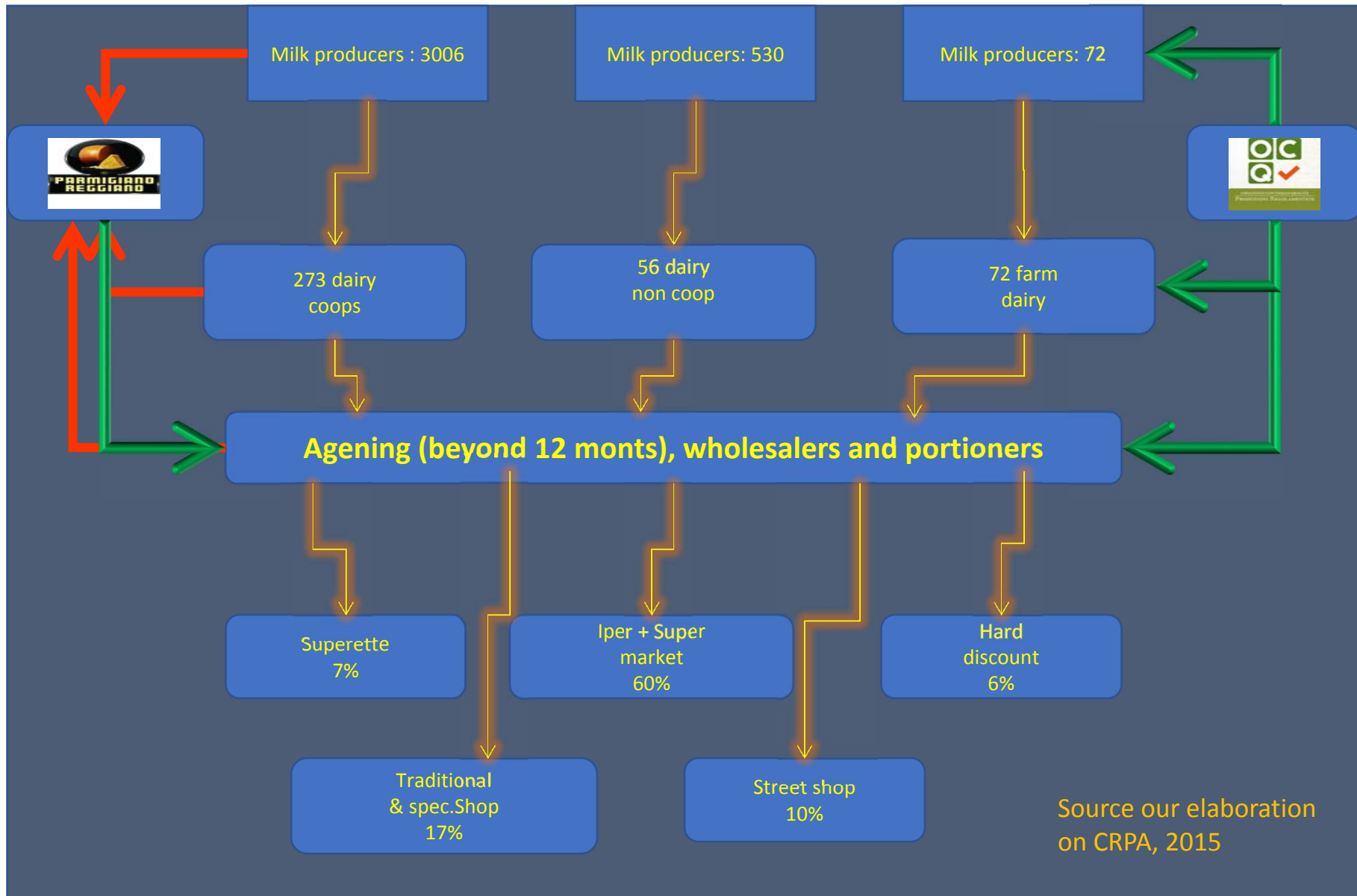
Parmigiano Reggiano geographical area



Provinces of Parma,
Reggio Emilia,
Modena, Bologna
to the left of the
Reno River, Mantua
to the right of the
River Po.



The Parmigiano Reggiano supply chain (whole territory)



Formaggio Parmigiano Reggiano Consortium

The Parmigiano Reggiano Consortium was established in 1934 to assure the effective governance of the supply chain through common initiatives defined in the Statute.

Protection of the designation of origin of "Parmigiano-Reggiano" cheese

Monitoring of the production and sale of "Parmigiano-Reggiano" cheese

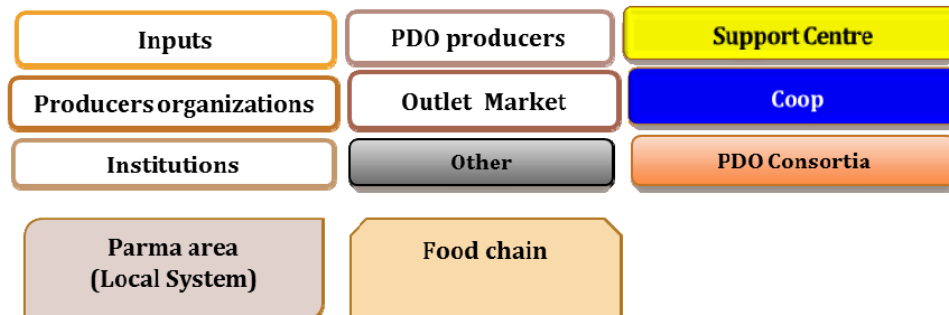
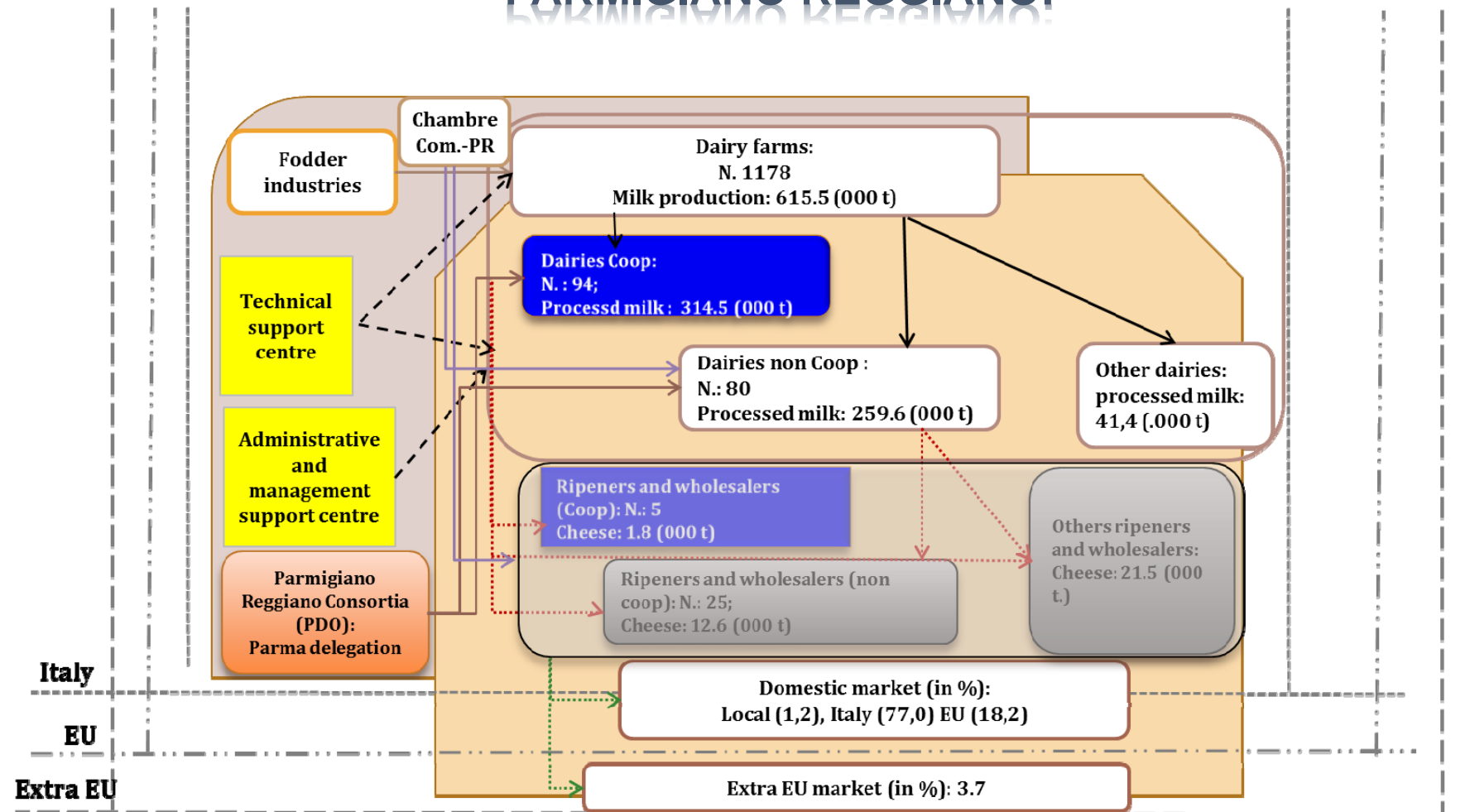
Valorisation of "Parmigiano-Reggiano" cheese production

Promotion of the consumption of "Parmigiano-Reggiano" cheese in Italy and abroad, as well as the development and support of any initiative of a commercial or other nature aiming to valorise "Parmigiano-Reggiano" cheese

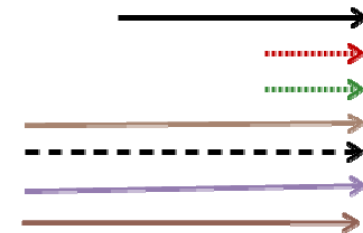
Promotion, dissemination and knowledge of the Protected Designation of Origin and its relative reserved marks, aiming to generally protect the interests of such designation

Promotion of its reputation, including the establishment and participation of consortial companies or organisations

PARMIGIANO REGGIANO:

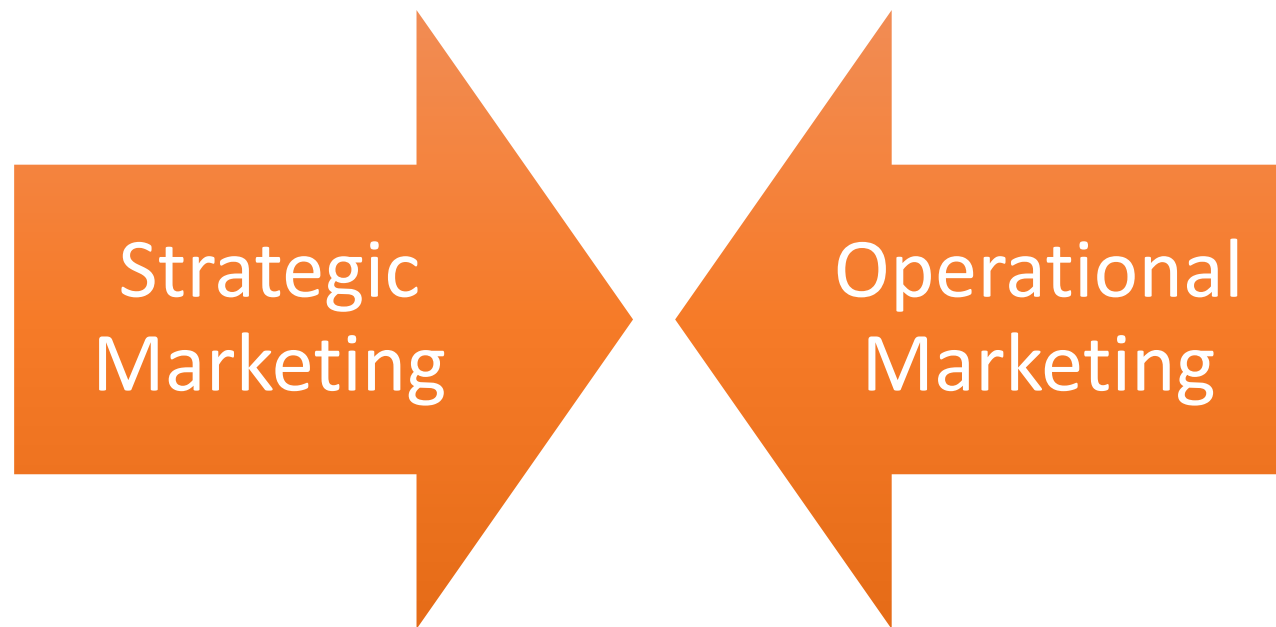


- Dairy farmers-PR dairies
- PR dairies/Ripeners-wholesalers
- Ripeners-wholesalers/retail
- inputs
- Support centre and technical assistance
- Institutions
- Quality and governance (CFPR)



Our elaboration, 2015

There is a need of marketing strategies for GIs?



Collective Marketing Mix



- ☐ Red: responsibilities delegated to collective action;
- ☐ Black responsibility of companies



Collective brands and segmentation



1 day : traceability



12 month: the
certification mark



12 months: low
imperfection



12 months: vacuum
package



18 months: extra



18 months: Export

Collective brands and segmentation



Red mark: Parmigiano-Reggiano aged 18 months



Silver mark: Parmigiano-Reggiano aged 22 months



Gold mark: Parmigiano-Reggiano aged 30 months

Some comuncation examples ...



1960



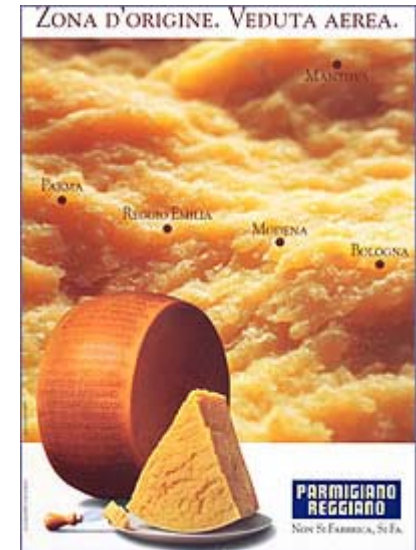
1970



1980



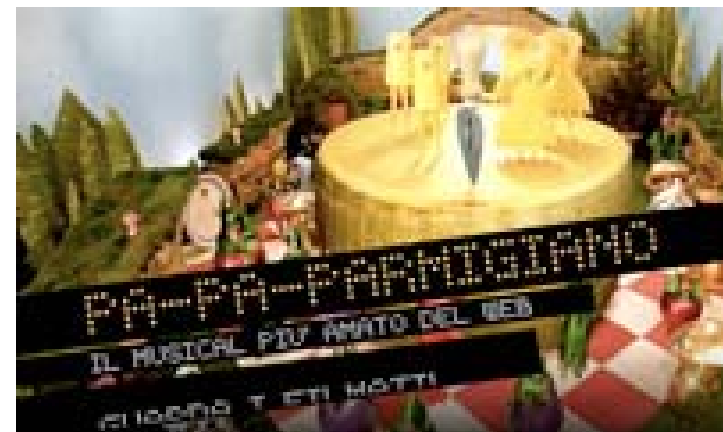
1990



2000



2002



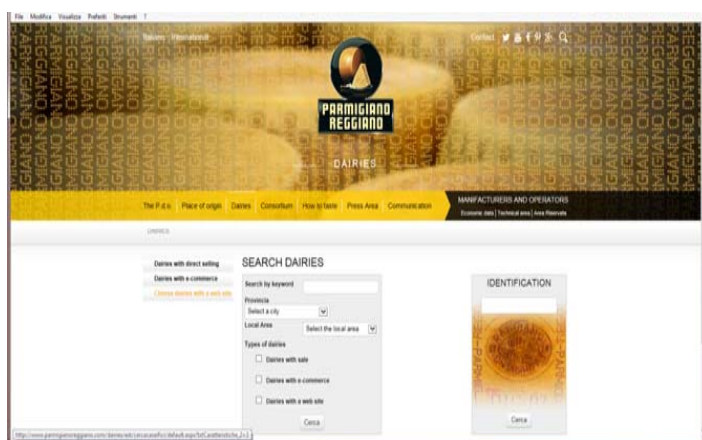
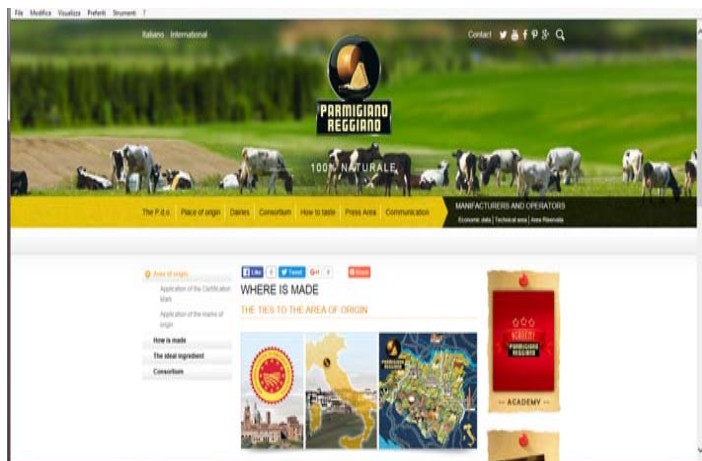
2006

The role of collective organizations: the marketing strategies

collective brands versus firm brands



Consortium web site activities and SFSC



- Homogeneous format of outlets
- Homogeneous format for personnel
- Merchandising of related PR-items and gadgets
- Training course for managing outlet respects hygienic rules, fiscal aspect, marketing strategies (prices, format, etc)
- Homogeneous technological tool



ART. PRGRE
GREMBIULE
PROFESSIONALE "5
STELLE"
 "5 STARS" APRON

OLTRE I 100 PEZZI
 PERSONALIZZAZIONE
 IN OMAGGIO!
 OVER 100 PCS FREE
 PERSONALIZATION!

240 G/M2
 COTONE NERO
 STAMPATO CON
 TASCOLE CENTRALE
 IN BLACK COTTON
 WITH FRONTAL
 POCKET, PRINTED

CH. 89X95
 1 PZ



ART. PRFELPAT
FELPA NERA COTONE ITALIA
BLACK COTTON SWEAT SHIRT

MANICA E ZIP LUNGA
 WITH LONG SLEEVES AND ZIPPER CLOSURE

TAGLIE/SIZE
 S/M/L/XL/XXL
 1 PZ

ART. PRGPIL
GILET IN MICROPILE CON TRATTAMENTO
ANTIPILLING
ANTIPILLING POLAR
FLEECE VEST

TAGLIE/SIZE
 S/M/L/XL/XXL/XXXL
 1 PZ



ART. PBLISTER
ESPOSITORE VERTICALE IN MDF CON BLISTER
VERTICAL DISPLAY IN MDF WITH BLISTER

CH. 55X39X83
 65X6X85

POSSIBILITÀ DI COMPLETARE A SECONDA DELLE VUE ESIGENZE.
 CONFEZIONE BLISTER E CODICE A BARRE SAN SU OGNI PRODOTTO.
 I NOSTRI INCARICATI POTRANNO CONSIGLIARTI NELLA MIGLIORE
 COMPOSIZIONE.
 AVAILABILITY TO DIAL IT ON YOUR DEMAND.
 BLISTER PACKAGING AND EAN BAR CODE FOR EACH ITEM.
 OUR ACCOUNT MANAGER WILL SUGGEST YOU ON THE BEST
 COMPOSITION.



Implications for Rural Development

Dairies evolution in Parma province by altitude

	2007	2012	Variation in %
Without outlet	148	114	-23,0
Plane	81	67	-17,3
Hill	53	37	-30,2
Mountain	14	10	-28,6
With outlet	65	66	1,5
Plane	27	27	0,0
Hill	33	34	3,0
Mountain	5	5	0,0
Total dairies	213	180	-15,5
Plane	108	94	-13,0
Hill	86	71	-17,4
Mountain	19	15	-21,1

Our elaboration, 2016

The Parma Ham guarantee system

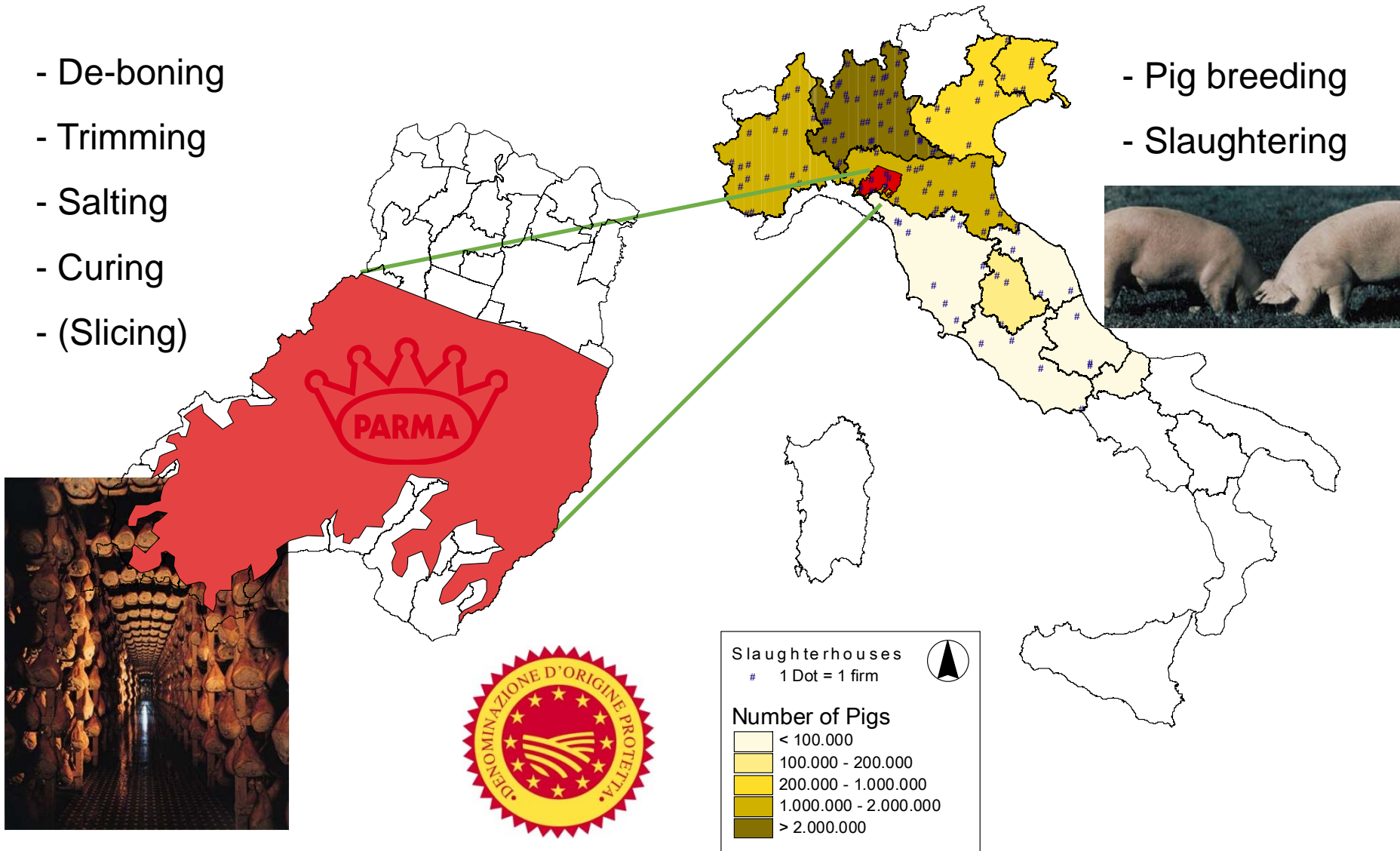
- Parma Ham can be produced only in the province of Parma, using exclusively Italian pigs
- Each step in production, from the breeding of the pigs through processing to the final packaging, is closely monitored and controlled by the Istituto Parma Qualità (I.P.Q.), the Agency for Parma Ham Quality Certification
- Only the I.P.Q. can brand the finished ham with the seal of **Parma's five-pointed ducal crown**, qualifying the true Parma Ham



“Prosciutto di Parma” PDO

- De-boning
- Trimming
- Salting
- Curing
- (Slicing)

- Pig breeding
- Slaughtering



The third part certification control system

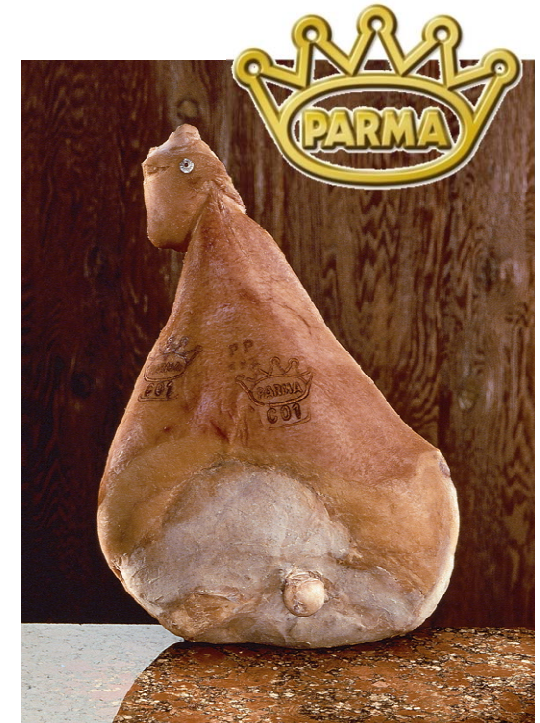


ISTITUTO PARMA QUALITÀ

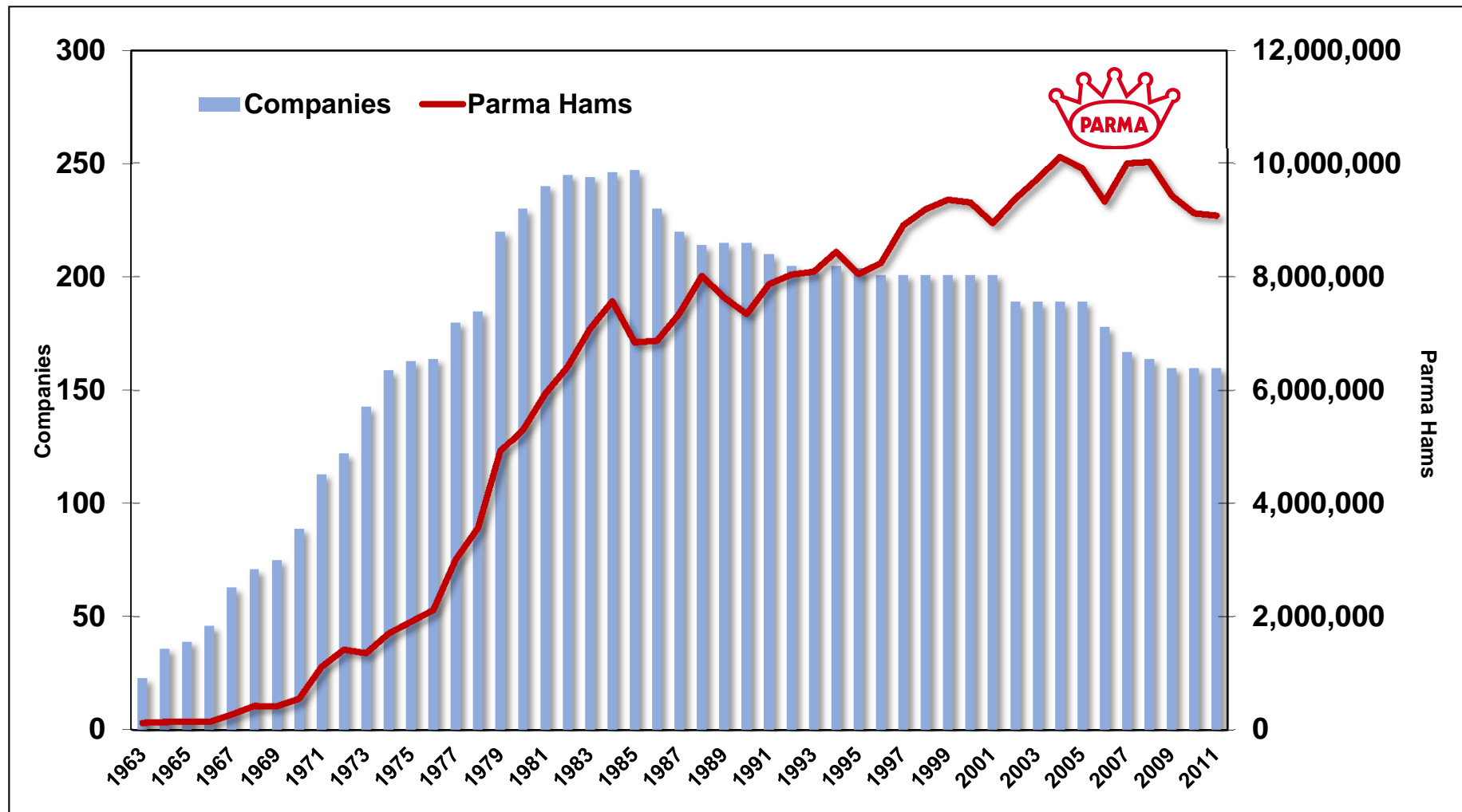


“Prosciutto di Parma” PDO

- The supply chain:
 - 4,781 breeding farms in 11 Italian regions
 - 109 slaughterhouses
 - 160 companies producing “Prosciutto di Parma”
- 9,080,000 hams produced in 2015 (25% exported)
- 740 million € value of PDO “Prosciutto di Parma” produced (wholesale price)
- 1.5 billion € value of PDO “Prosciutto di Parma” at retail price



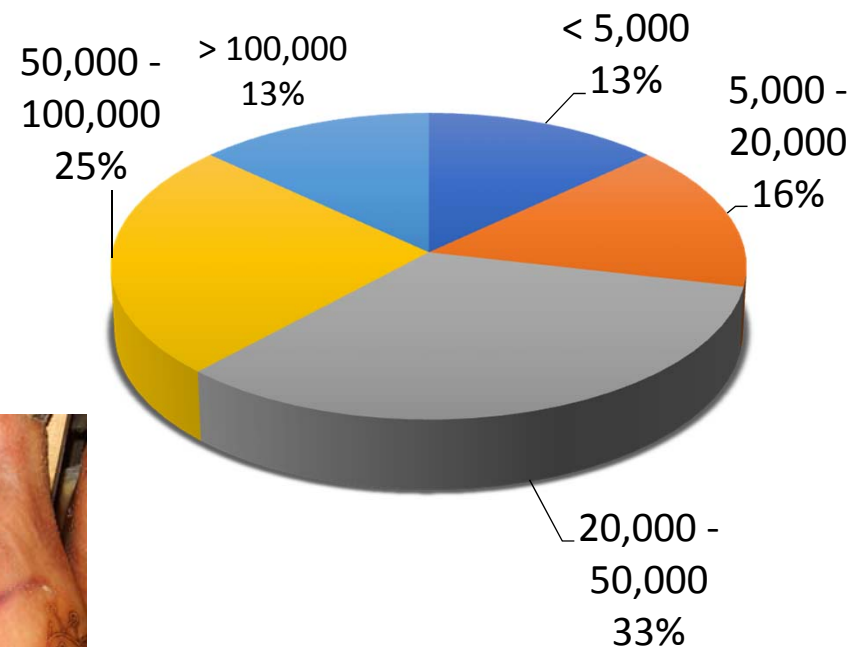
“Prosciutto di Parma” production and Consortium members



Producer composition

- About two thirds of the companies belonging to the Parma Ham Consortium produce less than 50,000 hams per year

Firm distribution by ham production





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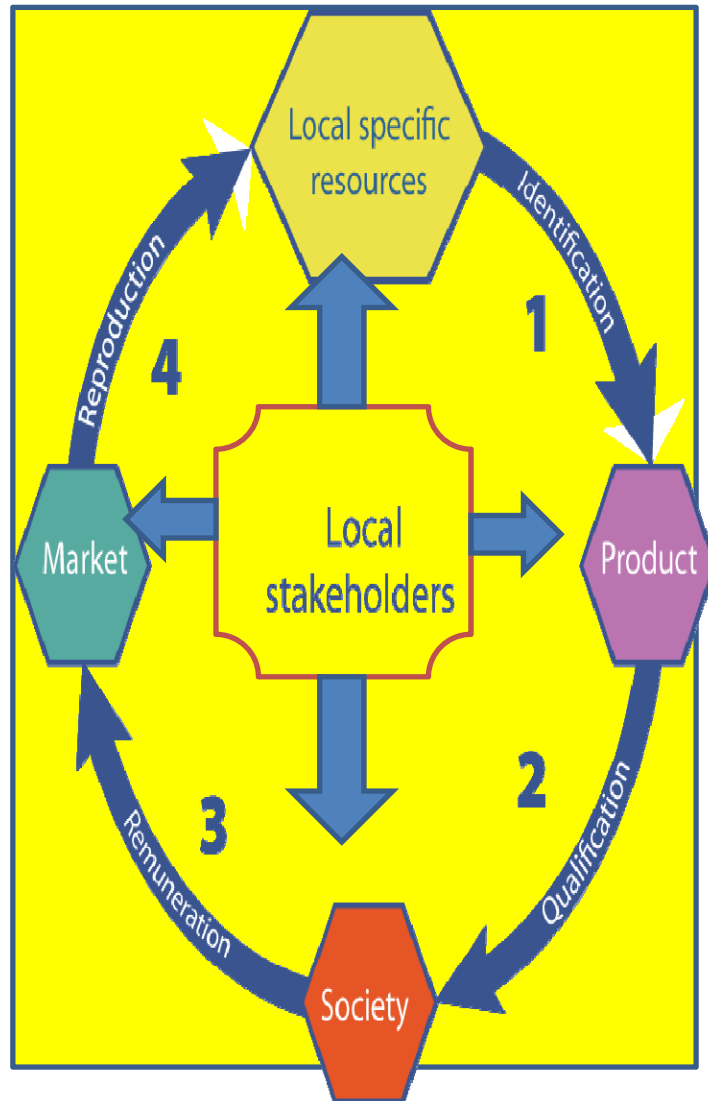
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Second commitment: Improve collective action (as a success factor)



GIs products and their **reputation are the result of the cultural and historical dimension of the local population who share collective rights and benefits.**

Collective action is the engine of the quality circle. Has the aim of promoting GIs and local resources.

Thank you.

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