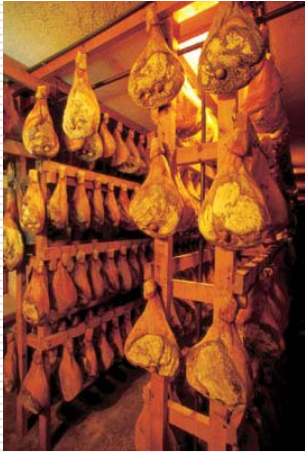
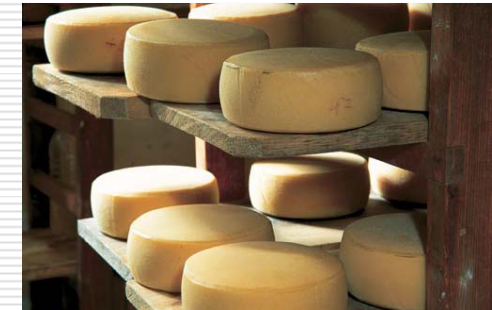


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The success of producer groups engaged in food quality schemes in Slovenia



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Introduction

- Consumers' perception of quality
 - Food products quality marking system – principle of collective trade brand – product diversification
 - Consumers ethnocentrism – origin of the product as a key factor of purchase
 - Effects of product protection on the supplier side:
 - Increase of product image
 - Common market approaches of certified producers
 - Single recipe and quality standards
 - Barriers to market access for producers of related products
 - EU/national funds (protection of products, promotion, operation of producer groups)
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Introduction

- EU food products quality schemes (PDO, PGI, TSG, organic products); beginnings in 1992
 - EU (December 2009): 1.300 of the protected products (689 PDO, 565 PGI, 44 TSG)
 - Slovenia (September 2009):
 - 32+8 of the protected products (EU schemes + national scheme of higher quality products; 12 PDO, 15 PGI, 3 TSC, 8 HQ)
 - For 19 out of 38 protected products there are NO certified producers (reduction in comparison with 2008 – 15/39)
 - Only 2 products are already protected on EU level – Extra virgin olive oil of Slovene Istra (2007) and Idrijski žlikrofi (2010)
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Materials and methods used

- Analyses of 9 Slovene protected quality food products (Extra virgin olive oil of Slovene Istra, Prekmurje ham, Karst prosciutto, Kranjska sausage, eggs from under the Kamniške mountains, Štajersko-Prekmursko pumpkin oil, Prleška tunka, Prekmurska gibanica and Idrijski žlikrofi).
 - Selection of products is based on their market presence and in line with demands of Ministry of Agriculture, Forestry and Food.
 - The study was carried out (content and methodology comparable) in Slovenia in years 2008 and 2009
 - Structure:
 - In-depth interview – paying agency and certification body
 - In-depth interviews – representatives of producer groups
 - Survey among certified producers
 - Analysis of products in retail and other points of sale
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Producer groups of quality agriculture products

Key fact: Locally recognisable protected quality agricultural products as a part of local identity (except for eggs from under the Kamniške mountains). Kranjska sausage is also recognised as a part of all national identity.

The focus:

- integrated promotion of product production territory – protected and other traditional/quality products, tourism, ethnology, etc. (Prekmurska gibanica)
 - interaction with local territory in certain segments (Karst prosciutto – other local dried/smoked meat products; Prleška tünka - tourism, etc.)
 - Solely a promotion of protected food products (eggs from under the Kamniške mountains, pumpkin oil, Idrijski žlikrofi)
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Producer groups of quality agriculture products

Dominant organisation structure

- Industrial type of production (Karst prosciutto, Kranjska sausage, etc.)
- Small producers – SME and/or farms (olive oil, Prekmurska gibanica)
- Diverse organisational structure – difficulties in coordinating the interests and activities (pumpkin oil, Prleška tünka, Idrijski žlikrofi)

Difference between types of producers

- Small producers/farms: not strictly business orientated; small production quantity – local market, direct sales/ sale on the farm (grey economy);
- Industrial producers: protected products - small share in terms of quantity and revenue BUT they develop their brand/consumer perception; IP are competitors at the majority of their production; big production quantity – national market, retail chains, etc.

Producer groups of quality agriculture products

Human resources

- An employee at a group of producers (any kind of employment) is in charge of execution of common activities, coordination between members, preparation of projects, integration with local society etc.
- Only groups of producers with staff employed obtained funds (measure 133 and 142 of RDP).

Common marketing

- basically no role in marketing;
 - each producer established their own marketing channels; industrial producers are competitors at a major segment of their production; pressure of retailers;
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Proceedings and recommendations

Key reasons of low share of successful Slovene protected agricultural products:

- Motive for protection – just in few cases motive based on identified business opportunities of producers
 - High costs of quality schemes implementation (producer groups defined too many quality criteria – high costs of laboratory analysis, etc.)
 - Small quantity of products and small difference in price between protected and related products
 - Low consumer awareness about the quality scheme
 - Abstinance of producer groups activities (management, promotion, marketing; human resources)
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- Lack of cooperation with local communities, local tourism providers and other groups of producers

Conclusions and recommendation

We can't be satisfied with current situation – 10 years of implementation, numerous activities of all actors, involved public and private funds,...

Most of groups of producers finished I. period – process of products protection and establishment of producers groups, BUT didn't start with II. phase – promotion and marketing.

Recommendation:

- All aspect and effects must be carefully examine before decision about the form of protection of national traditional food products
 - National support to traditional "non-EU quality schemes" products must be provided
 - Key to rural area development is increase of "standard agriculture products" (vegetable, fruit, meat, milk) – Approach "From Region to Region".
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