



EuroMARC — Mountain Agrofood products in Europe, their consumers, retailers and local initiatives



Executive summary

WP3: Food supply chain actors' strategy towards mountain quality-food products

Conclusions

The results suggest different appreciations of MQFPs. Mountain products seem to be especially connected to alpine countries, whereas supply chain actors in Norway and especially Scotland are not so clear on whether their products are related to the mountains.

Most actors agree that mountain products have unique characteristics which should be promoted specifically. However, there seems to be currently little consciousness that mountain products could be promoted as a specific product category. Over all of the products and countries, it is rather the farmers/producers who champion the quality of their products with mountain attributes, whereas the retailers put more emphasis on the local origin of products. Frequently the denomination "local food" includes also "mountain food", especially in mountain areas where "local" and "mountain" provenance can't be separated from each other.

There are marked differences in the quality aspects attributed to mountain products according to actor level and product group:

- Farmers recognise the influence of the climate across all product groups. For dairy and meat products they see the availability and quality of fodder as decisive, while for fruits it is rather the clean environment which is responsible for a specific quality.
- Processors emphasise generally the management practices and small scale, artisanal and traditional modes of production as well as traceability.
- Retailers mention in the case of dairy products, the pure environmental conditions and GMO-free production as well as feeding, while in the case of meat they do not

bring forward specific, mountain related quality aspects but see the products as rather embedded in a certain locality. In the case of fruits, retailers place emphasis on taste and nutritive values due to climatic conditions.

- Concerning quality aspects not related to the mountain provenance, two main conclusions can be drawn:
- For animal products (dairy and meat products), farmers claim the breed to be decisive, while processors put the traditional craftsmanship more to the fore. Retailers on the other hand, emphasise local anchoring.
- In general it is reinforced again that retailers in Norway and Scotland are focusing less on mountain related aspects of quality than those from countries of the alpine arc.

Communication of mountain origin towards downstream partners and final consumers could be improved. In general the mountain provenance is hardly communicated explicitly.

- Farmers tend to assume that especially if their products are sold in mountain regions, the mountain origin is self evident.
- Processors of dairy and meat products mention tourism as an important target for communication. This was also mentioned for the bottled water, where restaurants tend to choose the product on behalf of their clients.

It was also mentioned especially in the meat sector that on the retail side there is a marked difference between small and big retail chains: while the former are more likely to advertise mountain origin, the latter do this only occasionally.



FOOD QUALITY AND SAFETY



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One interesting point regarding promotion is found in respect of the scale of production: small scale producers (esp. in Slovenia and partly in Austria) are reluctant to increase promotion as they fear they would not be able to increase volume. There a closer cooperation of actors along the supply chain was advocated.

In supply chains with bigger volumes the improvements for promotion are mentioned frequently. Fewer differences are found between different actors along the chain. In the dairy sector most actors agree that the characteristics of small scale production methods and extensive ways of production should be placed on top of the agenda. Similarly fruit producers and retailers focused on explaining natural ways of production.

Reference to mountain labels were made in the meat chains, but at the same time the question of proper definitions for mountain origin was raised. The problem of free riding with images of mountain (on the product labels) was mentioned especially in the chains of bottled water.

Almost invariably the same categories of benefits and costs related to the mountain provenance of products were mentioned throughout the chains:

- Farmers benefit often from a higher producer price or level of return, but have lower sales volumes and higher production costs, especially for transport.
- Processors mention higher product quality as a benefit, while transport costs are their main problem.
- Retailers see the benefit mainly in the possibilities of product differentiation. This is the key to survival especially for chains with small volumes.
- Many respondents throughout the chains saw consumers benefiting from high quality, healthy products, and local economies benefiting from income and employment maintenance and generation.

Besides the material benefits also immaterial benefits are mentioned: The production and marketing of explicitly designated “mountain products” strengthen the identity of areas where the products come from.

General points concerning bottlenecks for scaling up the production include the following issues:

- Farmers seem to be sceptical to increase production

because they fear demand is not increasing as most consumers focus on price instead of quality. Moreover, infrastructural problems occur in terms of the adequacy of roads in mountain areas and processing plants such as slaughterhouses.

- Small scale processors claim materials and equipment are hardly available for their size of operation. Labour intensive processing methods related to artisan production restrict furthermore the scaling up of processing.
- On the other hand they fear the intensification of primary production because of negative effects on quality.
- A general complaint is that promotion costs are too high (for low volumes) and thus MQFPs are not adequately promoted.

A number of suggestions regarding improvements for promotion have been raised. Basically it is suggested that promotion should focus on combinations of mountain characteristics and not on single features.

Support strategies were demanded in a number of respects:

- Farmers did not only call for more subsidies, but also for assistance to small scale processing units, especially in terms of modernisation required to meet hygiene regulations. Support for local collective initiatives was demanded not only financially but also in terms of advice.
- Processors asked besides assistance in technology adaptation also for promotional help. A chain approach for small scale businesses was advocated, including tax relief measures for small scale processors and retailers.
- Interestingly a considerable number of retailers asked for assistance to primary producers.

A general claim was made for less bureaucracy when offering support and subsidies.

Recommendations

A central focus should be put on “low volume” supply chains for MQFPs. Such chains are thought to have a specific potential in communicating the specific attributes of MQFP to the consumer. However, this would not be to the exclusion of chains involving larger players – they may be needed to secure market extension – i.e. distribution and sales outside the market area. The results of WP3 suggest that:

- Actors at different levels in supply chains with low vol-





umes depend strongly on each other. Small scale producers use more extensive methods of production. Their products can be processed best by artisan processing modes and marketed in specialised outlets.

- Therefore the creation of specific supply chains consisting only of small scale enterprises should be envisaged and supported. This includes also enterprises which manufacture equipment and materials needed as inputs (e.g. machinery for dairies and meat producers or glassware in the case of water supply chains and for small scale fruit processors).
- Intensification on any of these stages endangers the quality and specificity of the end product, which is the key to successful product differentiation, and is the basis for higher prices.
- Communication of mountain origin towards downstream partners and final consumers should be improved. In general the mountain provenance is hardly communicated explicitly. Mountain provenance needs to be connected to communication on extensive production methods and artisanal processing.

To assist low volume supply chains, a set of different support measures is necessary.

- Scaling up of low volume supply chains can be done best by improvements of vertical and horizontal coordination and collaboration. Therefore support measures should focus on supporting collective action.
- Increase of volume has to be coordinated carefully, so as not to impair product quality.
- Often producers are reluctant to increase volume as

they fear consumer demand might be lacking. On the other hand, retailers do not want to increase promotion because they fear the supply would not be sufficient. This calls for better coordination along the supply chain.

- The coordination of many small actors on the same level seems to be a more effective strategy than supporting the growth of single actors, as the latter increases imbalances of power.
- Pooling of input purchase can not only be a strategy for farmers, but also for processing units, and make it possible to have for instance appropriate glassware, which is otherwise not available in small quantities. The same applies to specialised equipment.

Assistance is needed both materially and immaterially.

- Financial assistance should be made available for the modernisation of small scale processing units in order to comply with the increasing regulatory requirements, especially regarding hygiene.
- Moreover, financial support for promotional activities concerning MQFPs is mentioned by a range of actors.
- Fiscal measures (like tax relief) could be envisaged to support small scale processors and retailers.
- Advisory and training support is needed not only in technical fields but also for marketing, promotion and organisation.

Besides direct financial and advisory support measures, less bureaucratic procedures are needed to make existing support better available.

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