A COMPARATIVE ANALISYS ON THE TRADITIONAL FOOD PRODUCTS IN EU

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Abstract: *This paper is intent on highlighting the differences between traditional food products registered in every member state of the EU. The legislative system protecting the „peculiar, endemic" food products was first introduced in the EU in 1992 and it was implemented in the then-member states. The countries that adhered to the EU in the following years underwent a preparation phase in terms of legislation in order to educate the producers and consumers regarding these regulations. Therefore, some countries have a history of over twenty years in recognizing and registering traditional food products (TFP), whereas newly-entered EU member states have an experience of less than ten years. This can be one of the many reasons underlying the significant discrepancy in the number of traditional food products registered in every EU member state. Throughout the paper we intend to analyse and highlight the number of traditional food products registered in the European Union's database – DOORdatabase – by every EU member state, and also provide an overview of their status in the EU. Moreover, throughout the paper we will answer questions such as „Why does France have 255 traditional food products registered, whereas countries like Romania and Bulgaria only 4?" aiming to justify these differences but also present the evolution of the supply of traditional food products over time. To achieve the objectives of our research, we have covered vast literature and we have processed a series of secondary data that were put at our disposal by the databases of the European Commission, the agricultural sector. The results of our research are interesting, and the graphs will help better visualize and understand the status of the supply of traditional food products from a quantitative point of view countrywide. The identified elements as influencing factors in the quantitative supply of traditional food products and their grouping in a series of criteria tantamount to the elements pertaining to the marketing macro-environment reflect in the qualitative results, therefore bringing academic value to the aforementioned paper. The practicality of this paper can be highlighted by emphasizing the need to educate the consumers (well-informed, to know which and how many "genuine" traditional food products are there) but also the producers (to know how to relate to the competition).*

Keywords: traditional food products offer; European Union market; quantitative results; comparative analysis

JEL classification: M31; Q13.

1. Introduction

In the past decade the issue of traditional products has been trending in various research areas: from the legal or legislative (Broude, 2005), technical one in the food-processing industry, or even the social and cultural areas (Bowen & Mutersbaugh, 2014) to

economics, which focus on the market evolution, branding and promotion on the market of this industry. In this paper we will focus on the commercial approach, on the marketing of traditional food products from the perspective of the offer found on the European market and the factors which influence it.

Traditional food products constitute quite the endeavour for European and national governments and institutions. Nevertheless, it seems like this niche did not prevail as compared with the products manufactured on a large industrial scale, thus the former could not impose itself on the market as it should have. Although traditional food products pride themselves on having a good reputation and managed to create a strong bond with healthy habits (Arfini, Albisu, and Giacomini, 2011), they still face difficulties on the local or urban outlet neighbouring the production location.

The process of production, and then that of certification is peculiar and quite strenuous. Launching traditional products on the market by farmers from developed countries usually occurs like so: selling goods to private corporations or to co-operative enterprises intent on commercialising or processing such products, selling to merchants or to groups of producers (Burrel, 2012).

In order to benefit from the protection of the name and to avoid the counterfeit, the certified and registered traditional products are included in an official list of the European Commission based on the DOOR– Database of Origin and Registration – available on the website of the European Commission – http://goo.gl/mqox11.

In treating our topic, we have used a specific terminology and an abbreviation system used often in the literature – traditional food products (TFP) – which is the general term for all the registered products known as Protected Designation of Origin (PDO), Protected Geographical Indication (PGI), and Traditional Specialty Guaranteed (TSG). All the protection details and regulations are presented in Common Agricultural Policy (CAP), a 'product' of the European Union (EU). Traditional food products address a narrow segment, a niche of consumers – traditional food consumers (TFC) – they are well informed, educated and available to pay the minimum price (Dabija, 2005) to consume and/or utilize the products which are connected to their place of origin. These consumers tend to prefer those products that are marked, since those unmarked may present higher risks in purchasing (Kuznesof, Tregear and Moxey, 1997).

2. Methodological and research approach

The general objective proposed in the present paper is to identify and analyse the offer of TFP quantitatively, registered on a European level. Specific objectives that stem from the aforementioned objective refer to:

- identifying the total number of TFP registered in the EU;
- identifying the identification of the number of TFP registered in every EU member state;
- understanding the TFP structure registered in the EU under the three protection labels – PDO, PGI, and TSG;
- the comparative analysis of the number of TFP registered by the EU member states;
- identifying the number of TFP registered in non-EU countries;

- identifying and analysing the factors which led to the gap between EU member states regarding the registration of TFP.

In order to achieve the aforementioned research objectives, we used relevant specialty literature and secondary data collection.

Our research is an extension to previous research on the analysis of the offer of TFP registered in Romania (Tarcza, 2015). This research is of the qualitative sort, based on the analysis of secondary data.

For the analysis of quantitative data, we have used data pertaining to the EU, namely DOORdatabase. Based on this series of data, we have analysed the TFP registered in the EU between 1996 (inception of the database) and 2015. Please note that this database is comprised of 1461[16] products, and wine[17] is not included in the category of alcoholic beverages since it belongs to a special category with distinct criteria established by national and international organs. „E-bacchus" (2015) is the registry which contains the names of the places of origin and the geographical indications in Europe and third-party states protected in the EU according to the rules of the European Commission (CE) no. 1234/2007, and according to closed bilateral deals between the EU and non-EU countries (RNDR, 2015). The obtained information drawn from the secondary data has been analysed, resulting in a series of graphs by country, category of products, and time span and evolution. Starting from the interpretation of such graphs, we have attempted to justify the identified situations.

By identifying, analysing, and grouping factors which have influenced the discrepancy regarding the number of TFP registered in every EU member state, we have resorted to the review of literature and theoretical specialised knowledge. Based on the obtained results, the stakeholders can make strategic decisions regarding the development and promotion of TFP.

3. The inception and development of TFP – the concept of 'terroir' in DOORdatabase

The legislation regarding the acknowledgement and registration of TFP is a component part of the general framework established by the EU farm policy – the Common Agricultural Policy. This legislative framework was established by the European community in 1962 (CE, 2014), and is still strongly critiqued by its partners, members of the World Trade Organisation (WTO), especially by the USA and other countries with extensive agriculture, such as New Zeeland, Australia, Argentina, and Brazil. The critique stems from different approaches of the market and producers, as Guillochon (2003) highlights. The EU supports farmers through protective means, by retaining the won advantages, and by supporting the small local producers, as opposed to the American stance of strongly and publicly supporting the farmers through flat-rate aids and guaranteeing the prices, and by allowing the free market.

The road from traditional products with regional peculiarity to the present TFP has been long and weary. In 1666, the Parliament of Toulouse recognised the Roquefort cheese and then the Bordeaux wines. But these have only been recognised and legislated legally

[16] 1461 is the number of TFP registered in the DOORdatabase in 2015. The number of registered products as of date (15.04.2016) is 1514 (http://goo.gl/Vi9MPE).

[17] Such products will not be discussed in this paper, although we considered as necessary to clarify this from a legislative point of view, to justify their inclusion in a distinct database.

in Europe only at the beginning of the twentieth century (Cambra Fierro and Villafuerte, 2009).

The French were the first to mark and differentiate between wines and their quality. A first law in this respect was emitted in 1919, which also serves as the basis of the present legislative system (UNIDO, 2010). Since then the actions of the private producers from the Mediterranean countries agreed to a win-win collaboration with the public initiative. The French are also responsible for coining the notion of 'terroir'. In its technical meaning, it means "pertaining to land" (French *le térre*), referring to some characteristics of climate, soil, and temperature which are found in a specific area (Terroir. (n.d.). In Wikipedia, accessed on 20.11.2014 at http://goo.gl/LgXcEn) and which make such products unique. This name was then extended to AOC – „Appellation d'Origine Contrôlée" – "controlled designation of origin", the present "Protected Designation of Origin" (PDO).

The notion of "specific, peculiar, endemic quality" was defined in 1992, in the EEC no. 208/92. This allows the small and medium-sized enterprises (SMEs) to protect and commercialize regional products with the label of "Protected Designation of Origin" (PDO). Since 1996, the traditional products registered and acknowledged globally are included in an official list of the European Commission, DOOR – Database of Origin and Registration. In this database we will encounter the three schemes known as Protected Designation of Origin (PDO), Protected Geographical Indication (PGI), and Traditional Specialty Guaranteed (TSG). These are meant to promote and protect the names and the quality of the TFP. These labels encourage the diversification of TFP and at the same time helps protect them against fakes and counterfeit merchandise, protecting the consumers by informing them of the peculiar qualities of the products (Szakaly, 2010). In 2006, EC 509/2006, rescinded later by EU no. 1151/2012, applies starting January, 1st 2013.

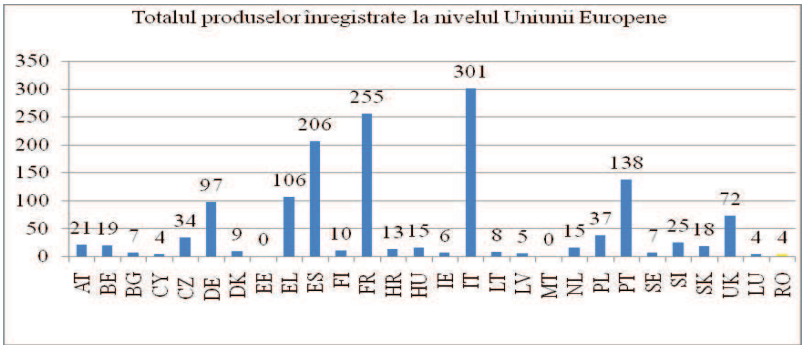
Once the commercial designation of the TFP is registered in the DOORdatabase under one of these three schemes, the EU will ensure that no other producer will use it. The certification and acknowledgement of TFP is made after a thorough series of regulations which ensures the consumers that those TFP abide by the regulations.

4. Results and discussions

4.1. Quantitative results

After analysing the data found in the DOORdatabase, we have identified a total of 1461 products as of 2015. Out of these, the majority pertain to EU member states, namely 1436, and barely 25 from non-EU countries. It is noteworthy to state that between March 2015 and March 2016, 53 products have been registered in the DOORdatabase, namely an increase of 3.62% of the TFP on the market.

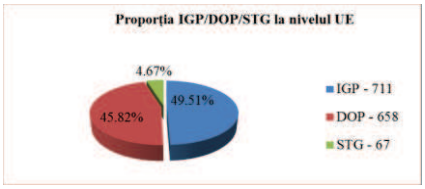
By categorising these products *by the 28 EU member states*, we observed that the countries with the most TFP registered in DOOR are Italy (301), France (255), Spain (206), Portugal (138), Greece (106), followed by Germany (97) and Great Britain (72). In stark contrast are the countries with the least TFP included in DOOR: Luxembourg (4), Romania (4), Cyprus (4), Ireland (6), while Estonia and Malta have none. It is safe to assume that Romania has been outnumbered by these small countries which adhered to the EU much later, such as Latvia, Lithuania, Slovakia, and Croatia (Graph 1). The 4 TFP included in DOOR constitute 0.28% of the total products, or 0.35% in relation to the EU member states.



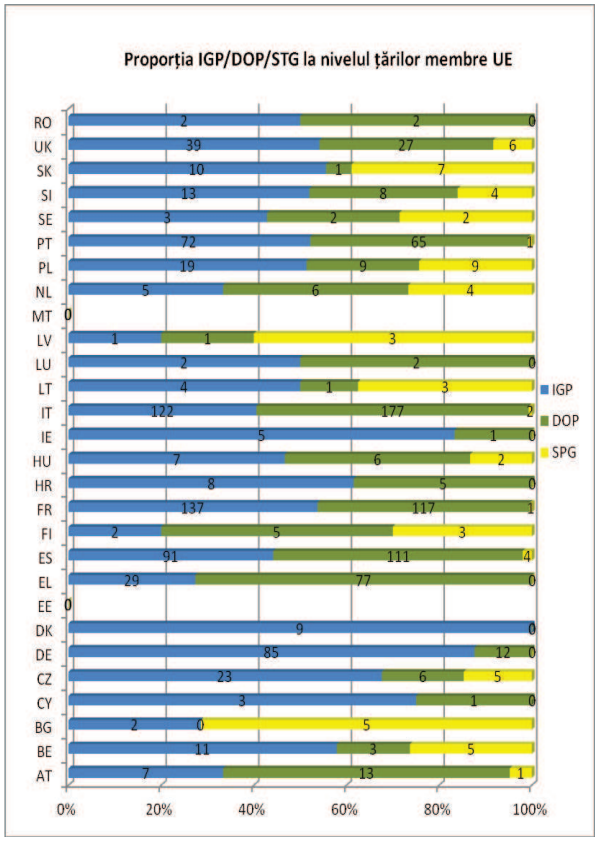
Graph 1. The total TFP registered by EU member states

Source: analysed from DOOR, 2015

Regarding the *structure* of the TFP registered in DOOR by the *three protection schemes* in the EU, PGI (711) are the most numerous – 49.51% – followed by PDO (658) – 45.82% – and lastly, TSG (67) with a percentage of 4.67% (Graph 2). The ratio per EU member states is presented in Graph 3.



Graph 2. PGI/PDO/TSG ratio in the EU
Source: analysed from DOOR, 2015



Graph 3. PGI/PDO/TSG ratio in every EU member state

Source: analysed from DOOR, 2015

To illustrate, we have chosen the countries with over 100 registered TFP in DOOR: Italy, France, Spain, Portugal, and Greece. As seen in Table 1, Spain is the country with the most TSG products registered (4) – 1.94% – while Greece has no registered TSG product.

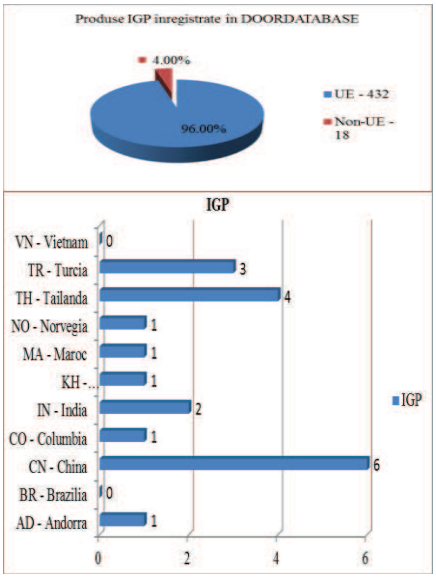
Table 1. PGI/PDO/TSG ratio in EU countries with over 100 registered products

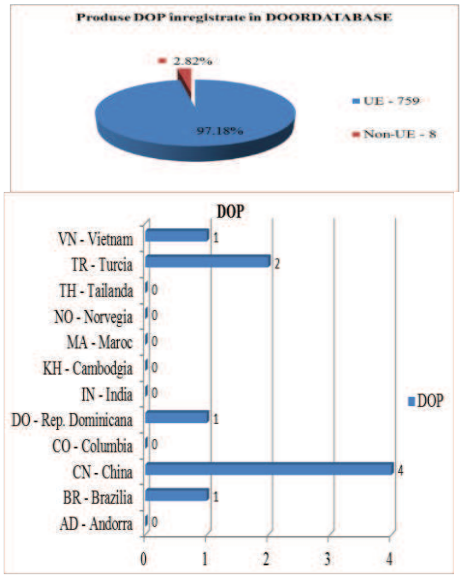
No.	Country.	Registered products (%)							
		PGI		PDO		TSG		TOTAL	
		abs val.	(%)	abs val.	(%)	abs val.	(%)	abs val..	(%)
1.	Italy	122	40,53	177	58,8	2	0,67	301	100%
2.	France	137	53,73	117	45,88	1	0,39	255	100%
3.	Spain	91	44,17	111	53,88	4	1,94	206	100%
4.	Portugal	72	52,17	65	47,10	1	0,72	138	100%
5.	Greece	29	27,36	77	72,64	0	0	106	100%

Source: analysed from DOOR, 2015

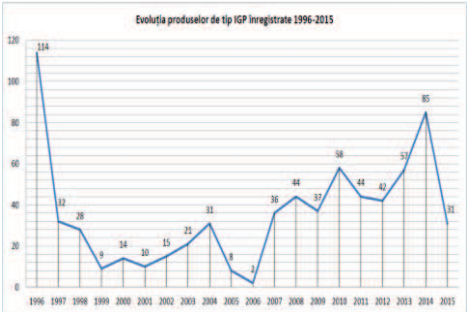
By analysing the ratio of TFP registered by non-EU countries, we observe that in the case of PGI, the ratio is lower than in the case of PDO. Had we taken the absolute values into consideration, the situation would have been different. Therefore, non-EU countries registered 18 products in PGI as opposed to the 432 products of the EU member states, representing a percentage of 4%; non-EU countries registered 8 PDO products as

opposed to the EU's 759 products, namely a percentage of 2.82% (Graph 4). The situation of PGI and PDO of non-EU countries pertaining to DOOR is presented in Graph 5.

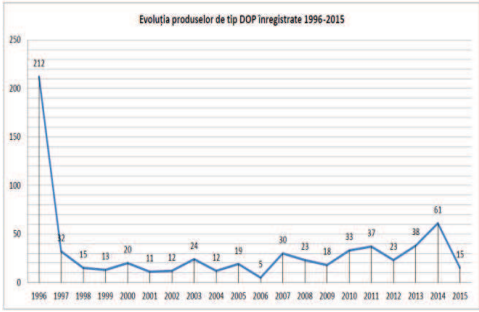




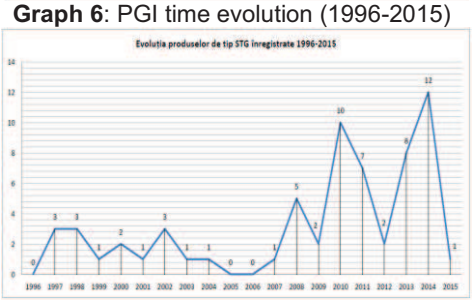
Regarding the *time evolution* of TFP registered in DOOR, we observe the peak in 1996, the year of inception, followed by sudden drops in the case of PGI and PDO. We observe that 2014 registered a great number of products in all three categories – 85 PGI, 61 PDO, and 12 TSG. In the case of TSG products, 1996 registered no product of this sort, while 2010 (10) and 2014 (12) registered the most. In total, the years 1996, 2010, and 2014 have registered the most products, although no year has surpassed 1996. (Graphs 6–9)



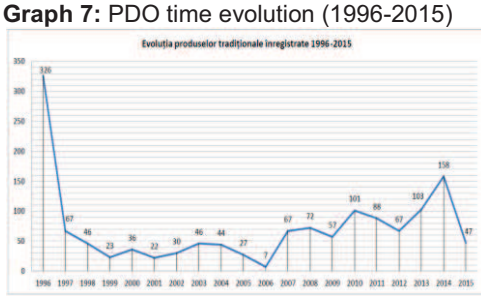
Graph 6: PGI time evolution (1996-2015)



Graph 7: PDO time evolution (1996-2015)



Graph 8: TSG time evolution (1996-2015)



Graph 9: TFP time evolution (1996-2015)

4.2. Identifying factors that justify the gap between countries

Recent research has shown that consumers change their preference for certain products due to low quality, high prices, or other reasons. Usually consumers are willing to pay the premium price for the higher quality or for products which are recognised as authentic (Dabija, 2005; Kuznesof et al., 1997). This does not guarantee their success on the market, though. Arfini, Albisu and Giacomini (2011) state that the success in selling the product is dependent on *external factors*, not only on the *intrinsic qualities* referring to the product's quality. Among these factors, Barjolle and Sylvander (in Barham and Sylvander, 2011), refers to: market penetration, production methods, management of the distribution network, the brand and image, and the cultural and economic power of a region. In this section, we propose a brief presentation of external factors, grouped in components of the macro-environment which influenced the situation and time evolution of TFP.

Legislative factors: year of admission to the EU; legislative changes in EU; the launching year of DOOR (for example, notice the wide range of products registered in 1996, owing to their retroactive registration between 1992 and 1996); political stability and level of development; political stance and orientation; adaptability and implementation of European legislation; degree of acceptance of new legislation.

Economic factors: consumers' standard of living (TFP are more expensive than large-scale industrial products); degree of economic development; level of economic education of TFP producers; nurturing the entrepreneurial spirit among producers; the ability to understand the TFP market; the producers' ability to congregate in producing, certifying, and commercialising TFP.

Socio-cultural factors: country's history, the diversity of the jobs of inhabitants (agriculture, tending animals, raw material processing, industries, services) strongly connected to the geographical area; "cultural legacy" – the customs and culinary traditions (usually bound by religious affiliation).

Geographic factors: geographic area; diversity and structure of landforms; the diversity of agricultural crops as adapted to the landforms specific to a particular country.

Keen competition, somewhat unjust in the past 30 years, changes in consumers' preference, and new trends in agro-marketing triggered a series of major changes in the influencing factors of the respective market. Consequently, the proper understanding of these factors (which can either support or hinder TFP certification) is highly important for consumers, producers, and institutions alike.

5. Conclusions

Based on the results from our analysis of DOOR data and review of literature, we conclude that the practice of registration and certification of TFP is found mostly in the EU (1461 TFP) as compared with non-EU countries (25 products). On the one hand, peculiar schemes, such as PGI and PDO are more sought-after for certification (711 PGI, 658 PDO) as compared with TSG (67), both in the EU as a whole and the top-five ensemble illustrated above. The evolution of these brands in time show similitude in the case of PGI and PDO, both peaking in 2006 – inception of CE 509/2006 – and 2014 – following 2013, marked by major legislative changes. On the other hand, TSG products are significantly fewer (67) due to the fact that the certification process is more complex. The evolution of certification of TSG has shown a peculiar tendency, sinusoidal, peaking in 2010 and 2014.

By analysing external factors which influence the evolution of TFP certification, we observed that countries with vast traditions, economically well-developed, and politically stable (e.g. France, Italy, Spain, Portugal, and Greece) registered more TFP in DOOR. This correlates to a high degree of producer congregation and a consumers' keen interest in buying this category of products, although costlier. The spearhead country is France, proponent of "terroir" (the basis of legislative development regarding the protection of traditional products) and holder of 255 of certified products. In this country, the state strongly supports the "French culinary identity" (Marin, 2013).

Limitations and further directions: we bear the limits of the present study the TFP analysis from a quantitative viewpoint without referring to the financial value of these products on the EU market and the producer countries. The high usage of secondary data will be mitigated in future research, when we propose to analyse TFP by collective primary data, by enquiring both consumers and producers who are essential players on the TFP market.

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