

Geographical Indications communication: challenges for Protection Consortia

Francesca Checchinato*, Vladi Finotto*, Christine Mauracher*

*Agrifood Management & Innovation Lab, Venice School of Management,
Università Ca' Foscari Venezia

Abstract

The study focuses on the communication strategies of GIs Consortia. The aim of the paper is to shed light on the main challenges of GIs promotion, the potential determinants of different ways of approaching it, and how consortia cope with them. The research is based on interviews with key informants from wine and different food sectors. Results highlight three main issues: the relationships between the Consortia and their members, the need for better brand management and the role of public investment for improving the promotion of GIs, particularly for smaller Consortia.

Keywords: food marketing, collective brand, communication, Geographical Indications

Introduction

Many Italian food and wine companies face a challenge due to their small size, making it difficult to compete internationally especially when typical, local and often artisanal products are concerned. Some of these foodstuffs are inscribed by Geographical Indications (GIs) aimed at protecting¹ food and wine products. GIs, as quality brands connected to the territory, should help typical products to be recognized by consumers. From a marketing perspective, GIs can be viewed as umbrella or corporate brands for producers (Borg, 2013; Chamorro et al., 2015) but with one more challenge: the ownership is not the same. Some differences between producers or groups of producers inside the same GI could make the management quite challenging (Rinallo & Pitardi, 2019), especially in case of GI enlargement (Checchinato et al., 2024).

The advantages of GIs are known: they add value to typical products, foster SMEs incomes, local values and heritage, and are also used as policy tools to stimulate the sustainable development of rural area. To promote, protect, and enhance producers of GIs, Consortia² play a key role in achieving these goals.

Italy is a GI powerhouse in Europe: it holds the highest number of PDOs in general (853) and excels in the number of wine GIs (527). The Italian GI economy involves 195,407 operators and 296 protection consortia authorized by the Ministry of

¹ Geographical indications comprise: PDO, protected designation of origin (food and wine), PGI, protected geographical indication (food and wine) and GI, geographical indication of spirit drinks (https://agriculture.ec.europa.eu/farming/geographical-indications-and-quality-schemes/geographical-indications-and-quality-schemes-explained_en)

² Consortia are officially recognized associations made up of producers and supply chain firms.

Agriculture. The overall value of certified PDO and PGI agri-food and wine production in 2022 exceeds the threshold of 20 billion euros and ensures a 20% contribution to the overall turnover of the national agri-food sector (Ismea-Qualivita, 2023). Thus, analysing Consortia communication is pivotal to ensuring the GIs growth. In particular, the objective of this exploratory research is to shed light on *the main challenges of GIs promotion, the potential determinants of different ways of approaching it, and how its Consortia cope with them*. From these preliminary findings, further and more detailed research questions will emerge.

Background

Studies about GIs communication are mainly based on consumer perception and behaviour. Just a few research analysed the supply side and the brand management. GI marks can be assimilated to collective brand, defined as “a sign that distinguishes in the market the goods or services produced by firms belonging to an association, and it is registered to guarantee the origin, nature or quality of certain goods and services” (Mas-Ruiz et al., 2016). Few studies (Bartoli et al., 2022; Bonetti et al., 2019) analyse the communication strategies of Consortia and their role in promoting these brands. Previous studies (Nicolau & Mas, 2015) confirm that the adoption of a collective brand is a very relevant marketing tool for companies since it transmits to the target a characteristic common to all the products included in the collective brand. PDO as collective brand has the capacity to affect the advertising productivity of their member companies. A PDO/PGI represents an investment intended to benefit all the firms operating in the same territory and with defined production rules, but not all of them contribute equally. Some are well known despite the PDO, some others need the common set of associations created by the collective brand to successfully operate in the market. From a theoretical perspective, literature on co-branding (Checchinato, 2007) can be used to analyze and explain cases of combination of a PDO and a food/wine brand. Previous research (Fernández-Barcala & González-Díaz, 2006) demonstrated that quality signs, controlled by external system, increase the products’ value for the consumer, and firms presenting more than one type of brand name (GI and their own brand) show higher price premiums.

Since the quality sign must be known by consumers, another important research field is related to the level of awareness of the labels itself (PDO/PGI) and the awareness of a specific PDO/PGI. Only a limited share of consumers correctly associated PDO/PGO characteristics to their respective labels (Aprile et al., 2016).

Methods

Due to its explorative purpose, the paper is based on a qualitative research design centered on semi-structured interviews with key informants (Table 1). We aimed to shed light on their framing of opportunities and obstacles and their way of approaching different channels and strategies of promotion and communication.

Table 1 – Key informants

| ID | Role of key informants | Sector |
|----|--|------------|
| 1 | Director and administrative officer | Dairies |
| 2 | Director | Wine |
| 3 | Director | Wine |
| 4 | Director | Wine |
| 5 | Director and administrative officer | Dairies |
| 6 | Director | Meat |
| 7 | Director and an administrative officer | Wine |
| 8 | Director | Vegetables |
| 9 | Director | Oil |
| 10 | Director and an administrative officer | Wine |

The interviews were recorded, transcribed and analyzed. In an iterative fashion, transcriptions were coded by the authors and discussed. When an agreement on the categories emerging from given excerpts was obtained, the authors iterated between the empirical evidence and theories to produce descriptions of the factors underlying the observed patterns in the communication of GIs.

Results and discussion

First, Consortia referred the adoption of several communication tools to reach consumers: events, masterclasses, fairs, incoming, social media, magazines, publications, mass media advertising and point of sales tasting. Some of them are able to identify the most effective tools for their activities. For instance, one wine Consortium referred to reach out to foreign journalists, because they are who cover the region, thus boosting awareness of GI in given markets. Another example is a dairy products Consortium, that mentioned tasting activities.

Small Consortia highlighted that participating in big fairs such as ‘Tutto Food’ or ‘Cibus’ is no more effective, as the visibility they get is low. These Consortia prefer to promote within their local boundaries to be more effective and avoid dissipating resources. Bigger Consortia blame this behaviour and think that PDOs’ productions don’t need to be promoted inside their area, where consumers already know them. The main idea is that if they continue to invest in the local market, they will miss the opportunity to enhance the area’s development. According to one of the interviewers, the problem could also be related to the management competencies within some small consortia that lack a brand manager.

Brand and marketing communication competencies are pivotal since consortia filter, evaluate, and coordinate proposals from external agencies to promote PDOs. They received several proposals, thus the ability to evaluate them and decide which are in line with the collective brand strategy is important. Then they put manufacturers in contact with these agencies.

“We received a lot of emails, our competency is to be able to understand if the proposal could be effective because supported by research activities, experiences...” (Consortium 1)

Measuring results is another activity to manage. Therefore, a key question that arises is: how do they evaluate the effectiveness of their communication efforts? For some communication activities, this is possible; for others, it seems to be more complicated. This is the case of social media or point-of-sales tasting (how many people participate, taste the products and what they say). One of the smaller consortia stated:

“we can measure results with sales. In particular, this year one of the areas in which we organize some promotional activities, sold all the products, which means we have been working great” (Consortium 9)

Some others are more skeptical about the possibility of using metrics related to sales or profitability because the output is in the hands of producers, the role of manufacturers is pivotal for expanding the GIs after or during the promotion activities.

“Consortium can just open the door to some markets, but then it is the producers that need to penetrate them” (Consortium 2)

Another challenge is the promotional budget. All the interviewed consortia complain that it is too low because it depends on the producers' contributions and sales, but consortia cannot move marketing levers such as products, price and distribution. For these reasons, they applied to receive European funds. One of the issues is the bureaucracy to access them and the need to write the budget far in advance from the use of the fund itself. Instead, flexibility in the use of public funding could help to enhance the effectiveness of the investment and quickly respond to market changes.

Another important issue is the relationship between Consortia and their members: Consortia support members' activities based on their requests, and is meant to achieve what producers either do not want or are unable to do. As we discussed the foreign market, the support can assume the opposite direction, and the GI can benefit from members activities, or can be balanced:

“due to the limited budget, to cut off costs, fairs can be organized in collaboration with producers” (Consortium 1).

One last issue that arises from the interviews include the need for companies to better recognize the role of the Consortium as an institution representing producers' interests.

Conclusions and future research

Our research sheds light on the communication challenges of GIs that are expanding worldwide (Donner et al., 2017) and affect both agrifood SMEs and local development. With the lens of collective brand and GIs literature we analyse 10 cases. Three main issues emerge:

- 1) The advantages are not only from the collective brand to the individual ones (manufacturers) but also the opposite: weaker brands may have great opportunities (Borg, 2013). Thus they should stress the link to the protection sign, that provides new and valuable associations, like in the co-branding strategy.
- 2) The role of the public administration and policies. Public funds become pivotal in the size of the communication budget. As highlighted by Chamorro et al. (2015) the awareness of a PDOs depends largely on how much the administration (local or national) decides to invest in. Public institutions must invest both in enhancing

consumers literacy about quality signs and in key PDOs for the national or regional development

3) There is a huge difference between big and small consortia in managing the PDOs communication. It depends on the production scale but could become a vicious circle. This is consistent with Charters and Spielmann (2014) finding about territorial brands: PDOs need an effective brand manager, that mirror those of a proprietary brand management. Managing PDOs with low-skilled human resources and without considering them as a real brand, leads to two main problems: a fragmentation of small PDOs that waste public funds and small rural development.

Future research should focus on how different communication strategies impact the GIs growth. For instance, penetrating local and near market is more or less effective than entering new and foreign markets? How different communication mix affect the GIs awareness? How does the level of public funding that consortia have received affect the growth in terms of total production?

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