Strategies to add value to local breeds

How to distinguish products made from a specific animal breed?
Stakes and ways of collective action in the European Union

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Outline of the presentation

- Context
- Main stakes of a differentiation strategy
- Example: Barèges-Gavarnie sheep meat
- Conclusion
Main global trends

- Local and national markets under globalisation:
  - Standard complex (local & global),
  - Multinational Food Cies and Retailers,
  - Process quality vs product quality

- New consumers’ concerns: health, security, social or environmental questions, community,...

« In a global economy, perennial competitive advantages are more and more based on local data – know-how, relations, motivation – that remote competitors cannot operate »
In this context, 2 main corporate strategies

- **Cost** strategy: The same product but less expensive (Localisation in relation with the cost of the factors: land, labour, inputs)
- **Differentiation** strategy: A single product (innovation, special attributes, link with specific resources)
In this context, 3 main collective strategies (territorial or other communities)

- **Proximity rent**: short chains, direct sales
- **Extensive rent**: cost reduction due to extensive use of land (rural exodus)
- **Quality rent**: commodification of local resources

*Ikejima & Hisano, 2009*
A mixed (collective X corporate) sustainable insertion in the global competition

- **Marketing costs** reduction: Proximity of the consumers
- **Production costs** reduction (Opportunity costs): Complex systems of production
  - Mixed livestock/crop farming (“soft intensification” or “ecological intensification”)
  - Diversity and plurality of the productions
- **Value adding** to the standard product: adaptation to the special characteristics of local demand
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Main stakes of a differentiation strategy

• Consumers
• Producers and processors
• Public authorities
• International negotiations
Some stakes for the consumers

- Truth: actual information on
  - Characteristics
  - Ways of production

- Credibility: which guarantees?
  - Trademarks?
  - Official signs / Geographical indications?
  - Confidence?

- So the product’s intrinsic quality is essential
Some stakes for the producers/processors

- Increase the consumers’ willingness to pay
- Corporate strategy: achieve competitiveness through differentiation and segmentation
- Collective strategy: increase the value added and improve its sharing out
Some stakes for Public Authorities

- Guarantee the loyalty of transactions
- Better market regulation in case of sanitary crisis or overproduction
- Agricultural incomes / maintain activities
Some stakes for WTO negotiations: 2 approaches

Public good
GIs = public property, no time limitation, free entry
Specific quality, non reproducible, based on joint natural and human factors
Link to a territory
Promote the « ex officio » public action

Private good
Trademarks, transferable, closed clubs if Collective TM, « first in time, first in right »
Not legitimate if good substantially equivalent
Quality is reproducible
The plaintiff has to prove that the consumer is misled by the counter factor of the collective TM (passing off)
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Sheep meat : from Bareges-Gavarnie

PDO delimited zone
- altitude : 500 to 2800 m
- 60 000 ha (of which 25 000 high altitude range)
Main characteristics

- One sheep breed: « Barégeoise »

- Specific, seasonnal products
  June-November
  Young female (2-5 years) or young male (>18 months)

- 20 producers / 700 heads/year

- Strict husbandry rules: >4 months range, hay in winter, ...
Barèges-Gavarnie Sheep Local process

- Sheep farmers
- Restaurants
- Butchers
- Breed association “Barégeoise”

Local activity and income

Population

Support the collective action

Add value to the production by a collective marketing strategy

Income → employment

no (landscape conservation)

Local slaughterhouse closed

Disappear

Threats

Action

Add value to local agriculture = Save a heritage and an economic tool

Common objective

Stakeholders’ groups

Restaurants

Butchers

Sell local identified product

Access to slaughterhouse in the area

Product Differentiation and identification

Save a heritage and an economic tool
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Conclusion (1/6)
Local breed as a collective good

- Created and managed by a collective body
- Less productive than "global" but:
  - Adapted to harsh local conditions
  - Producing products adapted to local demand (know how of the local consumer)

How to compensate the low competitiveness of this breed?
- Public support
- Production of high value goods and/or services
Conclusion (2/6)
Local breed as a public good

- Element of farm animal biodiversity
- Gene reserve for future generations
- ...

Necessity of public support
Conclusion (3/6)
Production of value added goods and services

- Contribution to improved environment: targeted subsidies, eco-conditionality, 2nd pillar.
  ➔ Public subsidies

- Marketing of higher value products
  - Meat (fresh, preserved)
  - Dairy products
  - Leisure animals
  - ...
  ➔ Collective brands, Geographical Indications
Conclusion (4/6)
Conditions of success of adding value by a collective action

- **Necessity, motivation**
  - Threat
  - Development

- **Specificity of the product** (identifiable by connoisseurs)

- **Relevant market** (product, channel, group of consumers)

- **Profitability**
  - For each individual and for the collective body
  - Fair repartition of the benefits

- **Legitimating by Public Authorities**
Conclusions (5/6)
Difficulties of Institutional Framework building

- Long term process (several years) due to the necessity of collective agreement
- Initial costs of building the schemes: heavy for small and medium size communities
- Identification of the collective holder (legitimacy, motivation)
Conclusion (6/6)
Efficiency of the Institutional Framework

- Necessity of institutions to empower local initiatives enabling economic actors to negotiate
- Creation of an added value and equity of income distribution, through collective frameworks
Thank you!

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