



Session 14

ERFP/FAO/EAAP Symposium

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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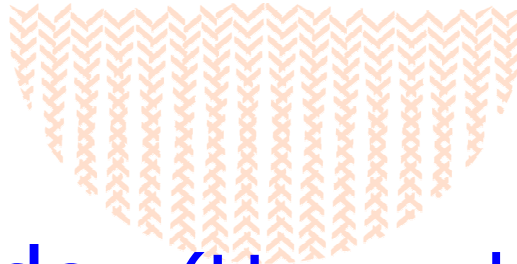


Outline of the presentation

- **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,...



Porter's paradox (Harvard B J 1998):

« 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



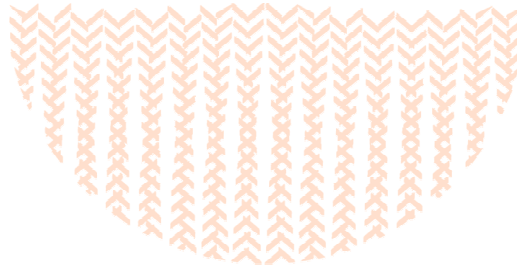
Some stakes for the consumers

- 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 it's 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)



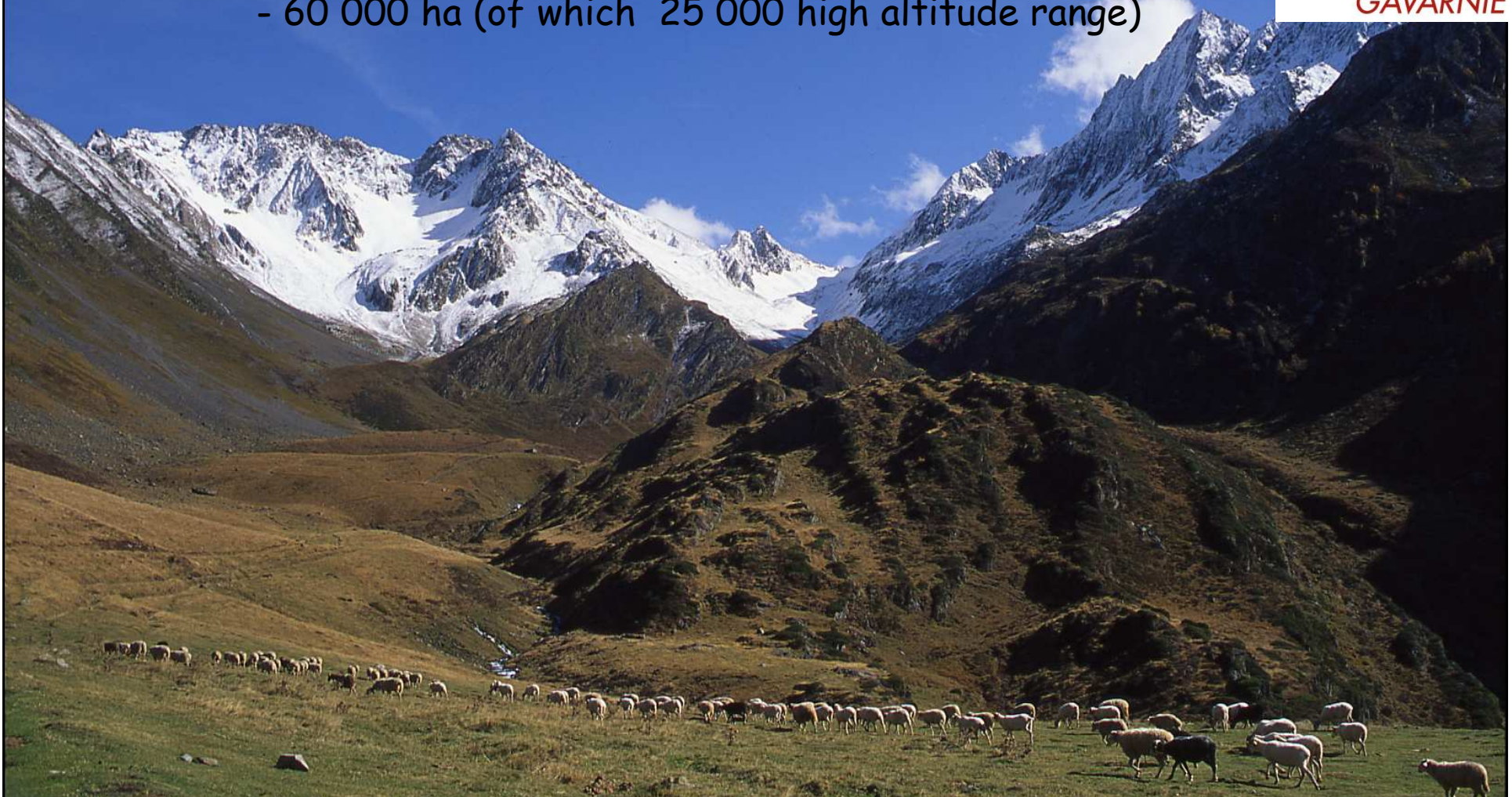
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Sheep meat : from Bareges-Gavarnie

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, seasonal 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, ...*

Population

Local politicians

Barèges-Gavarnie Sheep Local process

Stakeholders' groups

Sheep farmers

Restaurants

Butchers

Breed association "Barégeoise"

Local activity and income

Income → employment

no (landscape conservation)

Local slaughterhouse closed

Disappear

Threats

Support the collective action

Add value to the production by a collective marketing strategy

Sell local identified product

Access to slaughterhouse in the area

Product Differentiation and identification

Action

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

Common objective



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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

➤Legitimizing 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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