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Inventory on best practices on reducing bottlenecks promoting success factors at traditional food supply chains

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| Dissemination Level | | |
| PU | Public | X |
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| RE | Restricted to a group specified by the consortium (including the Commission Services) | |
| CO | Confidential, only for members of the consortium (including the Commission Services) | |

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1. Introduction

Small and medium size enterprises producing traditional food products often have to face difficulties in market access, in achieving the targeted efficiency of operation of the supply chain. Experiences show that a significant part of the bottlenecks can be reduced or even eliminated by more efficient use of the internal and external resources. Within the TRUEFOOD project (Traditional United Europe Food) as a part of the tasks carried out within the Work Package 5 on developing “Improved marketing and food supply chain organisation methods for traditional food products” the bottlenecks and success factors in traditional foods supply chains were identified and analysed with special focus on marketing and supply chain management capabilities of traditional food producers, especially SMEs following the concept of Gellynck, Vermeire & Vianne (2006).

External resources manifested in supply chain resources comprise organisational structures and measures, flow of information, skills, material and financial resources in supplier-buyer relations and third actors and increasing their efficiency and effectiveness. Internal resources manifested in marketing capabilities stand for knowledge, skills, facilities for selecting, targeting and positioning the product and for increasing the efficiency and effectiveness of the use of marketing management.

Bottlenecks are deficiencies or insufficiencies blocking the effective use of external and internal resources of a member of a supply chain of traditional food products for improving market access and marketability of its products and the generation, uptake and introduction of innovations to upgrade these.

Success factors are facilities or abilities, assets stimulating the effective use of external and internal resources of a member of a supply chain of traditional food products for improving market access and marketability of their products and the generation, uptake and introduction of innovation to upgrade these.

The objective of this inventory is to provide structured information for SMEs and other food businesses manufacturing, producing, and handling traditional foods and for the organisations supporting them on methods and solutions, which have already been applied successfully in traditional and conventional food supply chains for elimination or reduction of bottlenecks.

These successful examples demonstrate that there are several ways how SMEs can improve the performance of the supply chain in which they operate and demonstrate also the benefits of implementing the supply chain management approach, e.g. the management of multiple relationships through focusing on harmonising the use of competencies, resources and capabilities along the entire food chain (instead of focusing on the individual steps) to deliver enhanced customer service and economic value through improving trust and collaboration between supply chain partners.

The current issue of the inventory is the first version, which will be extended with further experiences throughout the TRUEFOOD project.

2. How to use this inventory?

The examples presented in this inventory are organised into two main chapters. Chapter 3 on innovative use of supply chain resources and Chapter 4 on innovative use of marketing management resources. The information in these chapters is organised into sub-sections. Since several examples demonstrate good practices related to several aspects, the examples are listed under that heading, which is thought as the main factor of success and a reference table is provided under the title, showing, which are those other aspects, where this solution can be used for elimination or reduction of the bottlenecks.

Under each section the examples from the traditional food supply chains are presented first, followed by the examples from the conventional food supply chain.

Cross-reference indicators:

3. Examples of innovative use of supply chain resources
 - 3.1 Networking
 - 3.2 Chain approach – collaboration
 - 3.3 Chain approach – balance among the members of the chain
 - 3.4 Resources
 - 3.5 Institutions
4. Innovative use of marketing management resources
 - 4.1 Market information
 - 4.2 Market segmentation
 - 4.3 Marketing objectives
 - 4.4 Marketing strategy
 - 4.5 Marketing mix
 - 4.5.1 Product assortment
 - 4.5.2 Price
 - 4.5.3 Distribution
 - 4.5.4 Product advertising, promotion
 - 4.6 Marketing budget
 - 4.7 Marketing evaluation

3. Examples of innovative use of supply chain resources

3.1. Networking

3.1.1. Quiz contest between village pubs

Cross reference indicator

| | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|----------------|-----|-----|
| Relevance to the other sections | | | | | | | | | | |
| 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 |

Short description of the case:

British breweries organise quiz contests between village pubs. The brewery finances the development of the questions, the jury, the prizes and the organisation costs. Contests are advertised in advance and run through a longer period from 10-12 weeks till several months at a fixed time every week.

The number of the participants in a team is not limited, people attend the different occasions as they have time and they frequently bring their families as well. They spend several hours in the village pub regularly and while they make fun and socialize they drink beer.

The contest are organised at several consecutive levels from pubs of a village in a smaller area till regional level. The winning team of the contest of a period qualifies to a higher level contest until the winning team of the whole contest will be selected. Each run of the contest attracts a significant number of people to the pubs.

Lessons learned:

Through financing an attractive social activity for the consumers by the food manufacturers through a network of clients (food service providers) at the end of the supply chain the beer consumption is increased and the brand of the financing brewery is promoted at a relatively low cost. Marketing can be made through financing some activities at the client.

3.1.2. Sharing costs through local associations of growers and product marketing organisations

Cross reference indicator

| | | | | | | | | | | |
|---------------------------------|-----|----------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Relevance to the other sections | | | | | | | | | | |
| 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 |

Short description of the case:

Growers associations and product marketing organisations like in Hungary the white pepper growers, onion growers and raspberry growers share costs of fertilization and plant protection by joint use of more sophisticated, expensive machinery, financing service staff and facilities jointly. Some of these organisations like pepper growers purchase seeds, plastic foils for agricultural production, fertilizers, pesticides jointly, thus they can achieve a lower unit price and lower logistic costs through higher volumes.

They collect the products of the individual growers, grade, select and pack them according to uniform standards so they convert the individual small lots into larger uniform lots and sell them under a joint brand name, using a larger capacity and more efficient distribution system.

Their joint sales representative deals with the retailers, major processors and other clients thus they can serve larger demands, even at a national coverage, what the individual growers can not do. The agreement is made with the PMO, who allocates the tasks for several members. Since they control larger volumes their bargaining power is increased. By making distribution jointly they can save on the logistic costs through better efficiency provided by the economy of scale. The PMO or the interest organisation of the growers prepares production and sales statistics, monitors trends, organizes market research and training activities, organises joint marketing campaigns with shared costs.

Similarly wine growers' associations share costs on promotions.

Lessons learned:

Networking of peers on joint purchasing, joint use of resources, equipments and facilities, on sales and marketing provides benefits in reduced sales, processing, packaging and distribution costs, increased bargaining power and more flexibility in meeting fluctuations in volumes of customer's demands.

The use of standardised quality grades meeting uniform standards provides additional benefits in increased supply capacities to supply larger clients and several outlets located in larger geographical distances and in better branding.

3.1.3. Innovation networks for SMEs

Cross reference indicator

| | | | | | | | | | | |
|---------------------------------|-----|----------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Relevance to the other sections | | | | | | | | | | |
| 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 |

Short description of the case:

Several models were developed in Norway, Austria, UK, Denmark, the Netherlands, Sweden, France, and Hungary for operating innovation networks for involving food SMEs. Although the approaches are slightly different in each country, influenced strongly by the specific national business culture there are some common elements. A large number of SMEs are reluctant to take higher risks, therefore they do not like to be pioneers and explore completely new ideas. They rather prefer to follow fashionable trends and to adapt ideas and techniques what had already been successfully applied by others or what about several companies think that it is worth to use. Therefore they prefer to learn new technologies and methods in groups and have the chance to discuss their views doubts, problems, experiences with each other.

When they collected the basic knowledge necessary for implementing a project adjusted to their specific business activity and the project reaches a close to market phase they tend to switch over to the use of confidential services of R+D organisations provided specifically for them. At that phase they are more likely to finance the costs themselves directly or with the use of public support.

All models are based on a combination of trainings, group sessions for general problem solving, practical exercises, demonstrations and joint trials. The costs are reduced by sharing the costs of the joint sessions, experimental trials, demonstrations, etc. The results of the collective research are provided to all members of the network who participated in the financing.

For introducing innovative ideas to extend and adjust the product assortment skilled people in product development, marketing and packaging and regular information on innovative product and marketing ideas are required. To achieve that training courses on product development, packaging, marketing can be provided with expert support through innovation networks. These networks can be operated by the national federations and industrial research organisations, national food technology platforms.

Lessons learned:

Collective research and networking can be attractive for those SMEs who are not focusing on radical innovation, just try to improve the quality of their products and/or the efficiency of their production, process and systems, extend their product assortment through incremental innovation. The benefits include the chance to exchange experiences with companies from other food sectors, who are not direct competitors, increased confidence in the viability and feasibility of the idea; and lower costs. This approach may be attractive even for those companies, who are not likely to participate in a research project based on the direct collaboration of a manufacturing company and a research organisation.

3.1.4. Preparation of national production and sales statistics in a sector

Cross reference indicator

| | | | | | | | | | | |
|---------------------------------|-----|----------------|-----|----------------|-----|-----|-----|-----|-----|-----|
| Relevance to the other sections | | | | | | | | | | |
| 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 |

Short description of the case:

Although all food manufacturers agree that reliable national production and sales statistics of a sector provide important and useful market information for business planning the manufacturers usually have major concerns to provide detailed information about their production and sales figures by products or product groups, because of the fear that their competitors may have an access to their confidential information. This reluctance is specifically strong, when there are only two major manufacturers of a product.

Although retail sales statistics can be purchased from specialised market research agencies, but this information is usually expensive, especially if a large number of products are covered through several years.

The German Frozen Food Institute developed a good concept for collecting, structuring, sharing of production and sales information and creation of semi-annual industry statistics. The key is that products are grouped into different categories, like individually quick-frozen fruits (IQF), with sub-categories like berry fruits, stone fruits, etc. and the individual products are listed under each sub-categories. Each participant of the network gets the same questionnaire for data input, which contains a detailed list of the products in each sub-category. The confidentiality of the supplied data is guaranteed through a well designed information handling statistics preparation procedure and by using a public notar, who sums up the incoming information from the individual companies. If less than 3 answers were received in one product category, e.g. only 2 for raspberries, and only 2 for black currants, these figures are amalgamated into the sub-category of berry fruits, covering both products, where already more than 2 respondents supplied data. Thus nobody can work out, what figure was provided by its competitor. The detailed statistics can't be purchased by those, who do not supply data, which motivates manufacturers to join the scheme. Some amalgamated data and trends are made available publicly. The details of the sub-categories published can change from one year to another depending on the actual number of respondents in a sub-category, but the sub-categories of the questionnaire are kept standardised.

Lessons learned:

There is an efficient way of pooling individually confidential market information of the members of network, if a reliable, independent intermediary is used and such procedures are applied, where the information is summarised into umbrella categories until none of the respondents can work out from its own figures, what information was given by an other individual respondent. This method has several benefits as lower costs, covering production information and sales information for bulk products and products used further processing in addition to retail sales.

3.1.5. Development and maintenance of best practice guides

Cross reference indicator

| | | | | | | | | | | |
|---------------------------------|-----|-----|----------------|----------------|-----|-----|-----|-----|-----|-----|
| Relevance to the other sections | | | | | | | | | | |
| 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.6 | 4.7 |

Short description of the case:

Peer based information on technical management, supply chain, marketing management subjects can be collected in best practice guides, where all participants provide an input from their experiences, what they think is useful for others and carries out work voluntary and freely.

The guide developed will be used by all members of the network. Through this approach practical information, experiences can be collected and structured on implementation of legislation, application of different techniques, technologies, where the information is not sensitive from the aspects of market competition. Experiences show that the members of the network can gain significantly more knowledge and benefits that the value and cost of their contribution.

Best practice guides are useful tools for getting ideas for introducing new methods and solutions, for avoiding typical traps and failures, already experienced by others. They can be used for setting up joint industry standards, which can be used for protecting quality and to avoid food scares, which can compromise the image and business opportunities of a whole branch at national of European level.

They are efficient tools for representing the common view of the network members in discussion with other groups of stakeholders like authorities, suppliers, customers, etc. Typical areas of successful use are: good hygiene practice guides, formally acknowledged by the EU legislation, good agriculture practice guides, labelling guides, industry guides for specific technical issues like aseptic filling, or for management and marketing issues like consumer information, design and implementation of industry training programs, etc. Several good hygiene practice guides were developed by the CIAA within a Business Support Programme for the Central and East European countries before the EU accession. Campden & Chorleywood Food Research Association developed a whole range of industry guides on technical subjects. These are used as reference documents by the industry.

Usually there is a need for an organisation and/or a person, who is responsible for organising the collection structuring and editing the information. If an external service provider is involved, e.g. researchers at some innovative subjects or for managing the activity and structuring and editing the information their costs have to be covered. Such activities are typically carried out in food federations, trade associations and research associations.

Lessons learned:

Participants usually gain more knowledge and benefits than the value of the information they share. Collecting and structuring the available information helps to identify the gaps and conflicting views, which usually result in further development of the knowledge. The collaborative work of the members of the team usually results in the development of a team spirit between the representatives of peers/competitors and they learn how to cooperate on an issue of common interest.

3.2. Chain approach – collaboration

3.2.1. Traceability system on a whole supply chain

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|
| 3.1 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5. | 4.6 | 4.7 |

Short description of the case:

The members of the Hungarian red pepper supply chain operate an Internet based traceability system, where all chain members send in information about the lots they handled. This information is accessible for all members of the chain through individual pass codes, which ensures that all businesses access the information what is relevant for them and what they need for an efficient product recall/withdrawal, but the confidentiality of the information is maintained.

Lessons learned:

Better collaboration of peers and other stakeholders can be achieved, if a transparent and reliable solution is provided for ensuring confidentiality of the information. Confidentiality issues have to be considered all time when collective, collaborative actives are generated. Collaboration on food safety information and delivery volumes and timing can bring benefits for all stakeholders.

3.2.2. “Vitaproject”

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|----------------|-----|-----|-----|-----|-----|-----|-----|-----|
| 3.1 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 |

Short description of the case:

The Vitaproject is a chain approach for total quality assured meat products, this includes aspects of human health, taste, tenderness, food safety, warranty, and environmental- and animal friendliness. The aim of Vitaproject is to go back to the natural quality of pork-, beef- and chicken meat on the basis of scientifically proved actions and results. Their starting points are respect for the consumer, the environment and the producer/breeder. The objective of Vitaproject is to differentiate from the mass of companies in the food sector through focus on the quality of the raw materials as well as on the quality of the transport-, processing- and distribution methods by means of a system of networks of all the different companies from the whole chain. Cooperation and communication are of course a very important aspect of this type of business enterprise.

In order to reach the objective of integrated chain management, Vitaproject introduced horizontal and vertical traceability and laid down the rules in production specifications. Horizontal traceability is understood as the assured origin of the final product with focus on food safety. Vertical traceability is understood as food quality whereby every link within the integration is controlled according to the “Vita-quality-norm” by an external accredited control institution.

Lessons learned:

Through collaboration, good communication and integrated chain management the consumer is provided with a high quality, traceable product. The totality concept is responding to different consumer needs and segments. Therefore a greater market share is achieved.

Further information: <http://www.vitaproject.be>

3.2.3. Integrated full chain safety / quality management systems

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|----------------|-----|-----|-----|-----|-----|------|-----|-----|
| 3.1 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5. | 4.6 | 4.7 |

Short description of the case:

There are several good examples for integrated full chain safety / quality management systems as the Assured British Beef, Quality British Turkey, etc. The standards of this system were developed jointly by the stakeholders of a set of supply chains, working on the same product, acting on a specified geographical area.

Assured British Meat (ABM) scheme is operated according to the European Standard EN 45011 for product certification activities. The aim of the ABM scheme is to provide beef and lamb producers with a mechanism to assure consumers and retailers that livestock production meets appropriate standard. The main aspects covered include

- Identification and traceability;
- Farm Animal Management;
- Environment and Hygiene Management;
- Feed composition, storage and use;
- Housing and Handling Facilities;
- Medicines and Veterinary Treatment

It is integrated with other ABM schemes across the whole meat supply chain (farm, transport, markets and abattoirs) providing food safety assurance at every stage. It encourages producers and businesses to participate in assurance schemes by applying to a Certification Body. Information about the safety and quality of the Assured British Beef, Quality British Turkey is available for all supply chain members and in the case of incident the product recall/withdrawal can be carried out efficiently.

Lessons learned:

The assured systems provide consumers and retailers with better confidence about product safety along the whole supply chain. The requirements are beyond the legal minimum, thus they provide additional value to the clients and the consumers. The integrated activities of the members along the supply chain provide a higher level of safety and quality, what could have been achieved through the individual efforts of the participant. The demonstration of the compliance of the full supply chain to a voluntary standard set up by the members provide good means for differentiation from competitors and a basis for branding the whole supply chain.

Further information:

3.2.4. Peeling, cutting and packing pineapples and mangoes on industry scale in Central and Southern America for significantly lower labour cost than in Europe

Cross reference indicator

| | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|----------------|----------------|-----|-----|
| Relevance to the other sections | | | | | | | | | | |
| 3.1 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 |

Short description of the case:

A successful idea was used in the UK by one of the large fresh produce manufacturers for reducing the total logistic and labour costs associated to the final product through an approach based on considering the full costs along the entire supply chain. A significant amount of waste is produced, when pineapples and mangoes are peeled and cut into pieces for consumption. Although consumers like these fruits in fresh state, but they do not like getting sticky when they peel and cut these fruits.

The innovative idea was to peel and cut these fruits on industry scale in Central and Southern America, where the labour cost is lower and to pack them into modified atmosphere packaging, which provides such a long shelf-life that the product can be transported to Europe and sold as a fresh, prepared fruit salad. Thus the relatively high costs of transport through the sea are limited to the edible part of the fruit. The savings on the labour and transport costs and the increase of the added value not only balance the extra costs of the peeling, packaging, but also provide an extra profit

Lessons learned:

When transport costs are relatively high it has to be considered whether processing close to the source of raw material is more feasible than processing close to the place of consumption. Modern food preservation techniques provide means of maintaining freshness for a longer period, thus allowing operation at longer distribution time. Processing, which increase convenience of the product increases added value, thus higher price can be achieved. Collaboration between the members of the supply chain can result in new concepts of products and their distribution.

3.2.5. Collaboration between food manufacturers and caterers on drink hygiene and quality

Cross reference indicator

| | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|
| Relevance to the other sections | | | | | | | | | | |
| 3.1 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5. | 4.6 | 4.7 |

Short description of the case:

Breweries and soft drink manufacturers provide taps for pubs and catering units and cleaning chemicals for cleaning these taps to improve hygiene of drink and to improve quality. The food manufacturers install the taps in the catering units and maintain them regularly. They provide the catering units with instruction for use of the taps and work instructions for the cleaning. Some cleaning material suppliers offer specific products and cleaning technology for cleaning these taps for the breweries and for the caterers that they can ensure a higher hygiene level for their beverages and avoid the consumer complaints related to the draught beer mainly in the summer. The better hygiene contributes to better taste, as such to better drinkability of beers, thus increase consumers preference and loyalty.

Lessons learned:

For the food manufacturers it is worth to consider how their investment into the final step of the supply chain can contribute to maintaining the original quality and through that increase consumer preference and loyalty, where the ultimate supply chain member has not satisfactory resources for carrying out some tasks, especially at small catering units and retail shops. The food manufacturers can control the product safety and quality in the place of the distribution: in the catering. This collaborative work of the manufacturers and customers can contribute to better satisfaction of the final consumer.

3.2.6. Extra payment for the higher quality of raw green peas

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|
| 3.1 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5. | 4.6 | 4.7 |

Short description of the case:

The price of quick frozen green peas is strongly dependent on the maturity of the vegetable. Usually the younger is the pea the higher is the price of the IQF product, what can be achieved. The higher price of young peas usually allows higher profitability, if the raw material prices are properly agreed.

There are examples in the frozen food industry, when French manufacturers pay a bonus depending on the maturity of green peas following a fine maturity grading system by 3-5 tenderometric units. The younger is the crop (maturity between 90-110 T tenderometric reading) the higher is the bonus. Thus the manufacturers share the profit with the growers, motivating them to supply younger peas, which are necessary for more profitable products for the manufacturers.

Lessons learned:

Food manufacturers can motivate to supply them such quality ingredients and raw materials, which makes possible a more profitable production through a well designed bonus scheme made of a relatively large number (10-15) of small steps of quality grades.

3.2.7. Product development with the assistance of the ingredient suppliers

Cross reference indicator

| | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|----------------|----------------|-----|-----|
| Relevance to the other sections | | | | | | | | | | |
| 3.1 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 |

Short description of the case:

In the bakery, dairy, meat, confectionary, ready meal sectors product development is made with the technical assistance of ingredient (food additive, flavour) suppliers. They provide also test kitchen facilities for their clients.

Lessons learned:

Provision of a service attached to a product can add value thus increase the preference of the client. Supply chain partners can collaborate on meeting the requirements of the ultimate consumers and the retailers.

The food manufacturers gain benefits through this collaborative work because the factory trials carried out with the technical assistance of the ingredient supplier, so less time is necessary for the trials and the results can be achieved more quickly based on the experiences of the suppliers. It is advantageous for the suppliers as well, because after carrying out the trials and finding the best ingredients for the manufacturers they can build up a long-term business relationships with them and also have a better understanding of their further needs.

3.2.8. Packaging development with the assistance of the suppliers of innovative packaging

Cross reference indicator

| | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|----------------|----------------|-----|-----|
| Relevance to the other sections | | | | | | | | | | |
| 3.1 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 |

Short description of the case:

Many suppliers of innovative packaging help their food manufacturer clients in product development (like TetraPak).

Lessons learned:

Provision of a service attached to a product can add value, thus increase the preference of the client. Supply chain partners can collaborate on meeting the requirements of the ultimate consumers and the retailers.

The food manufacturers gain benefits through this collaborative work because the factory trials carried out by the technical assistance of the supplier need less time and the results can be achieved more quickly based on the experiences of the suppliers. It is advantageous for the suppliers as well, because after carrying out the trials and finding the best packaging for the given product they can build up a long-term business relationship with the client and achieve a better understanding of their future needs.

3.2.9. Organisation of growers contests

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|
| 3.1 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5. | 4.6 | 4.7 |

Short description of the case:

American vegetable seed and fruit tree, rootstock breeding / merchant companies organise growers contests, where every farmer can bring in his own crop having special quality properties, attractive flavour, specific colour, specific size. The category winners get a price, and the seed / rootstock company buys the product or its seed, sprout for propagation. They get a good publicity. This way the costs and time of selection of new varieties is significantly reduced.

Lessons learned:

Motivation of ordinary citizens can be a cheap and efficient tool to convert them to “suppliers” of inputs for innovations.

3.2.10. Integration of the animal breeding or plant growing activities and the food processing

Cross reference indicator

| | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|
| Relevance to the other sections | | | | | | | | | | |
| 3.1 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5. | 4.6 | 4.7 |

Short description of the case:

Several successful food SMEs in Hungary are based on integration of the animal breeding or plant growing activities and the food processing. These businesses focus on niche markets requesting sustainable food production and full chain assurance of safety and quality (free range, organic). In this case the food SMEs purchase the seed and manage the growing technology with their partners to get a raw material suitable for its processing and complying with the specific quality requirements of the customers e.g.: the specific freshness of lettuces and other salads, using specific breeds of beef, cattle, sheep and poultry, like mangalitza pork, free range chicken, farm house sheep yogurt, etc.

Lessons learned:

By harmonizing the efforts in raw material production and processing such products can be provided to the consumers, which meet better their expectations at lower costs. The key is that by proper understanding the requirements of the final consumer the priorities in raw material production and food processing can be identified better, thus a win-win situation can be achieved in cost saving for both steps in the supply chain.

3.2.11. Individual coffee making solution

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|----------------|-----|-----|
| 3.1 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 |

Short description of the case:

Coffee machine manufacturers (Philips) developed the individual coffee making solution (like Senseo) jointly with the coffee suppliers (Douwe Egberts). The coffee making system uses perfectly balanced proportions of coffee and water. Mild pressure and a special spray head produce an optimally balanced coffee filtering process. The solution provides the opportunity to drink coffee from a wider choice according to individual preference at the same time both at public places and at family homes.

Lessons learned:

The collaboration of the two companies who serve the same consumer with related products to create a new supply chain with an integrated approach can result in completely new innovative concepts, with an increased added value for the consumers.

The coffee machine manufacturers gain the benefits of this collaborative work with coffee suppliers, because a significant number of machines can be sold on the market due the individual coffee making solution. This coffee machine provides opportunity to advertise the different type of coffee depending on its variety (Arabica, Robusta) and depending on its origin (Kenya, South America) as well.

3.3. Chain approach – balance among the members of the chain

3.4. Resources

3.4.1. One-stop shopping for catering professionals

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 |

Short description of the case:

ISPC is a specialised catering supplier which states that it has everything from A to Z at the same location. ISPC developed this unique one-stop shopping concept for catering professionals over a time of 35 years and is today one of the largest and most specialised catering suppliers in the BENELUX.

At the large stores of ISPC the purchasers of restaurants, catering services and other catering specialists will find a variety of 72,000 food and drink specialities including such not available at usual supermarkets, and non-food, ranging from items for the menu to complete restaurant equipment. The focus of ISPC is on high quality and originally products for catering, following-up also the latest trends in the catering world. Further, at their stores or via the internet trained personnel are advising the purchasers in line with their needs.

The ISPC stores are situated in good accessible locations in Belgium and the Netherlands, two per country. The ISPC works together with the Fourcroy Group, a Belgian drinks importer and distributor, which provides international know-how and is a very dynamic business.

Lessons learned:

Specialisation and a good concept of concentrating a wide product range in cooperation with other distributors of specialties provides more convenience to the professional purchasers, but is also of course increasing the market share in the sector.

Further information: <http://www.ispc-int.com/>

3.4.2. High innovation capability of the SMEs based on the motivation and skills of the owner

Cross reference indicator

| | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|----------------|------|-----|-----|
| Relevance to the other sections | | | | | | | | | | |
| 3.1 | 3.2 | 3.3 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5. | 4.6 | 4.7 |

Short description of the case:

In the majority of successful food SMEs in Hungary the innovation capability and high innovation skills of the owner (real entrepreneurs former researchers, people with practical innovation skills) can be identified and play an important role. One of the key success factors of these SMEs (dairy, foods for special purposes, drinks, mushroom processing, healthy foods, etc.) is the continuous strive for innovation and the vision of the owner. These companies are more successful in accessing government support for innovation.

Lessons learned:

It is an important success factor that the food SMEs are interested in innovation and permanently add value to their products, improve efficiency and reduce costs.

3.5. Institutions

3.5.1. Association of Hungarian Pálinka Knights' Order

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|----------------|-----|-----|-----|-----|-----|----------------|----------------|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 |

Short description of the case:

The aim of the Association of the Hungarian Pálinka Knights' Order is to promote the consumption of pálinka distilled in Hungary for commercial purposes all over the world, to develop the culture of Hungarian pálinka production and to educate consumers on moderate, controlled and cultured way of drinking alcoholics. Its activity includes the maintenance of the cultural and gastronomic heritage of pálinka production and drinking and setting clear standards for the drink what can be called as pálinka.

Pálinka is the name of the pure fruit brandy, which is prepared by distillation solely from fermented fruit. The name "pálinka" can be used only for pure fruit brandies distilled solely in Hungary and 4 Austrian regions. All sorts of fruits grown in Hungary can be used as raw material, mainly plums, apricots, pears, morello cherries, cherries, peaches, apples, blackberries, blueberries, etc.

The Association of the Hungarian Pálinka Knights' Order was established in 2004. The membership is open for everybody, who accepts the objectives and the constitution of the association. All players of the supply chain can be found among the members from fruit growers through distillers, bottlers, retailers, food technologists, scientists till marketing specialists. The members exchange their knowledge and experience along the whole supply chain from raw material growing through fermentation, distillation and retail about the methods of improving the quality of the drink.

A set of activities is carried out for promotion of the quality image of the pálinka. Festivals, product demonstrations and tastings, pálinka contests, conferences are organised around the country, specifically attached to gastronomic events. The members wear specific gown on formal public occasions. Press conferences are held also. The pálinka of the year ("flagged pálinka") is chosen by a jury. A national pálinka week is organised where demonstrations are organised at the retail's shops throughout the country. The conditions of using the specific name of pálinka are clearly specified (at least 37.5% alcohol content, no other ingredients can be used as the pure fermented fruit). Addition of clear alcoholics and flavourings is strictly banned. The history of pálinka products was collected.

Recommendations are developed for the proper use in gastronomy.

The top 100 pálinkas are selected and published in a booklet.

Recently several additional marketing methods were introduced by some members. Smart specialised shops are opened, offering a special selection of premium quality products where specific glasses, books and a wide range of premium quality pálinkas can be purchased together with other traditional foods. Courses are organised on pálinka production and testing. The Association significantly contributed to the promotion of a specific law on "pálinka". Some of the local distillers and shops participate in regional trails, like the "Plum trail".

Lessons learned:

As a result of the concerted efforts and collective marketing the image and the gastronomic culture of the Hungarian pálinka has significantly improved in the last 4 years and moved from a cheap commodity towards a specific premium quality drink, which is a part of the national gastronomic heritage and an element of the attraction of specific locations, regions. Consumer awareness has been increased significantly. The collective efforts attracted increasing amount of public contribution and also private funds. Tourism, culture and traditional foods can be connected and marketed jointly.

Further information:

- <http://www.freeweb.hu/palinkalovagrend>
- <http://www.palinkamarketing.hu>
- <http://www.rezusti.hu>

3.5.2. Wine "orders" and wine trails

Cross reference indicator

| | | | | | | | | | | |
|---------------------------------|----------------|-----|-----|-----|-----|-----|-----|----------------|-----|-----|
| Relevance to the other sections | | | | | | | | | | |
| 3.1 | 3.2 | 3.3 | 3.4 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 |

Short description of the case:

Wine growers (in Hungary) , whisky distillers (in Scotland), established "Orders", which take care and develop the culture of wine/whisky drinking, set specific rules to maintain authentic way of preparation and also promote the image of being a part of the cultural heritage and the exclusive / celebration character of the occasions of having such drinks. One of main activity of Wine Orders is to organise wine trails.

Similar approach is detailed in the section 4.5. as whiskey trails.

In the frame of wine route (trails) the visitors, tourists making excursions in a given wine region can visit small wine cellars, take part in wine-cellar tours, and wine tastings. Usually these wine cellars offer accommodations and restaurants are available in some of them.

The first wine route was founded by collaboration of private wine growers, wine makers and civil associations in Hungary in the Villány-Siklós wine region in 1994.

These civil organisations support the village tourism and wine or whiskey trails and organise the regional wine competitions and contribute to the image building of the wines, whyskys made in different wine regions / whisky producing regions. The consecration ceremony of the wine orders is a cultural and public event and attracts a lot of tourists.

Lessons learned:

This special form of institution represents a success factor because the small wine cellars, whisky distillers recognized the opportunity of collaboration and they carry out systematic collective marketing activities. The culture and the village tourism can be connected together. The wine trails provide an excellent opportunity for the small wine cellars to increase consumer awareness of their products, to increase consumer's loyalty, to carry out direct sales in place and to reduce the logistic costs of wine distribution.

Further information: www.borrend.hu

3.5.3. Port Wine Institute

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|----------------|-----|-----|-----|-----|-----|-----|----------------|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 |

Short description of the case:

The Port Wine Institute, the governing body of port wine industry deals with the wine growing and wine making technology, tests, grades and certifies wines, decides, which years shall be declared as vintage and which are specific for premium quality. The wine can be marketed as port wine, only if it is certified by the Port Wine Institute. The white seal over the neck of bottle states “Garantia do Vinho do Porto” - a guarantee that the wine was grown, aged and bottled in the wine region of Porto. The Institute organises promotions as well.

Lessons learned:

The reputation of the Port wine is supported and maintained by an institution independent from the individual wine growers and wine makers. This third party carries out systematic marketing activity of Port wine making companies. This type of institution guarantees the quality and particularity of Port wine through the testing and certification and it contributes to the trust of wine consumers in this speciality wine.

Further information: www.portwine.com

3.5.4. Hungarian “Pálinka” Marketing Association

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|----------------|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 |

4.5. Product advertising

Short description of the case:

It is a non-profit company founded in 2005. Its aim is to increase the reputation of the “pálinka” (pure fruit brandy) made by fermentation and double distillation of different fresh fruits with high quality picked in Hungary, on the international and domestic market. It promotes the culture of moderate spirit consumption focusing on the quality.

It organises “pálinka” festivals to provide an opportunity for the consumers to meet the “pálinka” manufacturers and for the manufacturers to organise tasting for the consumers. It organises open-days, conferences, seminars, trainings, tastings, competitions for the “pálinka” manufacturers that they will know each other and they are informed about the new trends on the market and new technologies. It publishes leaflets written in different languages for information of the consumers. It deals with establishment of home pages and enhances the protection of the brand name “pálinka” in the European Union. It informs the consumers’ about the difference between the “pálinka” and the fruit flavoured spirits made of grain spirit with sugar and fruit flavours.

Lessons learned:

The reputation of a special, traditional Hungarian product and a sector is supported by an institution. This association creates the base of the collaboration between peers.

It promotes the consumer protection and the tradition and culture of the “pálinka” consumption. Through the festivals it provides opportunity of the collective marketing for the “pálinka” manufacturers what contributes to the sharing of the marketing costs. It carries out supply chain organisation activities through the seminars, trainings.

Further information: www.palinkamarketingkht.hu

3.5.5. “Local Marketing”

Cross reference indicator

| | | | | | | | | | | |
|---------------------------------|-----|-----|-----|----------------|-----|-----|----------------|----------------|-----|-----|
| Relevance to the other sections | | | | | | | | | | |
| 3.1 | 3.2 | 3.3 | 3.4 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 |

Short description of the case:

Initiated by the union of the bakery sector, the Flanders' Agricultural Marketing Board (VLAM) started the project “Local Marketing – long-term sale-oriented thinking” in 2001. The aim of the project is to teach the artisan baker simple techniques for successful marketing management and creating a strong identity. This idea is summarised in the slogan “The artisan baker makes a brand of his business”. To do so, the baker will be taught to find the balance between the individual character of his business and the needs and wishes of the consumer. The baker will be guided by an assistant from VLAM throughout the whole process and with the preparation of his marketing strategies via a professional helpdesk by phone or on-site. VLAM has developed an extensive manual with tools for collecting all necessary information. For instance, a questionnaire – processed and analysed by VLAM – provides a clear view on the consumer profile and the consumer purchase behaviour. Further, each participating baker receives an “Action plan for local marketing” which must help him to choose the right actions for the objectives he has set up for his business. The action plan is supported by examples and advises from other bakers of the project and accomplished with a monthly newsletter providing more examples and advises, as well as project news. In this way the participating bakers keep up-to-date of new developments in the sector.

Before willingly-to-participate bakers start the project they are provided with a crash course “Winning on-site”. In this crash course they get to know the market situation in Flanders, receive more information about the project, learn how to make right choices and learn how to set up specific objectives and action plans. After having started in the project the participants are able to exchange information, advises and examples via a password-protected platform on the projects website. On this website also best practice examples are presented in the public section. Subscription to this project is possible for single bakers or for groups of local bakers.

Lessons learned:

The sector faces a problem and consults professional help from 3rd parties with success. The 3rd party develops a whole system for collecting information and exchange knowledge. The participants improve their own situation through using the provided tools and the tailor-made strategies.

Further information: <http://www.lokalemarketing.be>

Cross-reference indicator: 3.1 Networking
4.1 Market information
4.4 Marketing strategy
4.5 Marketing mix

3.5.6. QUALIVITA foundation- Web portal of PDO, PGI atlas

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5. | 4.6 | 4.7 |

Short description of the case:

QUALIVITA is a foundation aimed at informing the general public about Italian, French, Spanish PDO and PGI. It is a tool of cultural, technical and scientific coordination of the operators of the sector, of the consumers and of the national and international local institutions. It is aimed to facilitate the development and the technical and scientific progress, to promote and help the market access of traditional PDO and PGI products. The foundation operates an Internet site offering:

- a. a search engine covering other nations as well.
- b. an atlas with geographical search of regional and local products
- c. a list of excellent firms;
- d. a repository of laws and regulations at every jurisdictional level (European, national and regional).

Its main feature, however, is the networking facility that allows entering in contact with APEX institutions (as the Consortia of quality assurance) as well as firms. They are invited to connect to each other.

They organise market surveys, high profile seminars, publicity for these products. Small businesses, investors and scientists work together to promote these products. Education programs for school children are also organised.

Lessons learned:

The collaboration of SMEs, scientists and inventory provide a cost efficient tool, provides for the products manufactured PDO and PGI to obtain market information and to reduce their marketing costs. It carries out supply chain organisation activities through the seminars and contributes to the knowledge dissemination as well. It is a good tool of the protection and diffusion of rural culture. Information dissemination is key to connect the niches, both nationally and internationally. Suppliers of chain management solutions can find here clients.

Further information: www.qualivita.it

3.5.7. Industry research associations and joint institutions for provision of collective research and/or marketing service

Cross reference indicator

| | | | | | | | | | | |
|---------------------------------|-----|-----|----------------|-----|-----|-----|-----|-----|-----|-----|
| Relevance to the other sections | | | | | | | | | | |
| 3.1 | 3.2 | 3.3 | 3.4 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 |

Short description of the case:

The objective of the formation of membership based research associations and technical and marketing organisations is to provide shared cost, joint, industry focused, practice oriented research and development, quality testing and marketing services for their members. A good example of the efficient operation is represented by the Campden & Chorleywood Food Research Association (CCFRA) in the UK.

Industry research associations are directed by elected bodies of the members. The general supervision is carried out and the strategic discussions are made by the board, where the elected members and the chief executive of the organisation are represented. Members pay an annual membership fee for which they receive a service package. A part of the membership fee (cca. 20%) is used for joint research programmes carried out by the research staff of the organisation. There are several industry research panels organised around main subjects like food service or major disciplines like food microbiology, sensory and consumer science, quality management, agriculture, etc. All members can participate in the panels. The panel members elect a panel chairman, whose work is supported by a secretary selected from the research staff of the organisation. Panels meet several times (at CCFRA 3 times) in a year, when they discuss the progress and the results of projects financed from the membership fee and new developments, techniques, major issues in the discipline covered.

Both the members and the research staff can propose subjects for research projects funded from the membership fee. The proposals are evaluated at first stage by the scientific panels, which propose the selected ones for a further evaluation for the scientific and technical committee, which is made of the elected representatives of the members and of the directors of the different divisions of the research association. This committee supervises the technical activity of the organisation and the actual trends in the food sector and identifies priorities for the R+D activities of the research association.

All members receive the results of all projects funded from the membership fee and also that of the publicly funded/co-funded national and international projects.

The results of the projects funded from the membership fee are available only for the members for 3 years after the completion of the project. After this period they are made publicly available for a fee. Research projects financed by a specific group of members are also carried out. The results of these are available only for the members who finance it. Confidential company funded projects are carried out as well, where the results are accessible only for the client. Members get a food legislation information and advisory service, a 24-hour operated technical advisory and information service through phone, monthly information as a part of their membership package.

Many R+D and technical services, facilities, research results, publications, reports, training are available for non-members as well at a standard rate. Members get a reduced rate for the fee paying services compared to non-members.

The research association is operated as a non-profit organisation, which means that the profit is not distributed as a dividend, but it is reinvested for the improvement and development of the services and facilities. Thus members can have an access at a reasonable cost to very advanced, sometimes fairly expensive, sophisticated technical facilities operated by a trained staff on a part time basis in that amount what they actually need. They do not have to invest into such equipments on their own, what they do not use permanently and do not have to employ a specifically skilled staff throughout the whole year. Thus their costs of using the shared research facilities are significantly lower than to establish these on their own. They also have an access at a reduced member's rate to a large variety of chemical, microbiological and other testing facilities and services and also to pilot plant facilities. The value of the research programme to which they have an access is at least hundred times higher than that of the highest membership fee.

The results of the research programmes are published in research reports, reviews, practical guidelines and also in max. 2-page research summary sheets, training courses, seminars. All of these are written in a simple practical language, which is easy understandable for the industry with clear description of the objectives, methods, procedures for practical applications, limitations, traps. Attention is paid to the clarity and accuracy of information meeting the requirements of the industry. A completely different language is used than for publications in scientific journals.

Lessons learned:

Scientific panel, research clubs provide an excellent opportunity for collective research, which provide the benefits of lower costs by shared financing and the learning from each other through discussion between peers and getting access to other experiences as well. This is extremely useful for the development of new methods, techniques, handling common challenges for the industry like food safety issues, consumer research and for close to market research individual confidential directly financed activities are used in combination with collective research. Members have an extra access to such concentrated knowledge base what they couldn't afford on their own.

Further information: www.ccfra.co.uk

3.5.8. Food federations for improving the technology transfer

| | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|
| Relevance to the other sections | | | | | | | | | | |
| 3.1 | 3.2 | 3.3 | 3.4 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5. | 4.6 | 4.7 |

Short description of the case:

Several food federations created networks for improving the technology transfer. They systematically collect the problems requested to be solved by the industry, the research results available at the national research providers and try to connect the two partners.

Lessons learned:

Collecting and structuring the available information help traditional food manufacturers to solve the problems arose in the industry. The collaborative work of the members of the federation usually results in the development of a team spirit between the representatives of peers/competitors.

4. Examples of innovative use of marketing management resources

4.1. Market information

4.2. Market segmentation

4.3. Marketing objectives

4.4. Marketing strategy

4.4.1. COOPAIM/COPAİM

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|----------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.5 | 4.6 | 4.7 |

Short description of the case:

Coopaim is the name of a cooperative for the production of seafood products and for developing and producing prepared seafood and vegetable based products for the use in the gastronomy. It was established 30 years ago as a cooperative company (COOPAIM, i.e. *Cooperativa Agro Ittica Maremmana*) exploiting the tradition of vegetables and fishing products of the area of Orbetello in Maremma (Tuscany). Coopaim has its point in manufacturing preparations capable of conveying the richness and the variety of a specific local gastronomy, strongly based on locally raised and treated raw materials and ingredients. Having in mind a strategy based upon the addition of different foodstuffs components, the company merged with *Pastificio Zucconi of Massa*, a manufacturer of fresh egg pasta and in year 2000 the *Caseificio Stribugliano of Mont Amiata*, both are high quality niche producers in their respective field in Tuscany.

As a result of the diversification a new cooperation called COPAİM was created under the umbrella of the company having more than 100 employees, with a global turnover of over 26 millions Euros and a dominant proportion of the market abroad. Fish products alone counts for more than 1/3 of the entire turnover.

Coopaim/Copaim has evolved through a mix of strategic actions. The common inspiration is evolution through diversification and presenting together products of different food origins. At present they include:

Seafood: marinated anchovies, marinated sardines, seafood salads, octopuses and squid cocktails.

Vegetables: natural and grilled artichokes, courgettes, aubergines, borretane onions and mushrooms, sun dried tomatoes.

Fresh egg pasta: tortelloni, ravioli, panzarotti, tagliatelle, pappardelle and tagliolini.

Cheese: primo sale, ricotta, pecorino, caciotta.

Copaim has invested intensively into high manufacturing, hygiene and food safety standards and innovation procedures. Copaim has volunteered to develop in collaboration with CNR (the Italian National Research Council) experimental research for the nutritional enrichment of vegetables. The research led to two patents. Copaim is at present a joint-stock company owned also by a bank and a private equity fund.

Lessons learned:

Coopaim/Copaim demonstrates the vitality and the flexibility of a traditional food manufacturer. Thanks to an original concept of having an entire range of food products, the Coopaim / Copaim management has been able to develop a full line food company concept capable to convey the image of high quality standards in different directions.

This came to an early decision to develop the company through mergers and acquisitions and to avoid being limited to the development of a single product. This strategy led to good recognition and reputation by financial investors and also helped the company to establish negotiations with modern distribution chains from an advantageous point of view.

Further information: www.copaim.it

4.4.2. ARNALDO CAPRAI

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|----------------|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.5 | 4.6 | 4.7 |

Short description of the case

Sagrantino was a vineyard located in the small Montefalco area of southern Umbria whose denomination was almost disappearing. Its name was barely known to locals and production volumes were decreasing, the product being restricted to cheap types consumptions in the area. In the early seventies a local entrepreneur, Arnaldo Caprai, buys a terrain and a winery in Val di Maggio in the Comune of Montefalco.

This is the myth at the origin of Sagrantino, in this moment one of the more prestigious Italian wines worldwide. Sagrantino is a premium price red wine with a distinctive allure of rarity and distinctive taste.

In the early nineties the turnover of the wine making activity was half million Euros in total with a volume (number of bottles) close to 400.000. Today the turnover has increased more than 900%, the number of bottles largely exceeds one million and the majority of products are sold in abroad.

Sagrantino's renaissance is the result of two distinct actions that can be read in the following sequence. First, in the late 80's, thanks to the efforts and capability of the younger Caprai, Marco, an objective and critical, a severe analysis of the strengths and potential opportunities of the vineyard has been conducted. Special attention was devoted to a real census of the different genetic varieties of the Sagrantino. Analyses and experiments carried out in collaboration with the University of Milano, Department of Plant Physiopathology brought Caprai to the development of a very accurate system of monitoring of the soil, including bio-markers based systems and electronic devices associated to specific plants. Growing varieties were systematically compared with genetic data bases both in Italy, France and the US. The collaboration with wine making experts resulted in the selection of a particular dry and fully aromatic red wine. A new Sagrantino was born out of the old one.

From the commercial point of view Sagrantino found its way to success in a distinctive and original strategy of penetration in important markets, in particular into the United States. It must be described to Marco Caprai's ability to establish close connections with the network of the owners of top restaurants of New York and Beverly Hills. The approach was based on frequent visits, friendly talks, tasting sessions and no *selling at all* for quite a long time. The strategy was based on renewing the visits and waiting time. The idea was that the new brand and the product had to go together in the circuit of American high cuisine landmarks and appeal to the palate of affluent clients that could spread the novelty of Sagrantino as a stylish choice.

The "pilgrimage" proved effective when - out of a combination of genuine case and attentive preparation- Sagrantino has been chosen as the king wine of the wedding party of Catherine Zeta-Jones with Michael Douglas, under the decision of lady Zeta-Jones herself.

All the gossip press and numerous prestigious wine magazines reported the event and the name Caprai became suddenly known worldwide.

Lessons learned

Caprai is an astonishing example of a marketing strategy directly linked to the social relations and capacity to position the product at the direct and personal initiative of the entrepreneur himself. It is also an example of how a certain type of opinion forming can act as trigger to stimulate high consumption in the luxury products range. It is clear that the role of an appropriately constructed opinion has been decisive in launching the Sagrantino as a first choice of the connoisseur and the luxury goods purchaser. The image of the Caprai-Sagrantino coupling is significantly supported by the communication formula of the brand which relies on the direct tasting experience of both experts (wine critics and wine buyers) and top consumers. This strategy is of course targeted to the trade intermediaries and the HORECA circuits (especially with sommeliers).

This is an example of the so called social network marketing, which is an approach fundamentally associated to highly specific information circles and to the reputation of the manufacturer by specific categories of consumers. The perception of the distinguished members of the social network can act as implicit testimonial without any direct spending on advertising, but investing a significant time and effort into personnel networking.

4.5. Marketing mix

4.5.1. Product assortment

4.5.1.1. Distribution of smaller quantity of wine to catering

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|-----------------|-----|-----|
| 3.1 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5. | 4.6 | 4.7 |

Short description of the case:

Specialised drink wholesalers ensure distribution of smaller quantity of wines to catering units and special retailers. These bottled wines are provided with a special bottle closure. Generally the airport catering services distribute on board for the passengers white/red/rosé wine in bottles of 187,5 ml 8 (piccolo bottle) for drinking in place. The quantity applied generally in retail for bottled wine is 750 ml. This smaller quantity of wine is very practical to be offered for one person and the stewardesses don't have to fill wine from a large bottle for each passenger. Concerning the wine bottle closure it is important to mention that the screw cap is widely used and very easy to be opened by the passenger and the crew.

Lessons learned:

The collaboration of the ultimate member of the supply chain providing the product to the final consumer with the manufacturer on designing the product attributes for the specific needs of the consumers at the specific distribution channel can increase consumer preference, satisfaction and consumption of the specific product.

The special volume of the bottled wine provides a successful distribution carried out by the catering. The wine- making companies gain benefits from this type of distribution channel because the bottled wine served on the board can be used as advertisement of the product.

4.5.1.2. Product assortments in one pack

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.6 | 4.7 |

Short description of the case:

English tea packers, Swiss chocolate manufacturers, and Spanish traditional meat product manufacturers produce retail assortment packs of small quantities of different products in order to introduce the product with new / different flavour into the market or making people aware of the available choice and help consumers to identify their preferences. It is ideal for families who have different flavour preferences or those ones who like variety or keen to try new product(s) besides their preferred ones. It is a good mean to give opportunity to tourists to taste small portions of several local traditional products.

Lessons learned:

It is a simple, very cost-effective way to launch new/modified product(s) for traditional and new products shoppers. It is a great opportunity for the traditional food manufacturers as well.

4.5.1.3. Meat products as savoury snacks

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.6 | 4.7 |

Short description of the case:

Nowadays snacking has become a significant consumer trend in Hungary similar to the other European countries and it is found to be one of the main causes of obesity. The most popular reasons for snacking are craving something sweet, savoury, snacking for treat, and hunger, showed by results of recent survey. Savoury flavour is a very well preferred taste among the average people, but it has high taste preference among obese people in the European countries.

According to national survey the meat products are highly preferred mainly by obese people, they cannot eliminate the meat products from their diet.

As a result of it there are several innovative ideas to convert meat products into savoury snacks, for example thin sausage on the Hungarian market, packed like a chocolate or muesli bar or ice cream bar. The consumer can hold it in his hand, keeping the lower part covered by the packing thus his hand will not be greasy. These types of called “sausage sticks” are thin, they can be eaten by direct biting - there is not a need for slicing in advance. Other good examples for the convenience snacking are ham stick from the Hungarian market and/or vacuum packed “Parma ham” rolled around grissini sticks from Italy.

As it was already mentioned there is a significant segment of obese people, who claimed that their obesity was caused by snacking savoury foods, like sausage. A survey was carried out in a hospital in Hungary specialised on treating obese people and teach them to change eating habits and lifestyle to loose weight. There is an opportunity for traditional food manufacturers to develop low calorie versions of traditional sausages particularly for these people or offer the use of the smaller sized sausages in low calorie, traditional flavoured letcho meals.

Lessons learned:

It is a good example of the widening of the product assortment and establishing a new design of processed meat products. It gives opportunity for the traditional food manufacturers too to combine accepted, preferred, traditional taste with new innovative packaging or processing techniques and expand their market e.g. obese people in that way.

Design of shape and well-designed packaging can add (extra) value to the products through helping snacking.

Further information:

- Helena – Healthy lifestyle in Europe by nutrition in adolescence (EU FP6-2003-Food-2-A, FOOD-CT-2005-007034 program) www.helenastudy.com
- Fogyókúrás étrendhez építőkövek elven alkalmazható modulárisan beállított energiatartalmú élelmiszeripari termékek fejlesztési rendszerének kidolgozása. (GVOP-3.1.1.-2004-05-0352/3.0) (research report)

4.5.1.4. Different quality grades of Port wine

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|----------------|-----|-----|-----|-----|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.6 | 4.7 |

Short description of the case:

At Port Wine the creation of the different quality grades, Ruby, Tawny, Reserve, Vintage, Late bottled Vintage etc. was very successful in achieving differentiation and increasing quality image. Depending on the duration of the ageing in oak barrels and the size of the oak barrels and the blending of aged Port wines a large number of categories are distinguished.

It is typically a sweet red wine but white and dry and semi-dry exist as well.

Port wine is produced from grapes grown and processed in the Douro region. The wine produced is then fortified with the addition of a Brandy (distilled grape spirits), in order to stop the fermentation, leaving residual sugar in the wine and to boost the alcohol content. The wine is then stored and aged, often in barrels stored in caves before being bottled. Depending on the duration of the ageing in oak barrels and the size of the oak barrels a large number of categories are distinguished.

Ruby port is the basic type of port wines. This is made with a blend of red grape varieties and once the wine has been partly fermented and fortified is blended from several years. This type should not be aged and it has a taste of berries with soft tannins.

The Vintage Port is the highest on the quality grade of port wines. Only the best years are declared a vintage and used for this purpose. All of the grapes from a single harvest are used in a given wine e.g.: a 2000 vintage port contains only grapes from the 2000 harvest. This wine is aged in oak barrels and then aged in the bottle.

Lessons learned:

Grading a certain typical product into different categories will improve the image of the product and increase consumption and provide opportunities to achieve premium price and extra profit for certain quality grades.

It provides opportunity to the Port wineries to elaborate particular type of dessert wine what doesn't exist anywhere in the world.

Further information: www.portwine.com

4.5.1.5. Importance of typical national flavours/products

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.6 | 4.7 |

Short description of the case:

Several countries achieved international success with focusing on one or two typical, national products / flavours, which are identified with the national taste. Thus several types of foods flavoured with these ones or containing these products can be marketed better. Typical examples are the Feta cheese for Greece, the olive oil, the saffron, the chorizo, the Serrano ham for Spain, the pizza flavour, the Parmigiano reggiano taste for Italy, the chilli flavour for Mexico, the goulash for Hungary etc.

Lessons learned:

The above-mentioned examples highlight the importance of the branding of selecting a few typical national flavours and connecting them to the ethnic image of the country, the traditional national products/flavours and need of the collective “country” marketing.

4.5.1.6. Wine regions

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|----------------|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 | 4.7 |

Short description of the case:

At the wine sector several traditional wine regions are identified in a country e.g.: in Hungary. The wine regions as different geographic areas where the grape varieties are grown determine the main sensory properties of the wine made in the different wineries. The microclimate (rainfall, sunshine, etc.), the altitude of plantations, the soil are similar in a given wine region, but there are significant differences between the wine regions. By using the same grape variety and the same wine growing and wine making technology the wines made in different regions have different sensory properties.

Certain wine regions are famous because of the particular wine making technology applied with which wine specialities can be elaborated e.g.: Solera system at Sherry wines in Jerez de la Frontera in Spain.

In several wine regions due to the special climatic properties and microbiological phenomenon the grape can be picked in particular state like in Sauternes in France or in Tokaj in Hungary. By using this special raw material particular wine specialities can be made e.g.: “aszú” wines of “Tokaj” region in Hungary. This type of white dessert wine is elaborated based on the rules of a traditional technology. The chemical parameters of these wines are laid down in a wine standard. The bottled wines from these areas are jointly promoted. This also helps to increase the consumption.

As a result of the developing wine drinking culture in Hungary, which has been supported by the increasing number of regional wine festivals in Hungary, the wine consumption has increased/raised in the last years and the consumers’ demand for the diversity of many specific preferred brands compared to a few large brands appeared too. The spread of the wine culture is strengthened by expert / peer tastings, who developed the techniques, specified the procedures for tasting and are organising wine contests.

Lessons learned:

The different wine regions identified at institutional level contribute to the enlargement of the wine assortment. It is a potential success factor that the wineries use collective marketing and promote their wines jointly e.g.: on a regional wine fair or wine festival. The wine regions build up their own particular image and they carry out systematic marketing activities e.g.: wine competitions in the different wine regions. The award what the small wine cellars win during the competition can increase the marketability of wine and the costs of advertising can be reduced.

The spreading wine culture requires from the retailers to establish special wine sections separated by regions in the shops and to keep stocks from several types of wines and from many different cellars. In that way the preferred diversity by the consumers helps the market access of small businesses, because retailers are forced to fulfil consumers’ demands.

The use of the informative, smart labels attracts consumers and helps them in their choices and contributes to the market ability of the wines.

Further information: www.wineintro.com

4.5.2. Price

4.5.3. Distribution

4.5.3.1. Distribution of small quantities of several brands through specialised wholesalers and speciality shops

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.6 | 4.7 |

Short description of the case:

Consumers request a broad choice of quality wines, several types, from several years, several brands from several regions and several countries. A retail shop or a restaurant needs relatively small quantities from one variety, but a larger number of varieties at the same time. Specialised drink wholesalers ensure distribution of smaller quantity of wines to restaurants and retailers.

Lessons learned:

Specialised intermediaries can provide consolidated deliveries of several brands and product version at a relatively low additional cost.

4.5.3.2. Help yourself selection of traditional foods offered at Portuguese country style restaurants

Cross reference indicator

| | | | | | | | | | | |
|---------------------------------|-----|----------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Relevance of the other sections | | | | | | | | | | |
| 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.6 | 4.7 |

Short description of the case:

Many visitors are keen to taste the local traditional foods. If there is a wider choice of typical local products with appealing character visitors staying in hotels, bed and breakfast houses served with breakfast and having no kitchen facilities have difficulties, what to choose for tasting from the available products. Until they have not tasted these products it is difficult to decide which product they shall choose first, especially if they are on their own and can't share the pre-packed food portion with others.

Portuguese country style restaurants developed an attractive method to get their local products tasted and make them available for local guests as well according to their variable taste and appetite. They offer a selection of large pieces (200 – 500 g each) of typical local traditional cheeses and meat products in baskets and provide a wooden plate and knives for the guests. All types of products within a basket have a uniform price. The initial total weight of the basket is measured when the selection is served. Guests help themselves at their table as much as they like and in a combination of products according to their preference. The weight of the basket provided for the table is measured at the end of the meal again and the payment is calculated on the weight of the actual consumption.

As a consequence of the self-service approach people can chose according to their taste and also eat more from the preferred food than they had planned in advance, and as a consequence of snacking and chatting.

Lessons learned:

Restaurants provide a good place for making visitors aware of the typical local products and also serve the local consumers with a variety of traditional products through shortened distribution channel. The flexibility of choice from a selection with a uniform price removes an emotional barrier for the consumers and increases the willingness to taste the whole choice and the total consumption.

4.5.4. Product advertising, promotion

4.5.4.1. Promotional centres for regional products

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|----------------|----------------|-----|-----|-----|-----|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.6 | 4.7 |

Short description of the case:

In the following paragraphs the promotional centre for East Flemish regional products – or short “The Butchers’ Hall” – is described as one example out of six promotional centres for regional products distributed over whole Flanders.

The aim of the Butchers’ Hall is to provide a place where consumer can experience (taste, smell, touch etc.) the exquisite taste of East Flemish products, such as appetizers, beverages, sweets, meat and dairy products and many more. In this way East Flemish products have a place to be promoted in a very unique atmosphere.

This centre was established by the Economic Council of East Flanders (EROV) with support of the province East Flanders in 2000. Thereby, EROV first checked the acceptability and willingness of East Flemish firms in participating in the whole concept. They set as requirement for to start that at least 25 firms need to participate.

The Butchers’ Hall is located in the medieval centre of Ghent (the regional capital of East Flanders) in an originally medieval building, which was a roofed butchers’ hall from the Middle Ages till 1920. Then it became a fruit and vegetable market and served other more or less similar functions until 2000. The building’s character is unique and in particular the charming roof has been carefully preserved. The hall contains nowadays a contemporary architectural glass construction, tables for restaurant, as well as space for presenting the East Flemish regional products at special events (e.g. promotional days), a gift shop and a tourist information corner. The offers of “The Butchers’ Hall” range from warm and cold dishes of East Flanders or with East Flemish ingredients for immediate consumption to the sale of gift baskets or single souvenirs. The Butchers’ Hall is open on 6/7 days in the daytime, but not in the evenings. The entrance is free and there is no purchase obligation. It is also accessible for wheelchair users. Next to the comprehensive information the consumer can collect at the Butchers’ Hall itself, there is a very detailed and user-friendly website constructed and maintained (English version is in progress). The consumer can see the offers of the souvenir shop (e.g. gift baskets) and even buy them online. Further the consumer can see the menu of the restaurant and temporary promotions.

Producers who want to include their products in the range of products of the Butchers’ Hall need to contact EROV and have to fulfil certain requirements. These requirements are that it must be food products and beverages produced in East Flanders by a firm with less than 100 employees. Depending on the assortment already available at the Butchers’ Hall EROV decides whether a new product may be included or not. For instance, the restaurant has 5 taps for beers, when they are all occupied no more brewery can join for the reason of no free

space. A producer who enters has to pay a one-time access fee and then a monthly fee including a share for staff expenses of the shop and the restaurant, and a certain percentage of the monthly turnover of his product. Once in a year EROV and all participating firms meet in a general assembly, where EROV presents the marketing strategy for the coming year which is discussed and confirmed with/by the firms. The firms are free to make suggestions as well.

EROV is continuously working on the obtaining and maintaining of good relationships with tourist guides, local associations and the provincial government.

Lessons learned:

The three strengths of this concept are the central location, the authentic building and regional products which are increasingly searched for by tourists and local inhabitants. The collective marketing is a very successful tool in particular for the small and family businesses in terms of shared costs, distribution channels and consumer relations. Strong networks with tourist guides and local associations improved and is still improving the publicity of the Butchers' Hall.

Further information: <http://www.grootvleeshuis.be>

4.5.4.2. House of Hungarian Wines

Cross reference indicator

| Relevance of the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|----------------|----------------|-----|-----|-----|-----|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.6 | 4.7 |

Short description of the case:

The aim of the House of Hungarian Wine is to create awareness of the Hungarian wine culture, to educate the consumers and to promote the consumption of Hungarian quality wines. It was established by the National Council of Wine Communities together with other civil organisations. It is located in one of the most frequented touristic area in Budapest, in the Royal Castle. There is a wine-tasting cellar, where each of the 22 historic wine-regions of Hungary is represented in a separate exhibition area. There are approximately 700 different Hungarian wines and sparkling wines presented. All types of wines on show can be purchased on site. For each wine district and wine type a short description of the main characteristics and history of the wine region and the wine types with their specific nature is provided in several languages.

There are open bottles, at least 2-3 from each region for free tasting. Visitors pay an entrance fee (cca 15 EUR in 2008), get a glass, a pack of savoury snacks and a basket. As they walk around they can taste all of the open bottles (at least 50 types) and put some bottles into their basket if they like that wine. At the end they can pay for the bottles of wines, what they purchased, but it is not expected that they buy anything. It is a unique opportunity to taste several types, “benchmark” them, and chose those, which are mostly preferred by the visitors.

Guided tours with trained cellar masters are also available. Other activities include seated wine-tasting accomplished with a presentation, courses on wine tasting and on gastronomy with optional examinations, conferences, wine competitions, and wine auctions. Regular events include wine-tasting of the month, wine club, events for connoisseurs, for VIPs, for wine and art.

At the “wine-tasting of the month” every time a different wine district is presented through 8-10 wines by an invited speaker. The members of the VIP wine club get an exclusive wine tesor in the cellar, where their name is presented, what they can use for marketing purposes for their important clients. The reception hall of the house can be hired for conferences, wine presentations, sales events, press conferences etc. Wine accessories and specialised books are offered for sale. Wine-tours to the wine growing regions are also organised. The programmes are offered for travel agents and companies.

Lessons learned:

Collective marketing provides increased marketing opportunities for each participant at shared costs, even if the individual products are presented in a balanced way. Tourism, culture and traditional foods can be connected. On-site sales can create consumer’s interest and loyalty.

Further information: www.magyarborokhaza.hu

4.5.4.3. Showing of history of Port wine/Guinness beer in a cellar / breweries or Scottish whisky distillers

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.6 | 4.7 |

Short description of the case:

In Porto all famous wine cellars have a showroom/museum, where the history of the Port Wine and that of the cellar is explained and samples for tasting are provided. An important element of the attractiveness is the well-presented story of the product and the company. Products can be purchased on site. The same concept is applied at the Guinness Breweries in Dublin and by several Scottish whisky distillers.

Lessons learned:

It is a good example for promotion and local sale of the traditional products. To increase a reputation of these products these cellars, breweries, etc. are indicated as tourists' attraction. The demonstration of tradition, the presentation of the way how the product was made traditionally increasing consumers' trust and loyalty to the brand and contributes the image of speciality.

4.5.4.4. Showroom for advertising traditional products

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.6 | 4.7 |

Short description of the case:

In Scotland, Baxters a manufacturer of traditional jams, preserves, pasteurized fruit and vegetable products operates a showroom, where the development of the company is explained from the first hand made recipes till the large scale production, the image of the place, the role of the specific skills, necessary to promote premium quality products and the history is stressed, and visitors are trained for the use of the products. Premium packs, selections can be purchased on site.

Lessons learned:

By using the advertisement of the traditional products on-site and during the show a large quantity of the products can be sold directly to the consumers. The demonstration of the tradition, the presentation of the specific case, how the products are manufactured and how the ingredients are selected increase consumers' trust and loyalty to the brand and contribute to the image of premium, specific quality. The show is a good tool for increasing consumer awareness.

Further information: www.baxters.com

4.5.4.5. Seminars about use of olive oil

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.6 | 4.7 |

Short description of the case:

Spanish Food Federation organises small workshops for users and consumers about the use of olive oil, teach proper techniques of olive oil tasting. During the seminar and tasting the specific properties of the different product types and different quality grades are explained.

Lessons learned:

This kind of marketing technique helps to increase consumers' awareness. The improved tasting skills and better understanding the use of the product increase the frequency and the quantity of consumption and motivate consumers to look for several versions of the same product. The implementation of such techniques might be useful all types of specific traditional products.

4.5.4.6. Whisky trail

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.6 | 4.7 |

Short description of the case:

A technique for collective promotion of Scottish whisky products is the whisky trail. This means a recommended route for a roundtrip, visiting several distilleries consecutively, learning and tasting their products, understanding their differences and the art and culture associated to whisky production.

The history of the distillery the local whisky making process is explained at several Scottish distilleries. Selections, special premium packs, local art articles can be purchased on site after a free tasting.

A similar concept was started in North-East Hungary the, “Plum-trail” or “Wine-trail” in different wine regions in Hungary.

Lessons learned:

Collective marketing is a very useful tool for small and family businesses to share their marketing and distribution costs and increase the consumption locally and expand the acknowledgment of the products in other regions as well. The tourism helps to achieve the above-mentioned goals. It is a good example how the tourism, culture and traditional foods can strength each other.

4.5.4.7. Upgrading of the product to gift for special occasion(s)

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.6 | 4.7 |

Short description of the case:

In several cases the upgrading of the product into a special gift by an exclusive, expensive packaging for a special occasion was very successful – as for drinks in wooden boxes, a selection of different types of salt in smart containers, chocolate in smart metal boxes or in boots for Santa Nicolas day (In several countries, like in Hungary, before Christmas on 6th December Santa Nicolas day is celebrated when the children got chocolate in their cleaned boots from Santa Nicolas, so chocolates in decorated boots are symbolising this traditions.)

Lessons learned:

The above-mentioned examples show great opportunities how the new design can give extra marketing opportunity for product and increase the sale volume. It is also great chance for the food manufacturers producing mass products, e.g. salt to add extra value to their products.

4.5.4.8. Gambero Rosso TV

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|----------------|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.6 | 4.7 |

Short description of the case:

Thematic satellite television channel devoted to cuisine. Largely embracing tradition food recipes as well as ethnic and nouvelle cuisine, the channel is a 24 hours channel available in Southern Europe to millions of viewers.

It is currently included in paid television sets of channels, but it is produced by the Italian public television RAI. It has drawn on Gambero Rosso “movement” which comprehends:

- a guide to top and middle-level restaurants (similar to some extent to Michelin Guide);
- two specialized fashionable points of sale “*La città del Gusto*” in Rome and Neaples.
- a gastronomic school for cooks
- an Internet site with social networking facilities.

The TV channel spreads the Italian gastronomic tradition both in Italy and abroad. Presently, however, it is only in Italian language (differently from Cuisine programs at Arirang TV from South Korea that are in English).

Both the TV channel and the other resources of the “movement” include the possibility – for traditional food manufacturers and HORECA - of advertising, co-marketing, sponsoring of events, etc.

Lessons learned:

General (non thematic) TV channels were – and still are – the most widely viewed television channels, with such a large audience that advertising in it is completely out of reach for most traditional food producers. However, the new trend toward satellite and web TV multiplies the number of channels, which are getting more thematic, with gastronomic programs being more and more present.

This is a huge opportunity to teach the interested public how to cook and appreciate traditional food.

Traditional food producers are more likely to be able to afford now the use of TV channels as a part of their marketing mix.

At the same time, a multiple platform to spread similar and convergent messages is arising coupling old and new media.

Further information: <http://www.gamberorosso.it/portale/televisione/homepage>

4.5.4.9. Feature restaurants as marketing tools “Al pesce azzurro” and “Scimitar” for traditional products

Cross reference indicator

| Relevance to the other sections | | | | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 4.1 | 4.2 | 4.3 | 4.4 | 4.6 | 4.7 |

Short description of the case

Comarpesca is a relatively small Cooperative of fishermen active in the waters of the Adriatic sea facing the sea town of Fano in the Region Marche. The company has been operating for 70 years experiencing all the seasons of the economic cycle. In recent years the company has faced, like almost all the small cooperative companies, a drastic reduction of the margins due both regulatory and economic constraints for the fishing activities within the EU.

Comarpesca has reacted with a double qualification of its offer. First the cooperative has invested into common facilities for its members with a double innovation:

- realization of common freezing and storage “chambers” and a modern “ice factory”;
- availability of common facilities for water and oil supply at the port accessible to the members of the cooperative through dedicated electronic keys.

This strategy has allowed the optimisation of the fishing effort by reducing the extra costs for members. Secondly the cooperative has created two significant “on the spot” commercial initiatives:

- the creation of a self service like restaurant known as “Al pesce azzurro” side by side with the pier where the ships full of fish arrive daily;
- the recent acquisition of a former military British vessel of the 40s to house a “floating restaurant” (the Scimitar) anchored in the port of Fano.

Al Pesce Azzurro is in particular a success case of low cost self-service type restaurant located in a simple but cosy place in the harbour area, in full contact with the atmosphere of the fish download pier. The key factor resides in a fresh and appealing product named indeed “pesce azzurro” (blue fish) representing the seafood that was part of the ordinary diet of sea people living at the coast of the Adriatic. The “pesce azzurro” is a product, which taste and nutritional features have been recently rediscovered and recommended by experts also for its positive nutritional value as seafood. The self service formula is very informal and attractive both for the lunch pause of local workers and also for tourists.

Scimitar represents an additional commercial offer for the Gourmet in search of genuine sea food in an exclusive décor; the floating restaurant has been renovated and different environments have been created aboard to capture the taste of different restaurant goers. High quality recipes, impeccable service and friendly atmosphere are the requisites to allow a premium price for the Scimitar.

Lessons learned

Comarpesca is a good example of a repositioning of traditional fishing activities, with all the problems faced by this sector, based upon a coupling of innovations (the investments in the common resources for the cooperative members) and an innovative and aggressive commercial policy.

The core of the strategy resides in having been able to connect the experience of eating seafood to the vicinity to the daily fishing operations. Fano is also a touristic port with numerous visitors in the summer seasons. Al Pesce Azzurro offers seafood fished only hours before cooking at the fantastic price of 10 Euros all included for lunchtime. It accounts for almost 2000 visitors daily and approximately 800.000 visitors in the whole of the Summer season. Scimitar is a more exclusive restaurant version designed to attract the tourists and the gourmands at night time.

Both initiatives have also been a way to make the pesce azzurro seafood variety more known to the public. A relatively modest seafood species has so been revived and inserted in the commercial arena with specific pricing policies. Moreover the success of “Al Pesce Azzurro” has constituted an example for the creation of a franchising type chain of similar Restaurants in the Adriatic coast and central Italy. The project is advanced and has already captured the interest of a Bank available to consider financing the launch.

Further information: www.pesceazzurro.com
 www.scimitar.it

4.6. Marketing budget

4.7. Marketing evaluation

5. Glossary

Bottlenecks: Bottlenecks are deficiencies or insufficiencies blocking the effective use of external and internal resources of a member of a supply chain of traditional food products for improving market access and marketability of their products and the generation, uptake and introduction of innovations to upgrade these.

SME: Small and medium size enterprise

Success factor: Success factors are facilities or abilities, assets stimulating the effective use of external and internal resources of a member of a supply chain of traditional food products for improving market access and marketability of their products and the generation, uptake and introduction of innovation to upgrade these.

Supply chain management: the management of multiple relationship focusing on harmonising the use of competencies, resources and capabilities along the entire food chain (instead of focusing on the individual steps) to deliver enhanced customer service and economic value through improving trust and collaboration between supply chain partner.

Traditional food:

1. **PRODUCTION:** the key steps of the production must be
 - Local: national/regional/local
2. **AUTHENTIC:** the product has to fulfil at least one of the following steps
 - Authentic recipe (mix of ingredients) *or*
 - Authentic origin of raw material *or*
 - Authentic production process
3. **COMMERCIALY AVAILABLE:** for the public for at least 50 years (= 1950 and before) in stores and restaurants
4. **GASTRONOMIC HERITAGE:** the product must have a story which can be written down in 2-3 pages

6. References

- Gellynck, Vermeire & Vianne 2006
- Draft recommendations of the SMEs Task Force of the ETP Food for Life, ed A.Sebók, 2008

Annex I.

Best 20 firms coming form benchmark questionnaire on marketing management capabilities

| | Country | Sector | score | | | | | Total |
|----|---------|-----------------|-------------|------------|--------------|------------|-------------|-------|
| | | | Information | Objectives | Organisation | Evaluation | Development | |
| 1 | Italy | wine | 9,7 | 10,0 | 10,0 | 10,0 | 10,0 | 9,9 |
| 2 | Spain | prepared fish | 9,0 | 10,0 | 10,0 | 10,0 | 10,0 | 9,7 |
| 3 | Italy | wine | 10,0 | 9,5 | 10,0 | 9,3 | 9,3 | 9,7 |
| 4 | Spain | wine | 10,0 | 9,5 | 9,3 | 10,0 | 9,3 | 9,7 |
| 5 | Spain | preserved fruit | 10,0 | 10,0 | 10,0 | 9,3 | 6,0 | 9,4 |
| 6 | Spain | canned food | 8,0 | 10,0 | 10,0 | 10,0 | 9,3 | 9,4 |
| 7 | Spain | bakery | 10,0 | 9,5 | 10,0 | 9,3 | 6,7 | 9,3 |
| 8 | Hungary | prepared meat | 9,0 | 8,5 | 9,3 | 10,0 | 8,7 | 9,0 |
| 9 | Italy | wine | 10,0 | 8,5 | 9,3 | 8,0 | 8,7 | 9,0 |
| 10 | Italy | wine | 9,3 | 9,0 | 8,0 | 9,3 | 8,7 | 9,0 |
| 11 | Italy | prepared meat | 9,3 | 9,3 | 9,3 | 7,3 | 8,7 | 9,0 |
| 12 | Belgium | beer | 9,3 | 9,5 | 6,7 | 8,7 | 8,7 | 8,9 |
| 13 | Italy | confectionery | 9,7 | 8,8 | 9,3 | 6,7 | 9,3 | 8,9 |
| 14 | Italy | wine | 8,7 | 9,5 | 8,7 | 8,7 | 8,0 | 8,9 |
| 15 | Italy | confectionery | 8,3 | 8,8 | 8,7 | 10,0 | 9,3 | 8,9 |
| 16 | Spain | oil | 10,0 | 7,8 | 10,0 | 10,0 | 7,3 | 8,9 |
| 17 | Spain | beverages | 9,3 | 8,8 | 9,3 | 9,3 | 7,3 | 8,9 |
| 18 | Italy | wine | 8,0 | 9,5 | 10,0 | 8,7 | 7,3 | 8,8 |
| 19 | Hungary | vegetables | 5,7 | 9,5 | 10,0 | 10,0 | 10,0 | 8,7 |
| 20 | Italy | spirits | 8,7 | 9,0 | 9,3 | 7,3 | 8,7 | 8,7 |