



TRUEFOOD

Traditional United Europe Food

Contract no. FOOD-CT-2006-016264

Instrument: Integrated Project

Thematic Priority: Food Quality and Safety (# 5)

D 5.4.5

National reports on results of brainstorm sessions

Due date of deliverable: June 2008

Actual submission date: June 2008

Start date of project: 1 May 2006

Duration: 48 months

Organisation name of lead contractor for this deliverable: UGENT-P07

Revision: final

Project co-funded by the European Commission within the Sixth Framework Programme (2002-2006)		
Dissemination Level		
PU	Public	X
PP	Restricted to other programme participants (including the Commission Services)	
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National reports on results brainstorm sessions

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I. Introduction

This report is part of subtask 5.4 and presents the results of the Belgian, Hungarian and Italian brainstorm sessions. By means of these brainstorming sessions input was collected for the development of innovative distribution strategies for traditional food products (TFPs). During the sessions innovative ideas in relation to distribution of TFPs were obtained from the point of view of the traditional food manufacturers and other stakeholders of the food sector.

For this task not the whole supply chain but only the **distribution chain** is considered. After a product is manufactured the manufacturers shall provide the warehousing or shipping of the product to the next member in the supply chain typically a distributor, retailer or consumer.

Generally the distribution chain consists of the food manufacturers, intermediaries (wholesalers, retailers) and the consumer. Depending on the intermediaries long chain and short chains are distinguished (see Fig. 1). The direct sale is the short chain, with no intermediaries where the food manufacturers sell their own products directly to the consumers, and when many intermediaries are involved into the distribution then it is the long chain.

Hence, in this report three stages are included in the distribution chain: the manufacturer, intermediaries of distribution, and the consumers. Intermediaries consist of wholesalers, retailers, distributors, and sales agents.

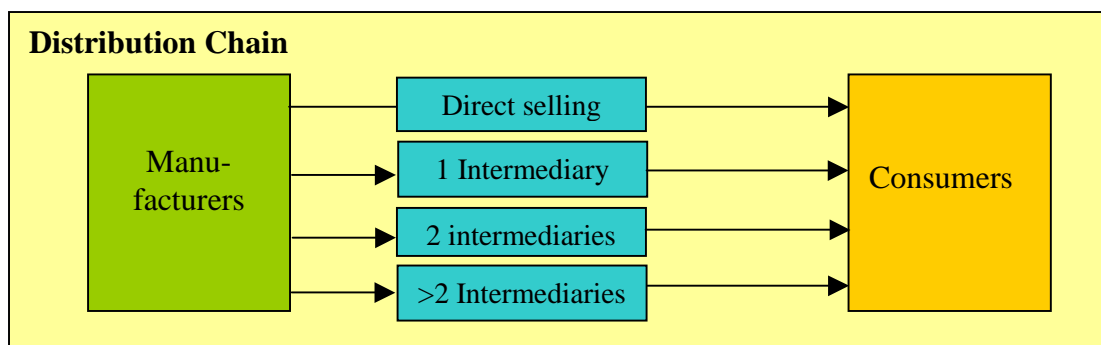


Fig. 1: The distribution chain

In order to frame the output of the brainstorm sessions the focus will be on following issues:

- Supply chain management
- Marketing management
- Innovation

These three issues are specifically investigated regarding their contribution to:

- Distribution
- Added value
- Convenience
- Labelling

of traditional food supply chains.

Within WP5 of the TRUEFOOD project five product types in three different countries are chosen as case-studies. These are traditional cheese and beer in Belgium, traditional cheese and ham in Italy, and traditional sausages and white paprika in Hungary. These product types were chosen due to their representativeness in the respective country. Furthermore, they were chosen in order to compare more and less successful sectors, learning from best practices and emerging problems.

II. Background

Distribution is in fact a major structural factor in the determination of success (respectively, failure) of any product with food and beverages products making no exception to this. Moreover, in the food sector, the distributive component is crucial in so that foodstuffs is increasingly a commodity like product, whose capacity to reach the market and the consumers depend strategically on the choices of the Modern Distribution System. Food in Western and Eastern Europe alike is increasingly channelled to the consumers through large malls into and around the urban areas. Even rural and peripheral areas are increasingly in touch with the large supermarket model through ad hoc chains specifically designed for the areas outside the urban grid. Thousands of consumers do their shopping choices in a limited amount of time, at determined time during the week in a physical and emotional context, the large Supermarket and/or shopping mall, where the lay out and the “visual story “ conveyed by the distribution managers influenced strongly the attention and the orientation of the purchasers. The large supermarket becomes so a place specialised in the purchasing experience. Given the priority of foods purchases in the average shopping time, it is obvious that, at least potentially, the weekly hour spent at the shopping place is almost fused with the environment and constraints decided by a distribution manager.

In relation to the food shopping experience it is well known that more or less in all Europe there is an important dimension of shopping for foods which is the exact opposite of the visit to a supermarket. Consumers know very well the limits of the large distribution “cathedrals”. Food is after all part of the pleasures of life and, as such, it is strongly associated with images, perceptions and experiences (true or dreamed of) linking the consumers with taste, family links, childhood, affections and memories. Food is part of the cultural history of mankind and also of the evolution of individual biographies. In this sense it is largely understandable that the process of sorting foodstuffs, choosing of it and selection of varieties represents a strong motive for channelling consumers toward alternative distribution structures, at least occasionally if not always. The demands of today’s practical life are frequently in disfavour of an attentive investigation for our own food supplier; it is obvious that only in a limited case the consumer can avail himself to look for the special purchasing experience (at the farm, at the speciality shop, at the organic food manufacturer at the niche high quality food chain). The cost of deciding the best choice where to shop can be relatively high. For this obvious reason the large distribution represent the major and sometimes only purchasing channel for the average household. But it is clear that other alternative distribution occasions fight for conquering and confirming an increasing number of consumers fed up with the excessive standardisation and absence of side experiences typical of the supermarket shopping.

It is within this context that WP5 has devoted a particular activity to the exploration of the workings of the distribution side of the food supply chain in order to better understand how this fundamental aspect of the commercialisation process of food Traditional products can be influenced and modified by appropriate strategic actions that can result beneficial to the success of these products.

III. BELGIUM

Small and medium sized food manufactures (SMEs), in particular those of traditional food products, are not always capable to supply to large distribution channels, due to their small scale production. Furthermore, managing the distribution chain is a relatively complex task, many of the arguments about distribution chains revolve around cost. The cost effective distribution of traditional products is more difficult than the conventional ones due to the lower quantity manufactured by the micro/small and medium sized companies having lower marketing budget. SMEs have to take into account the trade-off between the costs of using intermediaries in order to achieve wider distribution. Often, the small company has no alternative but to use intermediaries, often several layers of them, while on the other hand large companies do have the choice to use intermediaries or not. Moreover, SMEs often do not see the advantage of intermediaries for increasing their market share through improved publicity of their traditional food product beyond the regional borders. Hence, these SMEs need to search for successful alternative distribution strategies. One strategy could be to choose alternative channels for selling the traditional food products, such as farm selling, grocery stores and specialty shops. Another alternative in order to improve economies of scale is to form co-operatives or other forms of networks. Taking into consideration these facts it is necessary to find innovative distribution strategies and new alternatives to improve the effectiveness of the distribution of traditional products.

1. Methodology

1.1. Sample description

In Belgium two product types are investigated traditional beer and traditional cheese.

Group	Country	Sector	Participants	No. of the total participants
1	Belgium	Beer	1 Brewery 4 Stakeholders	5
2	Belgium	Dairy	2 Cheese dairies 3 Stakeholders	5

The low number of participants appeared due to last minute canceling and nonattendance of participants.

1.2. Guide for brainstorming sessions

In this chapter the guide for the Belgian brainstorming sessions is presented, based on the input of the Belgian brainstorming chairman. The session took half a day (5 hours), in order to enable creative sessions.

2.2.1 Introduction

(by the hosting organization)

- ❖ Welcoming and presentation of the participants
- ❖ Clarification of objective of the session
- ❖ Explanation of reason for this type of session
- ❖ Presentation of infrastructure: start and end of session, breaks, facilities etc.

2.2.2 Briefing

(by the hosting organization)

- ❖ Problem AS GIVEN by hosting organization
- ❖ Framing the topic
- ❖ Setting the aim of the session
 - ▶ Documenting the needs
 - ▶ “Stimulate their appetite” (Getting them in the mood)
- ❖ Questions and answers
- ❖ Concrete setting of task by the hosting organization: sharp, clear, unambiguous, well-prepared

2.2.3 Presentation Creativity and Creation

(by the professional moderator)

- ❖ Short presentation around creativity and creation
- ❖ Create an attitude, which stimulates broad and open-minded thinking
- ❖ Warming-up
- ❖ Explanation of rules and achieving acceptance of them from the participants

2.2.4 Question finding

(by the professional moderator)

- ❖ Problem AS UNDERSTOOD by participants
- ❖ Consensus on aim/objective (1 concrete single target)
- ❖ Questioning: divergent, provocative, from different angles
- ❖ Convergent to one concrete single target
- ❖ Consensus

2.2.5 Criteria

(by the professional moderator)

- ❖ Facultative
- ❖ Explaining the criteria for what is a good solution and when is it reached
- ❖ Before or after the idea finding phase, whenever necessary

2.2.6 Idea Finding

(by the professional moderator)

- ❖ Generation of ideas
 - ▶ Broad, wide thinking
 - ▶ Quantity is more important than quality
 - ▶ Pay attention to the rules
 - ▶ Participants call out their ideas, moderator writes them down on flipchart + numbering
- ❖ Idea selection
 - ▶ Attractive
 - ▶ Feasible

2.2.7 Idea development

(by the professional moderator)

- ❖ In smaller groups

- ❖ Elaboration of ideas into a first draft concept
 - ▶ From the idea to 1st draft concept
- ❖ First evaluation
 - ▶ Strong points
 - ▶ Obstacles
 - ▶ Remaining questions

2.2.8 Idea presentation

(by the professional moderator)

- ❖ Presentation by each small group
- ❖ Plenary:
 - ▶ Discussion
 - ▶ Completion/ round up of ideas
 - ▶ Nobody is made responsible for good/bad ideas, group should “feel” the idea, not judge it

2.2.9 Closing

(by the hosting organization)

- ❖ Next actions: Who, What, When, Where, Why
- ❖ Ownership of results
- ❖ Thank you

2. Results

2.1. Brainstorm session - BEER

2.1.1. Problem as given

What innovative distribution strategies could help traditional food producers to better market their products, more particularly regarding cooperation in the chain?

2.1.2. Problem as understood

How can traditional regional products be brought closer to the “consumer” (also customer)?

How can we improve the cooperation among small breweries to achieve a more efficient distribution?

How can brewers efficiently cooperate to reach the consumer on large scale (different kind of shops, geographical, HORECA)?

2.1.3. Idea finding

1. Installing links specialized in distribution
2. Advancing regional labels ⇔ by increased cooperation among producers
3. Join/link to large breweries
4. Beer vending machine (such as for bread)
5. Stand with regional products in supermarket
6. Organizing tasting evenings

7. Teach the teacher ⇒ about the many different kinds of beers in Belgium, their specialty etc., including knowledge about it in the curriculum
8. Differentiate in the product ⇒ rare vs. approachable
9. Bed & Beer ⇒ beer tasting incl. story about beer and region and overnight stay
10. One-stop-shops ⇒ where different regional/traditional specialties are assembled at one shop
11. Selling all products of one producer at one place
12. Doing campaigns ⇒ e.g. towards domestic caterers
13. Image campaigns
14. Accentuate the pleasure of beer specialties ⇒ as counter trend of binge drinking
15. Focus on target consumer
16. Linking beer and health aspects ⇒ like as with wine
17. “Killing” prejudices about beer
18. Selling large bottles at restaurants ⇒ e.g. 0.75 liter, like they offer wine
19. Educating the consumer
20. Linking beer and leisure activities
21. Creating a sort of Trojan horse for beer to bring it closer to the consumer/customer
22. Creating a French paradox for beer ⇒ now more red wine and less white wine is drunk, in case of beer: more specialties and less lager beers
23. Presenting beer in other glasses ⇒ Promote beers as aperitif/appetizer – changing perception of consumers
24. “Our beers are better than foreign beers” ⇒ creating consumer’s proudness of regional/national products
25. Increase chauvinism of Belgian consumers ⇒ Belgian consumers are mainly “snobs”, means everything from abroad is better than own products
26. Start up an own shop
27. Take over pubs/bars
28. Take advantage of the menu cards of pubs/bars ⇒ for informing the consumers, it’s a place where they have time to read, also for promotional purposes
29. Link food and beer ⇒ promoting meals traditionally going together with a certain beer specialty
30. Rediscover the charm of beer
31. Taste education of the consumer to appreciate the different special characters of different traditional beers
32. Little games where the consumers indicate their preference related to different kind of tastes, ending up with a certain beer matching their preferences ⇒ can lead to conversations (e.g. at the pub/bar)
33. Selling of beer via the internet
34. Setting up a questionnaire (for the waiter) to explore the consumers preferences to suggest them a specific beer matching their preferences
35. Encouraging the consumer of the “adventure of (new) tastes” ⇒ to create surprise, demystifying the risk of trying new beers
- (36-39: Brainstorming starting from a spray can)
36. Beer spray to prepare sauce
37. Beer foam ⇒ for experimental kitchen
38. Beer perfume
39. Beer graffiti ⇒ developing slogans and spreading them (like graffiti)
40. Ecological drinking ⇒ packaging, content, distance, etc.
41. Convenience ⇒ screw top instead crown cap
42. Beer with vitamin additives
43. Beer mix
44. Slow beer ⇒ like Slow Food

45. Vacation beer
46. Beer for after physical exertion
47. Apple beer
48. Regional festivals
49. Beer cocktail ⇨ of two beers or with beer as ingredient
50. Maintaining and recovering varieties and heritages ⇨ back to tradition
51. Exploring the ecological footprint of traditional/ regional beer
52. Beer as family drink ⇨ table beer such as table wine
53. Let brew own beer
54. “One beer a day keeps... “ ⇨ creating good slogans
55. Two in one ⇨ the bottle is/becomes the glass
56. Stressing that there are no additives in beer
57. Brewing beer for several applications ⇨ good for being drunken, good for cooking/use in meals
58. Tasting of regional beers in pub/bar and selling them there as well (take away)
59. Shortening distance between logistic links ⇨ bring the customers and suppliers closer to each other
60. Change packaging to allow easier transport with bike or on foot
61. Tourist tours along several breweries
62. Linking beer and relaxation ⇨ sauna, wellness center
63. Promoting maturation in wooden barrels of specific traditional beers ⇨ like for whiskey
64. Widening the artisan character of a brewery to the distribution ⇨ typical transport wagons, creating a picture and recognizability
65. Artisan brewing AND professional supply/logistic
66. Diversity of beers ⇨ several beers in one package
67. Joint distribution of several producers ⇨ 1 truck collects and delivers
68. Joint distribution with producers of other products ⇨ e.g. with fruit and vegetable farmers, who sell a fruit and vegetable basket, sometimes also with dairy products
69. Beer for youth-bars
70. Centralizing distribution/pick up points at stations
71. Creating a “beer tram” (at the Belgian coast a very longest tram line exists) ⇨ travelers (tourists, locals etc.) can taste in the tram, tram is also delivering
72. Festivals where products are sold beforehand and picked up at the festival + tastings at the festival and selling

2.1.4. Idea development

Idea 1 – ‘Variety’ of beer

Attractiveness

- Many possible ways of applications of beer: cooking, vacation, sport, health, cocktails etc.
- Different target groups are to be differentiated
- These groups are easy to reach and to inform via different channels: literature, regional corners, supermarkets etc.

Obstacles

- Beer and Health are not allowed to be communicated together because of the alcohol content
- Old-fashioned image ⇨ but contains also a great potential for creating a new image around it

Unknown – needs to be investigated

- How can the regional character be involved in the campaigns?

- Problem with finding a good terminology (in French it is ‘*savorer*’ – something like ‘*gourmet*’, such a word seems not existing for beer tasting)

Idea 2 – Grouping of different beer types

Attractiveness

- Bring together beers from one region or of the same kind in order to provide convenient search-and-find options
- For searching the internet is a medium providing good search function and it is also possible to order via the internet, or provide other contact data for ordering
- Another medium are specialty shops or ‘regional corners’ in supermarkets
- Information on the products could also be provided on the menu cards of pubs and restaurants
- In this way the consumer can search on his convenience, at the time he wants and as long he wants
- When the consumer makes good experiences ⇒ word-to-mouth advertising will work as a good promotion for beer types or beers themselves
- Pick up points could be for instance the HORECA or small shops, even home delivery is possible

Obstacles

- Many beers lost their identity during the last decennia due to fusions/take-over of smaller breweries with larger breweries
- Too many rules of the agency for regional labels
- No real useful investments, rather focus on company’s value than on the authenticity of the product
- The ‘snobbism’ of the Belgian consumer (low proud on products from own region/country)

Unknown – needs to be investigated

- How can regionalization become a stronger trend?
- Could more publicity, promotion (e.g. of the story around the beer) and information be provided via cultural organizations?

Idea 3 – Internet + Elderly + Game

Attractiveness

- Elderly discover more and more the internet, they have time to enjoy and money to spend (for buying the beers afterwards)
- Responding to curiosity of the human being
- Its reliable
- There can be different kind of games: a) Quiz about the knowledge of beer with the aim to verify, surprise, amaze and to have fun; b) Quiz/survey about taste, mouthfeel, perception etc. to find out which beer fits best to you; c) Quiz: Do you know 10 regional traditional beers? With the result of a score, subsequently you can get information about the specialty, the use etc. of the regional beer
- Its also possible that the games are provided at the HORECA to the guests during their leisure activities or after exertion

Obstacles

- Conservatism of the main part of the elderly

Unknown – needs to be investigated

- Are the elderly interested in such kind of games?
- How to increase the internet use of the elderly?

2.2. Brainstorm session - CHEESE

2.2.1. Problem as given

What innovative distribution strategies could help traditional food producers to better market their products, more particularly regarding cooperation in the chain?

2.2.2. Problem as understood

How can we find new sales channels for cheese and by-products without getting stuck with production specifications sheets, without spending too much time to the finding process, and still maintaining the traditional character of the product?

How can we develop traditional and innovative distribution possibilities for small-scale production units within the cheese sector?

What can we do to bring the product from the producer to the consumer in a structured and consistent way (e.g. continuous production)?

2.2.3. Idea finding

1. Convenience for the consumer
2. Cheese vending machine (like as for bread)
3. Tourist route
4. "Nature trail" but along cheese dairies
5. Cookery-class with farm products (incl. cheese) ⇒ taste experience
6. Guided tour on the plant ⇒ experiencing different aspects of the production process etc.
7. Public provision of services – advice to small firms
8. Distribution via milk collection ⇒ "hitchhiking"
9. Distribution via hawker
10. Distribution among the dairy group
11. Cooperation among producers of similar products
12. Cooperation among producers of different products ⇒ e.g. with producers of vegetables and fruit
13. Standardization at smaller producers ⇒ product – process, market – sales
14. Unravel production process ⇒ Production at place 1, Maturation at place 2, etc.
15. Aiming for one popular product (cash cow) which pulls the other products with it
16. Internet applications ⇒ promotions, sales, pick up points, etc.
17. Campaigns at large companies ⇒ tasting and selling for the employees
18. Cooperation with bakeries and/or beer traders ⇒ to link the respectively two products and selling them at one point (in the bakery or the beer shop)
19. Internet for B2B ⇒ producers network: balancing shortages in raw materials, helping each other out, step into good/better cooperation
20. TV program ⇒ like in Great Britain: a cook who travels around and cooks meals with the regional products and provides the recipe afterwards
21. Publications in journals ⇒ within the sector/region, but also national and life-style magazines
22. Cooking schools ⇒ encourage them to use regional/traditional products in their curriculum
23. Local authorities should be prouder of the regional/traditional products ⇒ e.g. offering them at their receptions
24. Promotion centers ⇒ local, province
25. Farmer's shops ⇒ like farmer's markets but with fixed place
26. Bed and breakfast

27. Package with all ingredients necessary for preparing a traditional meal ⇒ with the traditional cheese
28. Protection ⇒ European, national, or regional labels
29. Tasting
30. Surprising the consumer ⇒ e.g. offering product at unusual/unexpected place
31. Gift-wrapping with different traditional products
32. Informing the consumer about the product ⇒ creation of an image
33. Gift voucher ⇒ e.g. for cookery-class or weekend on a farm etc.
34. Ready-to-eat products for the consumer ⇒ on basis of traditional cheese
35. organizing cheese-and-beer-evenings ⇒ such as cheese-and-wine occasions
36. Website of *Belgische kazen* ⇒ make it more public
37. Promise exclusivity to the consumer/customer
38. Producer profiles himself as exclusive
39. *Couleur locale* ⇒ link traditional product with: folk music, Flemish old games, Flemish painters/paintings
40. *Couleur locale* ⇒ on local level
41. Creating shock effect in relation to cheese
42. Body painting
43. Gourmet tours
44. Setting up risk-capital funds ⇒ to generate financial resources for the small producers
45. Cooperation with research projects ⇒ to generate opportunities of financial resources/savings for the small producers
46. Aid from governmental institutions ⇒ to generate financial resources for the small producers
47. Offering public accessible facilities for certain steps in the production and research process
48. Increasing the cooperation between producers ⇒ putting money in the common cash box for financing sales, purchasing, research, promotion: adapted to the needs of certain groups within the co-operative
49. Exchanging free products for promotion ⇒ e.g. promotion actions via radio – win-win: radio station can interact with their public, producer gets publicity
50. What do I NOT know? ⇒ learning about the aspects which are weak or lacking, e.g. producer knows how to make cheese, but not really have entrepreneurial skills, therefore calling upon services ⇒ overcoming the barriers for calling services up, demystifying the services
51. Organizing forums ⇒ receptions, exchange facilities for networking etc.
52. Stimulating word-of-mouth advertising
53. Installing “signposts” ⇒ results of scientific studies, organizing national cheese day or at school
54. Create an event around the cheese
55. Cheese gift ⇒ one family per week and spot
56. Reconstruct the history of the traditional cheese
57. Cheese-car ⇒ unique, recognizable on first sight
58. Label(s)
59. Long term view ⇒ collecting good examples and spread/publish them
60. Consumer satisfaction leading to valuable word-of-mouth advertising
61. Anticipating on consumer needs
62. Learn to formulate objectives
63. Set up of lobby group – on European level ⇒ against the tight regulations
64. Simplification of administration ⇒ coming up with own suggestions to a certain administrative problem
65. Promoting the positive effects of local production ⇒ ecological footprint
66. Organizing farmer’s markets – jointly, cooperative and professional
67. Local lobbying

2.2.4. Idea development

Idea 1 Local lobby for more regional loyalty

Attractiveness

- Publicity/ lobby via of regional newspapers, open days, participation at the cultural council, participation at producer and retailer associations, schools, associations/clubs, sponsors together with milk trading (gifts, give-away, tombola, taster, cooking sessions, receptions etc.)
- Target group is anchored in the region ⇒ they know the region, its habits and its problems, thus they can counteract rumors and false information
- Time and financially efficient
- Rapid feedback
- Stakeholders can work together on it

Obstacles

- Get together the people and achieve common agreements
- Lack of time to start such initiative up
- Giving up too fast
- Leader who can motivate the other stakeholders

Unknown – needs to be investigated

- What will it cost?
- How does it need to be structured?
- Will it be a reliable initiative?

Idea 2 – Proud of the community

Attractiveness

- Win-win situation for local economy (trade, tourism, etc.) and improving image of the community (municipality)
- Community is the best level for local production
- It's also the best level to start from for expansion of the publicity of the traditional food product

Obstacles

- Continuity – only 4 years of legislation period, but maybe possible to link it to the cultural or agricultural council
- Such issues are not part of the policy of the municipality
- Commitment of other sectors is necessary for sustainable success
- Public expenditures
- Competition of retail
- Necessity of a certain amount and availability of organization at local level

Unknown – needs to be investigated

- Links to other institutions of the community, such as schools, youth associations etc.
- Existence of associations of people, who identify with the community or the region

Idea 3 – Local promotion

Attractiveness

- Promotion of the local production including also aspects such as small ecological footprint due to short ways
- Local cooperation, for instance with a common stand at the farmers market of two or more products from the same region
- Local promotion also organized by tourist centers and the lay judge of culture

Obstacles

- Time and money mainly a problem for the small and artisan producers

Unknown – needs to be investigated

- Is there any external person (e.g. a member of the municipality) who can spend time or somebody who is not too expensive in terms of labor cost?
- Can the ‘chauvinism’ of the people of the local area be improved? If yes how?

3. Conclusions

The conclusions are divided into four parts, describing first the potential of the ideas, described by the respondents, followed by a list of strategies from ideas which were not elaborated. Furthermore, a short statement is given related to country specific and general aspects of the ideas for innovative distribution strategies. Finally, recommendations are suggested for the selection of innovative distribution strategies.

The respondents from the beer and cheese sector mainly elaborated ideas for improving the local promotion and distribution of the traditional food products. According to the framework presented in the introduction they can be classified under the two main headings supply chain management and marketing management.

Summarized following strategies can be extracted from the elaborated ideas:

- Supply chain management
 - ▶ Cooperation with cultural organizations for publicity, promotion, information of/about regional products
 - ▶ Improvement of motivation of regional players to cooperate (stress advantages etc.)
 - ▶ Establishment of an (external) “leader”, a person who can spend time on organizing/ guiding initiatives
- Marketing management
 - ▶ Development of new promotional tools, like quiz games about product characteristics (e.g. on internet or at the pub), questionnaire for the waiter to explore the taste of his customers and offering the suited type of beer, cheese etc.
 - ▶ Differentiation of target groups (cooking, vacation, sport, health, cocktails etc.)
 - ▶ High publicity and promotional activities towards groups in the same region (consumers, 3rd parties, government) in order to improve the regional knowledge about the products and increase the proud of the community on the regional products

From the list of collected ideas a number can be selected containing also potential for the development of innovative distribution strategies for traditional food products. These ideas are summarized in

Table 1.

Table 1: Input for innovative distribution strategies

	Supply chain management	Marketing management	Innovation
Distribution	<ul style="list-style-type: none"> - Installing links specialized in distribution (B1) - Combining artisan brewing with professional supply/logistics (B 65) - Joint distribution among several producers (B67, C8, C10, C11) - Joint distribution among producers of different products (B68, C12) - Farmer's shops, like farmer markets but on fixed place (C25) - Organizing jointly farmer's markets in cooperative and professional (C66) 	<ul style="list-style-type: none"> - Participation in festivals where products are sold beforehand and picked up at the festival (B72*) - Transport in typical wagons creating recognizability (B64, C9) - Promotional centers with points-of-sale (C24) - Surprising the consumer by offering traditional products at unusual/ unexpected place (C 30) - 	<ul style="list-style-type: none"> - Internet applications for promotion, sales, pick up points etc. (C16, B33) - Vending machines (C2, B4)
Added value	<ul style="list-style-type: none"> - B2B platform on internet: producers network for balancing shortages in raw materials, joint help, , improved cooperation (C19) - Facilities for networking and exchange, e.g. receptions, fora (C51) - Cooperation with 3rd parties to overcome lacks of knowledge, e.g. improve entrepreneurial skills (C50) - Cooperation with research projects to generate opportunities of financial resources/savings for small producers (C45) - Suggestions from producers for simplification of administration (C64) - Improving long-term view through collection of good examples (C59) 	<ul style="list-style-type: none"> - Promotion and production of traditional products for different/new way of usage/occasions (B23, B57) - Cooking classes (C5) - Gift vouchers for cooking classes, weekend on a farm etc. (C33) - Joint product tastings of traditional/ regional products (C35) - Promotion of the positive effects of local production (C65) 	<ul style="list-style-type: none"> - Change of packaging to allow easier transport with bike or on food for heavier products such as beer bottles (B60)
Convenience	<ul style="list-style-type: none"> - Centralizing distribution/pick-up points at stations e.g. in cooperation with bakeries (B70, C18) 	<ul style="list-style-type: none"> - One-stop-shop = assembling of traditional food products of a region/ country (B10) 	<ul style="list-style-type: none"> - Usage of traditional food product in new applications, like beer foam for experimental cuisine (B36-39) - Improvement of packaging, e.g. easier opening or all-in-one package with ingredients for a traditional meal (B41, B55, C27)
Labeling		<ul style="list-style-type: none"> - "Slow Food" (B44) - Creation of an image (C32) - Exclusiveness (C38) - Link to (regional) culture (C39) - (Reconstruct) history of the product (C56) 	-
Other	<ul style="list-style-type: none"> - Financial cooperation between producers adapted to 	<ul style="list-style-type: none"> - Do-it-yourself: consumer participates or is running the 	

	<p>the need of certain groups within the co-operative (C48)</p> <ul style="list-style-type: none"> - Set up of an risk-capital funds (C44) - Set up of a lobby group on European level against tight regulations (C63) - Local lobbying (C67) - Public provision of services, advice, and financial support to small firms (C7, C46) - Access to facilities for (steps of) R&D (C47) 	<p>production process (B53)</p> <ul style="list-style-type: none"> - New formula of tourism, e.g. Bed&Beer, tourist routes etc (B9, B71, C3, C4, C6, C26) - Campaigns towards regional/ domestic caterers (B12), in larger companies (C17), in cooking schools (C22) - TV-show: cooking with traditional food products (C20) - Publications in magazines (C21) - Free TFPs in promotion actions on radio (C49) 	
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*For each item in the table the origin of the idea is indicated, for instance B72 stands for idea nr. 72 of the beer section. C stands for cheese.

The listed ideas for innovative distribution strategies can be relatively easy adapted to other country's situations. There is no idea which is typically standing for Belgium. However, some ideas are more applicable than other ideas depending on the specific country's situation.

For the selection we recommend to focus on such strategies which respond to the needs of SMEs the most. These needs are related to direct or indirect access to financial and administrative support, overcoming lack of knowledge, and improving the publicity of TFPs. Hence, strategies related to cooperation with peers, 3rd parties, governmental institutions and other sectors are highly recommended to be considered.

IV. HUNGARY

After a product is manufactured the manufacturers shall provide the warehousing or shipping of the product to the next member in the supply chain typically a distributor, retailer or consumer.

Generally the distribution chain consists of the food manufacturers, intermediaries (whole- salers, retailers) and the consumer. Depending on the intermediaries long chain and short chains are distinguished. The direct sale is the short chain, with no intermediaries where the food manufacturers sell their own products directly to the consumers, and when many intermediaries are involved into the distribution then it is the long chain. The cost effective distribution of traditional products is more difficult than the conventional ones due to the lower quantity manufactured by the micro/small and medium sized companies having lower marketing budget. Taking into consideration this fact it is necessary to find innovative distribution strategies and new alternatives to improve the effectiveness of the distribution of traditional products.

In Hungary the innovative distribution strategies and new alternatives were studied by brainstorming sessions organized for the chain members of processed pepper and fermented dried sausage supply chain members.

The objective of this part of the report is to present the results of brainstorming sessions conducted in Hungary. By means of these brainstorming sessions input will be collected for the development of innovative distribution strategies. During the sessions innovative ideas in relation to distribution of traditional food products were obtained.

1. Methodology

1.1. Sample description

Two brainstorming sessions were carried out in Hungary as detailed below in the table 1.

Table 1. Brain storming sessions in Hungary

Supply chain	Date	Location
Hungarian processed pepper	05.02.2008	Budapest
Hungarian dried fermented sausage	07.02.2008	Budapest

The distribution of participants by company type in Hungary is shown in the table 2.

Table 2.: Distribution of participants by company type in Hungary

Product type	Suppliers	Focal companies	Distributors/retailers	Representatives of logistic service providers
Processed pepper	1	2	1	2
Dried, fermented sausage	-	4	5	1

1.2. Conduction of the brainstorming sessions

For exploiting the experience and creativity of all members of the group and to reduce the dry up of ideas the brainstorming in a medium sized group was combined with discussions in smaller groups for developing the most attractive ideas in details. For conducting the brain storming sessions the guide developed by University of Ghent was followed.

Both sessions were managed by a moderator with assistance of a chairman.

At the beginning of the session after the presentation of the participants in the warm up phase the moderator made a short presentation about the current situation of the consumption of the processed pepper and dried fermented sausage and the distribution system of the fresh and processed vegetables and processed meat products. In order to initiate a short discussion among the participants the moderator asked some questions about the distribution problems and distribution channels applied by the traditional food manufacturers.

The main questions raised are described as 3.1.

The purpose was to stimulate broad and open-minded thinking of the participants. After raising a question the participants represented each after other and these were recorded on a flip chart.

When the participants run out of their ideas the recorded items were classified and grouped according to the similarity of the content.

The most attractive ideas were developed by small groups consisting of 3-4 people. Each members of the group were selected in such away that, at least one representative of focal company and a retailer shall participate. Each small group had to elaborate only one idea.

About 90 minutes were provided for idea elaboration and at the end the small groups presented the idea developed by them.

The brainstorming sessions organized for the supply chain members of processed pepper products took 3 hours and this one organized for the supply chain members of dried fermented sausage products took 3, 5 hours.

2. Results

2.1. Problem definition of the session

The following main questions were raised:

- How can the distribution strategies applied by the traditional food manufacturers be developed,
- What are the new alternatives?

2.2. Idea finding

2.2.1. Processed pepper products

List of ideas collected during the processed pepper products brain storming session

- support for processing;
- organisation of food exhibition;
- new processing alternatives: e.g.: roasted paprika;
- development of web-sites for the manufacturers and their products

- network of Hungarian delicatessen shops;
- brochure to be distributed in the churches, pubs in the countryside;
- organisation of a complex marketing campaign for the processed paprika products and fresh paprika in the whole country using tv, radio, newspapers for the seed growers, paprika growers, processed paprika products;
- e-commerce;
- branding of the traditional foods;
- general marketing of agriculture;
- new markets;
- marketing programs for paprika products developed by product councils
- packaging
- switch trading (barter business) with Russia exchanges of fresh pepper and/or processed pepper products with gas;
- organic food;
- direct marketing through phone;
- collaboration of manufacturers (peers) at regional level for distribution;
- improvement of consumer awareness, loyalty for Hungarian products
- paprika as medicine;
- alternative use of paprika e.g.: roasted paprika;
- protection of origin;
- outsourcing of the manufacturing;
- direct sale of the organic products;
- increasing of the role of the supporting organisations;
- program aimed to support the small regions (processed pepper products);
- paprika festivals organised in Hungary, direct sale of processed pepper products;
- paprika festivals organised in abroad, pepper award;
- direct sale of fresh paprika and fresh paprika products with hand-made products: wicker-work, baskets, pots in village days;
- direct sale at the site of the manufacturers;
- tie-in-sale (sausage and pickled pepper);
- fresh paprika sale on gastronomy festivals and cooking competition;
- sale based on the wellness tourism at wellness centres;
- village tourism, to sell e.g.: pickled paprika products in pansions;
- sharing of resources, same vehicles used by different food manufacturers for transportation

2.2.2. Dried fermented sausages

List of ideas collected during the fermented dried sausage brain storming session

- brochures for advertising the dried fermented sausages distributed by travel agencies;
- centre for distribution of brochures;
- use of banner;
- product tasting in hotels;
- improvement of the image of dried, fermented sausages;
- new design of traditional sausages e.g.: ring or rectangular shape;
- village tourism;
- sale of traditional products nearby the wellness centres;
- touristic programs e.g.: horse shows associated with sale of dried sausages;
- e-commerce;

- site-visit of manufacturing companies organised for tourists, exhibition of traditional sausage processing on site, tasting and direct sale,
- sausage trail like wine trail to improve the image of fermented sausages;
- vintage festivals, wine and sausage for sale in the same time
- sausage museum
- regional journals used by the local manufacturers for advertising their sausage products;
- blue-tooth marketing;
- virtual walk in a traditional sausage manufacturing company;
- advertising of the sausage manufacturers and their products in the local TV, radio, newspaper;
- home delivery service;
- mouth marketing;
- sale from the own moving outlet of the sausage manufacturer at local level
- collaboration between different sausage manufacturers for sale from moving outlet avoiding packaging costs;
- sale of selection of dried fermented sausages vacuum packed sausage manufactured at different region of the country in the airport duty free shops;
- sale of packed dried fermented sausages for the tourists from a shopping trolley in the international fast trains;
- sale of traditional sausages on board of the airplanes;
- sale of sausages on the beach;
- slaughtering, processing and direct sale on site;
- manuals, guidelines to disseminate knowledge on distribution strategies;
- support of federations and regional agencies
- networking
- collaboration of peers at local and regional level
- different measures proportional to risks taken by the authorities depending on the size of manufacturers;
- e-commerce;
- sale in the shops owned by the manufacturers not only close to their site of the manufacturers but at regional level;
- supply of schools buffet at local level;
- sausage competition, fairs, festivals;
- branding;
- sale of sausages in the restaurants as local, regional specialities;
- shortening of the supply chain;
- participation in village-days;
- trade marks, awards;
- cultural event and product tasting;
- advertising of different traditional products together: sausage and cheese, sausage and wine;
- tie-in-sale (sausage and bottled wine);
- map on the web showing , where the traditional foods are manufactured in different region and information about the manufacturers appear after clicking;
- delicatessen shops for sausages in the shopping centres;
- delicatessen corner for sausages in the small shops;
- branding;
- sale of sausages and bakery products from the same moving outlets; advertising of the Hungarian traditional sausages in the “House of Hungary” in different European countries;

- brochures advertising Hungarian traditional sausages at the embassies of different foreign country;
- support from government;
- franchise system of the delicatessen shops;
- to establish delicatessen shops for traditional foods in the market halls;
- delicatessen shops/corners in the theatres;
- collaboration between peers on sharing vehicles;
- as large product assortment as possible in the large retailers;
- sale of vacuum packed sausages for the tourists making excursions on boat;
- training and seminars on innovative distribution strategies for sausage manufacturers;
- tie-in sale based on the collaboration between food manufacturers from different food industry sectors, sale of packed (sliced) sausages and wine in wine cellars and sale of bottled wine with dried sausage at sausage manufacturers site or at regional level;
- Sale of dried fermented sausages on a public sport event e.g: cross swimming of the lake Balaton.

The idea collected during the brainstorming sessions were grouped as detailed below:

- agro-tourism, spa and health tourism;
- e-commerce;
- sale from moving outlet;
- direct sale carried out in particular places (on the train, ship, airplane, during public sport or cultural event);
- product development and new image for the traditional product
- festivals, fairs organised for the traditional products;
- delicatessen shops, delicatessen “corner”, franchise of the delicatessen shops;
- direct sale based on the collaboration of food manufacturers of different food sectors;
- other.

2.3. Idea development and description

2.3.1. Processed pepper products

From the ideas collected the most interesting ones were selected such as

- product development, new image of the processed pepper products;
- e-commerce
- product development, new image of the processed pepper products

The participants of the small group analysed this idea through the letscho, which is a traditional Hungarian meal and manufactured as canned and frozen product as well. New recipes, new packaging designs are considered as basic factors to make this traditional product more attractive for the Hungarian consumers. The small group member mentioned that in Hungary this meal is prepared in different styles depending on the customs, traditions and regions so by using specific traditional recipes the canning and quick frozen product manufacturing companies can offer a larger product assortment on the market e.g.: letscho with hot flavour, with sausage, without sausage, with pasta, with egg or regional varieties from Transdanubium, South-Hungary.

In this way the gastronomic knowledge of the consumers can be improved.

From point of view of the canned products the small group highlighted the potential of using of the alternative type of the packaging, tin instead glass jar which can facilitate the transportation of the products and by which the risk of breakage can be reduced.

The small group proposed an other option that the small traditional jam manufacturers shall enlarge their assortment on "letcsho" products based on a special recipe used at that region, where the jam is produced and these products can be distributed together. The ready made versions are mostly targeted to export markets

On the other side the Hungarian consumers prefer to cook this typical Hungarian meal at home following their own family recipe than to buy it as a ready to eat product. As the main ingredients used for preparing this meal are the same: sliced cooked pepper, onion and tomato it is an other feasible option for the manufacturers to manufacture only the base of the meal as canned product without traditional properties to have a better profitability.

The tin as packaging material is widely used in the canning industry by the medium and big sized company, but for a traditional product this appearance does not meet the consumers' expectation.

- e-commerce for traditional products

This type of distribution channel was chosen to be developed because the use of internet is widespread but the sale by means of internet is in infant phase. The small group highlighted that this type of distribution has a great potential because the consumers can get information about large number of non-food and food products and buy them through the web-site of the shops, or manufacturers without taking the car and visiting the shop. It is a time-saving solution of the purchase. On the web-site the small manufacturers could advertise their products and collect orders from a broad circulation. However the logistic of the direct delivery to the clients has to be designed carefully at smaller quantities the additional costs may represent a barrier. The minimum quantity or other value of the order for free of charge delivery has to be calculated with care. Collaboration of several manufacturers can make the system more feasible.

Currently this type of commerce is applied mostly by large retailer chains and some small shops, rather than the food manufacturers.

There is a need for training of the traditional food manufacturers need to have trainings on the use of the Internet because generally they are not so familiar with computer based systems or methods. Because of their limited financial resources funding can enhance the use of this alternative distribution method.

They are operating with low budget so the supports offered by institutions or government can promote the food manufacturers to improve their distribution strategies.

For the clients who prefer to buy traditional products at the site of the manufacturers it can be disadvantageous because there is no personal contact and they can't get any impression about the site. On the other hand it still provides a chance to establish direct contacts with the manufacturers.

2.3.2. Dried fermented sausage products

From the idea collected the most interesting were selected as detailed below:

- sale from moving outlets;
- shop network „franchise” for typical Hungarian food in connection with spa-tourism;
- village tourism

- Sale from moving outlet

During the idea selection the participants underlined that it is a very popular alternative for the conventional products in small villages, where the number of the shops and their offer is very limited or in the recreation areas, holiday area having variable demand. In Hungary this alternative is widely used where the availability and choice of quick frozen products is very narrow in an area or the consumer demand on the ice cream is high in the summer in the recreation areas.

The main aspects which were taken into consideration by the group were the following:

- the significance of this alternative for the traditional products,
- the official hygiene approval of the van for distributions
- the itinerary of the van
- marketing tools to be applied for introduction and provision provide of this service

Two main types of this alternative were mentioned by the small group such as:

- sale of the products manufactured by only one sector
- sale of the traditional products manufactured by different sectors

By the opinion of the group this alternative can be applied to traditional products and the sausage manufacturers can sell sausages from their own moving outlets in recreation areas, camps and in the vicinity of spas, wellness centres which are attended by a large number of tourists.

This alternative can be combined with the home delivery service based on orders through phone, fax and the internet.

The participants mentioned that bakeries and dried fermented sausage manufacturers can collaborate on the application of this method in the recreation area at the breakfast time. It can be very successful because there is no competition of the products and the manufacturers of different sector can share of the costs of the moving outlet.

The participants mentioned the use of own surfaces of the van for marketing, which can be applied for advertising this service and the products everywhere where the van appears.

From the other side some obstacles of this alternative were taken into consideration among which the seasonality is the most significant. In winter in the camps and in the majority of the recreation areas there aren't any people and this season does not attract the tourists and then the majority of people don't like shopping in the open-air.

Another difficulty can be represented by the potential breakdown of the van. There is a need for assuring an emergency replacement means of transport, since the sale must not be stopped until the van is repaired, otherwise the reliability of this service will be lost.

The storage capacity of the van was mentioned as a limitation as well.

- Shop network "franchise" for typical Hungarian traditional foods and "spa" tourism

The number of the specialised shops for the traditional food products decreased in Hungary in the last decades and they are mostly concentrated in Budapest. The significance of the spa and health tourism increased and a significant number lot of aqua parks, wellness centres have been established in Hungary in countryside recently, which are attractive for the Hungarian population and the foreign tourists as well. The small group underlined that this alternative has a great potential because the delicatessen shops can offer a large product assortment for the tourists and for the Hungarian people making excursions and visiting aqua parks in countryside. A specific choice of the special and traditional products :dried fermented sausage, goat cheese, bottled wine, fruit jam, pure fruit brandy (pálinka), honey manufactured at certain region can be offered in the delicatessen shops. The small group members mentioned that it would be advantageous to establish delicatessen shops furnished in traditional style close to the wellness centres, spas, aqua parks where there would be a good opportunity to attract foreign tourists and the Hungarian people to buy traditional products.

In addition to the improved availability of the Hungarian traditional foods, the delicatessen shop network “franchise system” can contribute to the image-building of the Hungarian traditional products.

As the obstacles are concerned the seasonality can be partly disadvantageous because the open-air aqua parks are closed between October and April and therefore these shops could work only six months a year. The costs of the investment for establishing the buildings of the shop and the franchise system is high, it should be supported by the government.

The small group developed this idea following a very logical sequence of steps which included:

- the assessment of target group (spa tourists and aqua park and wellness centre visitors);
- the identification of the product assortment (dried fermented sausage, paprika powder, bottled wine, honey, etc.);
- development of the pricing policy;
- location of the specialised shops (near the aqua parks, wellness centres);
- development of the design of the specialised shops which shall include facilities for tasting;
- selection of the suppliers (confidentiality, the high quality,)
- to establish a small restaurant next to the shop, which prepares traditional meals for the visitors, tourists ;
- application of different marketing tools for advertising the delicatessen shop (product list, presentation of the suppliers, presentation of the shop network, web, web-site, brochures to be distributed at the reception of wellness hotels, aqua parks, advertisement to be put on the surfaces of their own cars, vans, advertisements published in the tourist guides;
- financial resources (EU supported projects, tourist offices, involvement of the wellness hotels, governmental support);
- hygiene approval of the delicatessen shops by the authorities (knowledge of legislation)
- introduction campaign for the opening (reduced prices, fidelity card);
- opening of seasonal shops working in network

•Agro-tourism

This idea was selected because participants stressed, that the agro-tourism plays an important role in the maintaining of the local culture and it can contribute to the direct sale of the traditional food products through the organisation of “food “ festivals at regional level e.g.: in county “Békés” the dried sausage festivals take place every year.

The main aspects were taken in consideration by the group were:

- the role of travel agencies;
- the event calendar;
- the sponsors of the festival and the involvement of the small sausage manufacturers;
- the programs promoting the direct sale.,

The small group proposed that sausage festivals shall be organised for the small manufacturers from a region in the other counties and in tourist areas like “Bugac” puszta or lake Balaton as well, where the manufacturers can sell some of their products manufactured directly to the consumer. This is a good opportunity to make the consumers aware of their specific products and their contact details. This people who like these products can buy them repeatedly when they return home.

In the frame of the sausage festival the following programs can be organised to motivate the visitors to buy traditional sausage products directly from the manufacturers:

- sausage competition;
- sausage awards;
- cooking competition (traditional meals are prepared by using dried sausage;

- sausage auction.

Furthermore the small group proposed, that the travel agencies shall organise and advertise „sausage tours” (trails) like „cave and wine” tours (trails).

As obstacles the costs of participation in the festival was mentioned because it may be relatively high for the small manufacturers. The assistance of sponsors (regional development agencies, tourist associations) can reduce this barrier.

By opinion of the small group during the „sausage tours” the tourists can visit the small traditional sausage plants, they can see where and how the products are manufactured and they can taste the products.

This can increase their trust in the products and develop some loyalty to the local brands

The following obstacles were mentioned:

- the food safety aspects and control of the hygiene of the visitors in small sausage plants
- the wine cellars, the barrels are more interesting than the sausage plants.

3. Conclusions, recommendations

Based on the outcome of the brainstorming sessions it can be concluded that in Hungary because of the lack of capital of the SME's and their small production capacity it is reasonable to shorten the supply chain and develop the alternative distribution channels for the direct sale.

It can be stated that for the direct sale a large number of marketing tools have to be applied to develop innovative distribution strategies or to explore new alternatives.

Through collaboration of food manufacturers within the same sector or in different sectors new alternatives can be explored such as

- the sale of not competitive products e.g.: sausage and traditional bakery products, or sausage and bottled wines from moving outlet;
- tie-in sale on-site based on the collaboration between the manufacturers of different sector e.g.: bottled wine and dried sausage for sale in the wine cellar and bottled wine and dried sausage for sale at the site of the sausage manufacturers.

The sale from moving outlets has a great potential because by means of this alternative the traditional products can be delivered where the limited availability represents a barrier, and the geographic distance is long between the shops and the place of consumers' demand. This alternative can be extended in the other EU countries, because it provides the opportunity for the SME's to sell their traditional products always in those places where there is consumer's demand and provides the opportunity for the consumers to buy traditional products without going to the shop. For the further research it would be reasonable to study the potential of this alternative and the responsiveness of traditional food manufacturers on collaboration with manufacturers from other sector in Hungary and the other countries of the EU.

The e-commerce has a great potential since it provides a time-saving solution of the purchase for the consumers. They don't have to go shopping, the manufacturers can sell their products without having a shop. Currently in Hungary this method is applied mainly by some of the wineries for bottled wine. Although some speciality shops offer alcoholic drinks started to introduce this method at the moment several bottlenecks hamper the development of e-commerce at manufacturer level such as:

-the lack of knowledge of the advantages of having a joint web site which can be established by recruiting of different traditional food manufacturers at local or regional level,

-the lack of collaboration between the small manufacturers (like manufacturers of pickles) in the joint use of vehicles to manage a well organised and cost-efficient delivery.

The e-commerce is applied by the retail in the other EU countries and in Hungary also, but the similarities and differences of its application by small traditional food manufacturers may be a subject of a further research.

The delicatessen shop network “franchise” and “spa tourism “

This alternative has a great potential because in the delicatessen shops working in network the traditional products can be distributed not only at regional but at national level.

The opportunity of focusing of the location of these shops to spas and the potential of establishing these shops within the spa centres, spa hotels or nearby has to be considered, since these delicatessen shops may be seen by the guests as an additional service increasing their comfort.

Furthermore in the market halls operating in Budapest and the other large cities, where fresh vegetables, fruits are sold, the growers sell their own crop, there are many small butcheries, cafeterias, and in the buffets traditional Hungarian meals are prepared delicatessen shops or corners could be established. The market halls are very attractive for the tourists and many Hungarians who prefer to do their main shopping at the week-end there.

The delicatessen shops network has a powerful base in the other EU countries there are a large number of delicatessen shops in different regions attract a large number of tourists e.g.: (Assisi in Italy).

The spa tourism is a special Hungarian opportunity, which can be connected with the delicatessen shop network but in the other EU countries focusing on the other speciality e.g.: ski tourism e.g.: in Italy or pilgrim tourism e.g.: in France (Lourdes) can contribute to explore new alternative distribution channel.

The village tourism provides a good opportunity for the Hungary and for the other EU countries to increase consumer awareness of the local, regional traditional products for the own population of the given countries. The traditional products can be sold where they were manufactured directly to the consumers. This alternative can contribute to a significant reduction of the logistic costs of the traditional products.

Among the other ideas collected there are some, which can offer opportunities for the SME's in Hungary and/or in the other EU countries to develop alternative distribution strategies such as:

- direct sale carried out in particular places (on the train, ship, airplane, during public sport or cultural event)
- tie-in sale in-site based on the collaboration between the manufacturers of different sector
- sale of sausages in the restaurants as local, regional specialities
- switch (barter) trading with Russia exchange of paprika or processed pepper products with gas

At particular places on the international express trains, boats inclined during the travel many people and tourists can be susceptible to buy traditional products as a gift for their friends or their family. However there is a good example applied in practice: some travel agencies organise sailing boat trips with wine tasting for tourist groups on the lake Balaton and during this sailing-tour the tourists can buy bottled wine on the boat after tasting. This can be extended to the dried fermented sausages or pickled pepper products as well in Hungary.

This alternative distribution channel can have a great potential in the other EU countries taking into consideration of the customs and culture of the given country. Although some types of this alternative are widely used in the different countries e.g.: sale of the traditional food in the airport duty free

shops, but other types can be introduced into the practice in Hungary and in the other EU countries e.g.: sale of the traditional products from shopping trolley in the international express trains.

If the traditional food manufacturers of different sectors at regional or local level advertised and sold their product jointly (sausage and bottled wine) in-site it is very likely that the visitors will be interested in buying these products and the turnover of both can be increased by using this alternative. As there is no competition between the manufacturers and the products the willingness of collaboration between small manufacturers of the different sector this alternative can have a great potential in Hungary and in the other EU countries as well. The willingness of traditional food manufacturers for collaboration at local/regional/ level on joint and collaborative use of resources may be a subject of further research.

The sale of the traditional products such as pickles, dried sausages acacia honey, etc. in the restaurants on the local or regional level based on the collaboration between the traditional food manufacturers and restaurant owners can also be an alternative distribution channel and also provide good opportunities to increase consumer awareness of the local traditional products in Hungary and in the other EU countries as well.

In Hungary the switch (barter) trading may provide a specific opportunity for exporting processed paprika or fresh paprika products to Russia, however the purchase of gas is carried out by large companies in the energy sector and it is under some governmental control.

V. ITALY

First of all it is essential to concentrate on the meaning of strategy as applied to the distribution side of the chain. The notion of Food Supply chain is at the very core of the exploration carried out in WP5. The basic idea is that the study of the most efficient ways to reach a good level of marketability of food products resides in the analysis of the factors that define a sustainable chain along which different economic actors (indeed producers considered respectively as client and purchaser in a linear arrangement), determine a cohesive system in which competitive and cooperative aspects help to determine an expected performance of the system itself.

Strongly linked to this, there of course another question, the one related to the capacity of the system to appropriate the advantages of one's position in the chain; this in turn is a problem that would deserve a specific in depth analysis.

In this respect it is important to be able to distinguish a genuine strategic dimension in the behavior of the selected actors. "Strategy" presupposes in fact a course of action based upon a conscious evaluation of potentially different alternatives in the light of the environmental constraints of the agent. In the food sector, the strategy of the agents is increasingly constrained by the form taken by the specific market for a given product, form which reflects the level of self-organization of the whole supply chain. In the milk sector, for instance, the majority of milk producers act as regional or national manufacturers operating as collectors from a variety of small-medium production units in the countryside. The role of the local manufacturer is hence the role of a major organizer in the provision, in this case, of the basic raw material and, furthermore, it acquires importance in the guidance of the global manufacturing standard of the final product, determining the requirements of the product in both the input phase (from the milking to the storage) to the output phase (treatments, and finalization of the obtained product to different varieties and market formats).

The building up of a Supply chain organization faces quite naturally the availability of a number of relationships, namely intercompany relationships, based on negotiable and/or contractual aspects. The food Supply chain, with all the flexibility and high degree of informality and adaptation tend to be, particularly in product lines requiring a high level of efficiency in all the phases from Farm to fork, structured via contractual relations and defined product and performance requirements that go along the whole chain. This amounts in essentials to a rigorous organizational pattern.

Distribution is part of the chain: distribution in particular characterizes the left hand side of the chain establishing in a sense, the green light sign for a given product. It is well known how the food and beverages sector is obliged to come to terms with the distributive networks. The more these are big, pervasive and well accepted by the consumers the more they can derive advantages over the manufacturing companies, determining the success and failure of a given product, product presentation and even brand identity.

For these reasons distribution poses a fundamental strategic dilemma to the food manufacturer: it has to decide whether, on the one hand, accepting the conditions posed by the distribution organization (to the point of scarifying and even cancelling its specific autonomy by conferring the product into a generic commercial brand) or trying to negotiate with the distributor a certain degree of preference and favor by exchanging the typical traits of locality and genuinity so frequently advised in the food commercial strategies.

Distribution managers in turn are very conscious of the manufacturer's dilemma and can, on the basis of the role and strategy put forward by them, react accordingly. So, they can arrange at the point o sale special corners devoted to the traditional food producers and can make life easier for at

least some of them. Various considerations help to balance the choice. The food producers should therefore possess with a general strategy a number of substrategies, i.e. options to reshape the relation with a distribution channel and even options to master and manage more than one distribution channel.

The traditional food manufacturer is at the core of the present analysis. Through the method of brainstorming a group of experts has been set up to discuss possible ideas and strategical paths to cope with the different alternative posed specifically for traditional product manufacturers, exploring in particular unexpected and unthought courses of action as the logic of brainstorming sessions requires.

1. Methodology

As with other countries involved in the study setting, two brainstorming sessions have been arranged and carried out in February 2008. Differently from other countries, the brainstorming sessions haven't been organized and focused specifically on a single product. This output derives partially from the fact that it was practically impossible to select distribution strategies experts totally concentrated on a specific product line. It was warmly recommended to enlarge the participation of experts also because the brainstorming moderator suggested that cross fertilization effects, beneficial to the brainstorming dynamics, could be obtained more likely through the intervention of experts with a different technical and supply chain background.

The setting of the brainstorming investigation exercise has been therefore adapted to the needs of wider view compared to the one that would have been obtained through a discussion set linking uniquely one-product-witnesses. The moderator assured nonetheless that exemplifications and ideas went into the direction of a linkage with the selected food chains for Italy, namely dry cured ham ad cheese.

1.1. Sample description

Two sessions have been carried out. Both in Rome. The first one on February 11 2008 the second on February 15. Total number of participants was 15 and detailed list about typology is reported in the following scheme.

Typology of participant	Company and responsibility
Producers	Manager cantine rufino
	Oil producer
	Director Consorzio food companies
Food Producers Associations	Quality manager of Confagricoltura
	Director Legapesca
	Manager Coldiretti
Specialized journalists	Sole 24ore
	Slow food
Cuisine schools and experts	Director Alma scuola cucina
	Wine and gastronomy consultant
Retail	Director of food e-channel Esperya
	Manager of Officinaebio
Research	Researcher of "Istituto di Agraria"
Certification	Manager Sincert
	Manager of CSQA

1.2. Conduction of the brainstorming sessions

Brainstorming is a methodology based upon participants maximizing their creativity. It is therefore an exercise aimed at enlarging the view to a high degree of novelty, irrespective of any consideration regarding consensus, realistic output or immediate and direct feasibility. Idea and framing of the question is more important than its implementation or probability of happening. The brainstorming method is hence interpreted and managed to stimulate the largest possible output in terms of new and frequently untested ideas. Bizarre ideas are in sense on a par with standard consolidated ones.

This technique is used to enhance creativity and stimulate problem solving in groups. It has been used in various ways and approaches in organisations since the late '50s. It is based on the role of a professional facilitator, who is not an expert in the field but who masters the method to help participants to fully express their views and ideas and stimulate creativity and build consensus.

Brainstorming has shown a particular effectiveness when a group (in an organisation or company) has to deal with unusual and complex problems, whose solution is not easily at hand.

Basically, a brainstorming session is structured in the following phases:

- Generate ideas, problems, solutions etc, by giving space to 'new' insights but deferring judgement
- Organise ideas, by assigning them order, priorities, categories
- Define a plan of action

1.2.1. Objectives of the brainstorming session

Main objective was to identify innovative distribution channels, methods and strategies with special reference to the cheese and dry ham supply chains, and more specifically:

- to gather share knowledge and information on traditional food products main problems with regard to distribution strategies,
- to identify barriers and opportunities to distribution,
- to identify improvement paths including "lateral" and "unusual" suggestions.

1.2.2. Basic features and procedure of the Italian brainstorming sessions

Room setting

Participants were seated in a U-shape table facing the boards set up by the moderator. In this way, participants had the chance to look at each other and to create a constructive working atmosphere. The facilitator was standing in front of the group providing dynamism by walking, collecting cards, sticking them on the board, coming closer to participants etc.

Visualisation techniques

The moderator used innovative visualisation devices to make the group work more interactive and more focussed (cards, movable boards, etc.). These techniques also allowed having outcome of the group- immediately available for further reflection, wrapping-up etc.

Divergency-convergency

Each of the two sessions (brainstorming on obstacles and identification of innovative distribution channels) was built up according to the divergency-convergency principle (see S. Kaner, 1996).

This principle applies to any consensus building process: in order to reach real consensus, it is necessary to allow creativity and free space in the beginning to make all the participants freely express, so that the next phase (convergency) can be built upon a wide range of options coming from ALL participants.

2. Results

In the introductory part, one representative of the Truefood project opened the session, explaining the objective of the project and the purpose of the brainstorming. They reminded that the basic aim of Truefood is to identify measures and strategy for improving the development and the distribution of the traditional food products especially in the central and southern part of EU.

The Truefood representative also explained the meaning of “traditional food” adopted in the project: products known since at least 50 years and belonging to the Italian tradition.

Participants claimed that the time span (50 years of existence on the market) may not cover new products that emerged more recently but that are fully traditional, in the sense that nowadays they belong thoroughly to the Italian traditional food culture. Someone argued that the concept of traditional food should be linked to a territorial dimension, but it would be too restrictive to focus only on the officially certified products (such as D.O.P. or I.G.T.).

Eventually, **the group decided to identify as traditional products a list of around 4,000 products** identified by Regional governments in Italy and as such presented to the Ministry of Agriculture eight years ago (Decreto Ministeriale 350). However, participants decided not to include recipes thus lowering the previous figure to about 2,000.

2.1. Problem definition of the session

Participants were then invited to identify the obstacles or bottlenecks related to the distribution of traditional food products.

In terms of methodology, participants were invited to write down their ideas on cards, and then every idea was presented and placed on a board according to an ideal process “from field to fork”. The process was reconstructed by participants as inclusive of three main phases: production, manufacturing, marketing and distribution.

The key problems related to the whole “from field to fork” process that participants mentioned were grouped according to the following typologies:

- A. small dimensions of traditional food producers
- B. lack of communication to consumers
- C. new distribution channels/methods
- D. lack of effectiveness of supporting public policies
- E. fast pace of modern lifestyle

A list of the key bottlenecks identified by category are listed here below.

A. Small dimensions of traditional food producers

Many of the issues of the distribution were related to the limited dimensions of producers of traditional food products, and therefore to the limited resources and competence/skills that they have to promote and distribute the products effectively. More in detail participants listed the following issues:

- financial weakness; the small dimension of farms and the discontinuity in the produced quantity makes it difficult for producers to establish permanent agreements with retail companies (this issue was mentioned by a representative of small and medium fishing companies in Southern Italy); this kind of companies needs to make big investments to deal with the big retail chains and only few of them can afford this;
- not sufficient quantity of quality products for industrial transformation: small producers cannot guarantee the needed quantity to the transformation industry that often has to source primary products elsewhere;
- production too fragmented, made up of small companies and therefore not in line with the request of big distribution; producers work on their own without associating each other and this is commercially not profitable for them;
- unbalanced producers vs. vendors; in many cases producers don't reach directly the consumers but work on behalf of other companies or brands; in addition to this, it was mentioned the extremely weak position of producers versus the big distribution, which tends to lower prices, thus vanishing the quality level of products;
- offer too fragmented; existence of so many different brands for one type of product (i.e. ham, wine, cheese etc.) makes it difficult to attract consumers to a specific product, which may not be easily identified and found by consumers;
- high cost of quality production: raw materials are rather expensive thus creating competition problems in GD channel; this applies, for instance, to the Italian olive oil, that if produced with local olives tends to be much more expensive than that produced by big manufacturers using olives imported from Tunisia, Spain, Morocco etc.;
- scarce investments in R&D: Italian producers and manufacturers do not invest enough on R&D thus limiting the chances of success of their own products;
- few associations among producers: producers work on their own without associating each other and therefore they do not have strength towards retail;
- insufficient logistical infrastructure: the fragmentation of producers makes it difficult to optimise the organisational chain "from field to fork"; in Italy there are inadequate infrastructure to deal with this problem in a proper way;
- difficulty of proper conservation: this issue is strictly related to the previous one, in the sense that the lack of adequate logistics channels does not allow proper conservation standards so that when products reach the shelf they might lose quality.

B. Lack of communication to consumers

The second set of issues identified were related to communication and marketing. More specifically the following critical points were pointed out:

- few brands having awareness: most products cannot build a strong image for an effective promotion on the market since they do not have critical mass in terms of economical resources and sufficient quantity of product to launch marketing campaigns on a medium or large scale;
- quality not perceived properly by consumers: differently from countries like France, in Italy there is confusion in relation to the quality of traditional food products on the consumer's side; the large product offer comes without clear information on characteristics, quality, usage, etc. making it difficult for consumers to distinguish among products and to understand value for money; in addition to that, consumers are not properly informed about the importance of consuming quality and traditional products in terms of a healthy nutrition;
- lack of communication on traditional products: often consumers are not aware of some key features of traditional products that could be a real success on the market (the example made was a kind of pasta which only requires few minutes to cook, i.e. less than an hamburger);
- lack of information on products and its uses: Italian products are sold in new markets without a proper information about its usage; foreign consumers may not know how to use the products or use it erroneously with negative consequences for the image and business development;
- presence of "imitations": the existence of products which imitate the genuine Italian traditional food is increasing and it can constitute a major problems for Italian producers and manufacturers that again have difficulties to effectively communicate their distinctivity;
- image of the product; one example was quoted to this regard: in China 'false' Italian food products were introduced before the genuine ones; so, the following question was raised: on what basis can the consumer distinguish the quality of products? The conclusion is that every food product is a mix of ingredients, manufacturing style but, above all, image. The image of Italy should be the driving mechanism for developing sales; for instance, Italian coffee is appreciated worldwide, though consumers know very well that ingredients are not Italians.

C. New distribution channels/methods

The issues that participants found out in relation to distribution channels are reported here below:

- value for money of products induced by distribution channels, participants pointed out how the perception of the quality/price ratio among consumers is determined more by the distribution channels than by producers;
- 'private label': this problem refers to those products which are labelled by big distribution (supermarkets) although they are produced by various manufacturers: this hides the suppliers and makes it difficult for them to become visible vis-à-vis the final consumer; to some extent this can also be profitable for suppliers and producers, since it can help to market anyway the product, but it was deemed as non profitable in the long run, since consumers don't get to know the identity of the manufacturer;
- evolution of purchase process, lifestyle has dramatically changed in modern times especially regarding the fast pace; this is an obstacle for the dissemination of traditional prod-

ucts, because people tend to shop for food at the supermarkets rather than specialty shops and this format of distribution tend to limit the proffer of traditional food because of high prices;

D. Lack of effectiveness of supporting public policies

Only one issue, even though general was outlined by participants:

- supporting policies not effective; although the basic aims of the EU and state-funded supporting measures to agricultural producers concern the support to quality and to association in traditional sectors, in fact the allocation of funds targets more the single enterprise so that the added value of reinforcing a sector is not reached;

2.2. Idea finding - Idea development - Idea description

In the second part of the brainstorming session, participants identified new and innovative distribution channels using the same method explained above.

All in all about 25 ideas came out of the 2 sessions and are reported below.

Again ideas were grouped, this time according to the specific critical point they should overcome, and specifically:

A. Small dimensions and fragmentation of producers

B. New distribution channels/methods

C. Lack of communication to consumers

D. Lack of effectiveness of supporting public policies

Herebelow the list of the innovative ideas generated follows

A. Small dimensions and fragmentation of producers

As already explained the groups of both sessions have identified in the small dimensions of the producers one of the critical points. Specific ideas that should overcome this problem are listed below.

1. Aggregation of producers to get critical mass thru association; working together to create synergies and strengthen small producers is necessary when willing to distribute in Italy but absolutely critical when marketing abroad where existing competition requires even stronger efforts, skills and competences;
2. Specialty and branded producers shops by sector or territory, to better distribute and promote characteristics of the products; the shops could build on the combination of tourism, culture and food products that has been proven effective and therefore could work for the promotion of the traditional food products; the idea might work even better if the brand (eg a territory) is already well known worldwide;
3. Fast food chains of traditional food products: the idea is again to group together to create a “different” chain of fast food that matches new trends in consumers lifestyle; in some European countries these new chains have already been created, selling fastfood-like products different from the traditional “hamburgers & chips”; it was quoted the example of NordSee, a

chain existing in many countries created by a pool of producers, selling fish dishes on a large scale;

4. Cross-marketing of products leveraging on famous brands: the idea is to create packaging solutions binding together related products to increase visibility of relatively unknown traditional products (eg a package which contains together Barilla pasta and traditional sauce); Italy has worldwide well known brands to leverage upon and this idea could be particularly effective on foreign markets; the same idea could also be applied with non food famous brands;
5. Creation of a Sopexa-type institution for promotion of traditional food products: traditional food producers should promote their products together in aggregations like in France with Sopexa (a public-private entity for the promotion of local products); for instance Sopexa created an initiative such as “the day of the Beaujolais nouveau” which turned out to be very effective; in Italy such an organisation should be established at national level, avoiding the problems of fragmentation existing on the promotional front;
6. Create production networks linked to commercial networks: it is necessary to strengthen the links between the producers and the big commercial chains; this may be of advantage of both producers and sellers and give more visibility to the quality food products, which suffer in general from a difficulty to enter big distribution channels; the strong idea behind this is that small producers of quality products should compete with big manufacturers but for doing this they need to associate and to negotiate with big distribution chains; it should also be considered that big chains are now interested to offer quality food products.

B. New distribution channels/methods

The ideas grouped under “distribution channels” are the ones related to innovative ways to distribute and sell the traditional food products. The ideas that came out are listed here below.

7. Agriturism, i.e. “sell where potential consumers are”: the idea is that an effective commercial strategy should concentrate its effort in those places where consumers sensitive to traditional food products are; for instance, an optimal place for carrying out such an initiative in Italy could be the “agriturism” farms, i.e. those farms who produce traditional products and offer also accommodation services;
8. Focus on Ho.Re.Ca. as an effective channel for promoting/selling Italian traditional food; restaurants and hotels are full of potential consumers and it is an opportunity not to be missed. Also, when people get to try products and can appreciate the good taste and quality they are pushed to buy right away; in this sense it is ideal also to have corners or little point of sales also within hotel and restaurants. As an example, France made a big and successful effort long time ago for associating their traditional products to their cuisine;
9. Production place for communicating the idea of quality, but also to make consumers come closer to the product, like with the recently created “roads of wine”; of course this requires investing time and money for small producers but reward can be significant. In this respect, national policies should incentive those companies investing in this direct communication to consumers;

10. Branded points: some producers or manufacturers could establish 'branded shops' in which the characteristics, and uniqueness of a producer and of its products can be promoted; this is relevant to value the enormous variety of food tradition existing in Italy;
11. Certified e-commerce websites: the certification of the websites of e-commerce can help the visibility and the level of trust consumers assign to producers;
12. Package for single consumers: some producers should create package for single consumers, who represent a significant proportion of consumers.

C. Lack of communication to consumers

Quite a large contribution in terms of proposals came on the communication area. The ideas proposed follow.

13. Usage of TV fiction/testimonials from show business, or anyway widely known to public, can be an excellent way to achieve fast and high levels of awareness also on traditional food products; therefore using this device was mentioned as a mean to raise the awareness of consumers on the importance of quality in nutrition;
14. "Sell emotions" and inform the international consumer; building on the Italian way of life to bring international consumers into buying Italian traditional food products can be a winning key. However, participants strongly pointed out the importance of educating foreign consumers to usage of Italian products else there could be a risk of disappointment coming from misusage of products;
15. Word of mouth among consumers: the 'word of mouth mechanism' has been proven a very successful channel in promoting some traditional food products (i.e. Colonnata bacon, limoncello liquor, etc), therefore it should be created an ad hoc strategy to strengthen and build on the power of this informal mechanisms;
16. Promote traditional products as 'environmental friendly': the idea is that traditional food products are better since they minimize the environmental impact related to transportation: one example, already existing, is the "KM 0" chain of restaurants, in which only local products are served;
17. Demonstrations at retail: since the scarce knowledge of the consumers about the quality features of traditional products was mentioned as a major problem, this proposal envisages the presence of experts who demonstrate the quality of products in the supermarkets or at retail;
18. Comparative tasting (good vs. bad): the idea is to organise events, sessions in which consumers are educated to distinguish quality products from standard products; this is based on the concept that the best way to appreciate quality is to experience it; it is also important to associate a visible characteristic to the quality of the different food products, and this is especially relevant as far as e-commerce is concerned;
19. Educate consumers: the average proportion of income for food is decreasing hence the necessity to increase knowledge of consumers about the importance of quality in food;

20. Involve consumers in production/manufacturing: the idea here is to invite consumers into the farms or production places so that they become more aware of what quality means and implies; the motto could be “Be an R&D director for one day!”;
21. Revise certification procedures and its protocols as a mean to help traditional food products because nowadays consumers do not trust current certification system (in some cases a non-certified product may be of higher quality than a certified one, as with DOC or DOP products) and get confused on which product might be of better quality;
22. Market researches: although this doesn’t sound as innovative, many times the importance of the market research is underestimated;

D. Lack of effectiveness of supporting public policies

23. Concentrated and effective institutional communication: invest to reinforce the image of Italian products by educating consumers and operators to properly use Italian products; for instance, sessions/classes on the Italian cuisine could be offered to retail or Ho.Re.Ca. operators; this idea concerns necessarily national institutions;
24. Network or cluster organisational model among producers: the scarce ‘critical mass’ of Italian producers can be overcome if food producers take advantage of networks, contacts and channels already existing, even in other sectors; this network model implies the existence of a leading institution which already has contacts with big distribution or directly to the consumers and that could assist smaller producers to enter a market;
25. Integration company-services: the supporting policies should assist producers and manufacturers in innovating their production process: especially services such as R&D, training, credit etc. should be offered to companies.

Idea	Strengths	Weaknesses
1-Aggregation of producers	Key to get critical mass and build synergies, successful examples existing	Difficulty in creating group of producers willing to invest in common projects
2-Specialty and branded producers shops by sector or territory	Strong potential especially on shops by territory	Difficulty in creating group of producers willing to invest in common projects
3-Fast food chains of traditional food products	Successful examples already existing	Difficulty in creating group of producers willing to invest in common projects
4-Cross-marketing of products leveraging on famous brands	Successful examples already existing	Difficulty to find a reason why for a famous partner
5-Creation of a Sopexa-type institution for promotion of traditional food products	It promotes firm aggregation and standard strategies for external markets	Risk of overlaps with regional and sectoral initiatives
6-Create production networks linked to commercial networks	Product quality and volumes increased	Entry level selective, especially for SMEs
7-Agriturismo, i.e. “sell where potential consum-	The network is strong and diffused	Client fidelization, product selection

ers are”:		
8-Focus on Ho.Re.Ca.	Strong promotional impact	Organized structure to work on the Ho.Re.Ca. channel
9-Production place for communicating the idea of quality	Direct link with consumers	Investments of producer required, both for promoting the activity and for a location to carry demonstrations
10-Branded points	Direct link with consumers	High investments of producer required
11-Certified e-commerce websites	Credibility and transparency are value added or the buyer	Specific certification procedure not available
12-Package for single consumers	Added convenience and added product image	Economically challenging for the manufacturer
13-Usage of TV fiction/testimonials	Rewarding, targeted communication method	Costly and selective
14-“Sell emotions” and inform the international consumer	It guarantees prestige and distinction through Italian sounding	Rewarding in the long run
15-Word of mouth among consumers	Highly rewarding if “epidemic”	Spontaneous and unpredictable
16-Promote traditional products as environmental friendly	Highly appreciated by specific markets and consumers	Difficult to convey as a real value added factor for too many consumers
17-Demonstrations at retail	“In vivo” experience very persuasive for participants	It must be recurrent and frequent
18-Comparative tasting (good vs. bad)	“In vivo” experience very persuasive for participants	It is adoptable on a small scale
19-Educate consumers		
20-Involve consumers in production/manufacturing	“In vivo” experience very persuasive for participants	It is adoptable on a small scale
21-Revise certification procedures and its protocols	Clarification of product quality for consumers	Difficulty from an operational point of view because Institutions are involved
22-Market researches	Additional knowledge of consumers always and added value	Generically useful, unspecific
23-Concentrated and effective institutional communication	Global strategy good for the whole food economy	Costly unspecific
24-Network or cluster organisational model among producers	Key to get critical mass and build synergies	Difficulty in creating group of producers to work properly with Institutions on such a generic project
25-Integration company-services	Acquisition of needed competences and services for SME’s	Institutions tend to support projects already built and partially financed by the companies

3. Conclusions, recommendations

The brainstorming sessions have generated a large array of relevant ideas to overcome the problems in the distribution issues of SMEs active in the sector of traditional food. At the same time, the PEG

working group (during and beyond the sessions) has outlined the potential interest of few other lines of inquiry that might be innovative with respect to the present scenario in distribution.

In particular :

27.Internet B2B traditional food portal: many consumers of traditional products are reluctant to use modern “impersonal” technology to buy; however trade (eg specialty shops) throughout Europe and the world might eagerly buy through internet Italian traditional products. For export purposes, Internet allow to overcome many barriers and the new type of intermediation provided by the portal would give a one-stop wholesale shop within the reach of foreign distributors.

28.100% territorial niche: TF producers usually have tiny or negligible national market shares, while being well known and heavily present in small local areas; the scope of an intensive marketing & distribution strategy might be another small local area (either within the national borders or abroad) where the target is 100% penetration. For instance the use of external advertising (e.g. billboards) might be coupled with shop vans with home delivery, strong discounts for repurchase and referral purchase. The choice of the small target area might be based on similarities / complementarities in cultural and economic terms to the area of origin of the product.

29.tourists as resellers: a local food is usually consumed for the first time by foreigners when they are active tourists in the location; particularly enthusiast and entrepreneurial tourists might obtain a non-exclusive distribution agreement for importing in their country the product; this strategy generates exports with relatively low effort for the producer. It would be particularly suitable to penetrate far and poor markets excluded by traditional export networks, where the start-up costs are low and people are willing to promote new businesses.

More in general, the ideas put forth in the present document have been developed with special reference to the Italian context, where, on the one hand, traditional foods are numerous and widely present in every corner of the country, and, on the other hand, large retailers and discount chains are increasing their market share, squeezing the margins of producers. Thus, many proposals go in the direction of disintermediation, strengthening the producers’ position, expand exports and recall to the consumers the advantages and the variety of traditional food.

In other European contexts, the situation might be very different. The number of traditional food products might be small and relatively well established in the mind of consumer, with already a more direct contact between producers and consumers, but for instance a connotation of traditionality opposed to “modernity”, where an emergent economy might see young and affluent consumers go in the direction of foreign food. In that cases, re-intermediation might be more relevant, to increase penetration in critical segments of society. Accordingly, each national context might differently evaluate the applicability of the aforementioned strategies of distribution.

In the selection of innovative distribution strategies across the national cases, the goal should be to reach a balanced portfolio of solutions, with respect to the timing and cost of the implementation in firms of different size. A wider (1-page) long description of the idea can be produced with a relatively wide range of solutions. Only few might deserve a longer description, with mentioning the branches where it is expected a particular suitability of the ideas. Integrated solutions might be the result of aggregating more than one “ideas”.