

Linking marketing innovation and territorial resources: the example of “Porcilin/Saveurs en’Or”, a regional brand with a nutritional attribute

Nalini Rakotonandraina & Loïc Sauvée

LaSalle Beauvais Polytechnic Institute France

Scientific Direction

nalini.rakotonandraina@lasalle-beauvais.fr

Abstract

This paper discusses the development and marketing of local agrifood products in a context of sustainable regional development illustrated by the case study “Porcilin/ Saveurs en’Or”. The case highlights an example of marketing innovation and territorial branding strategy applied to pork meat in the Nord Pas de Calais region in France. Indeed, Porcilin/ Saveurs en’Or is a combination of two initiatives: The Porcilin brand, a nutritional brand (with omega 3) considered as innovative brand, associated with a local product (pork meat); and Saveurs en’Or, a collective regional label developed to promote local agri food products and resources in the Nord Pas de Calais region which serves as an umbrella for regional products in this region. The study focuses on differentiation strategy of local products in order to create added value and governance mechanisms implemented in order to have a successful marketing strategy.

Keywords: Local agrifood product, regional development, marketing innovation, differentiation strategy, value, nutritional brand, pork meat, governance, Porcilin/Saveurs en’Or”

1- Introduction: potentiality of regional products, evolution of consumer’s views and trends, and consumers ‘behaviours toward local food

Since food crisis (BSE), consumer behaviours and trends towards food conception are continuously evolving. Consumers are more selective and more demanding (Dinis, 2004) about food information especially origin as well as product and raw materials, with the necessity of traceability systems. Otherwise, there is an increasing requirement of qualities, food safety, and environmental issues for consumers. They are more sensitive about health, and production practices (like animal welfare, organic, pesticides use, GMO...). In addition, consumers’ attention about ecological concern has increased their preferences towards

regional and organic products. Indeed, direct market channels as farmers' markets, community-supported agriculture, vegetable box schemes, and other cooperative distribution and delivery programs have proliferated, especially in the last decade, in many advanced industrial countries (Festing, 1998; Groh and McFadden, 1997; Kneen, 1993; Powell, 1995; Hinrichs, 2000). Then, circuits of proximity and a dynamic of consumption around the local products growing. This highlights the importance of local product's valuation not only to meet the expectations of consumers but also for the regional economy.

The challenges for local products are twofolds: in the one hand economic and social aspects and in the other hand environmental issues. Development of local resources allows conservation of regional activities (local production) and is also a way of value creation for local companies. Consequently jobs are preserved or created at the regional level. Direct agricultural marketing contributes not only to the rural farm economy, but also to local tourism and small business development (Atkinson and Williams, 1994, Hinrichs, 2000). Besides, local supply means less transportation and favor sustainable development because of reduction of carbon emission, According to Friedmann (1993), Lockeretz (1986) and Hinrichs (2000), by direct agricultural markets locality, seasonality over distance and durability are preserved, and consequently, consumers obtain fresh, high-quality farm products at reasonable prices, as well as unusual local specialty products.

Thus the main questions are : how to promote local agri-food products / how to create value for these products? What marketing strategies and what organizational management is necessary to implement?

Research methodology

The main objective of the research focuses on territorial marketing of local resources: a conceptual framework about marketing innovation, value creation strategy and governance mechanisms within chain actors and institutional environment. The study approach is qualitative and materialized by case study. In the first part of the research, a literature review will be done about marketing strategy including quality differentiation and innovation concepts for regional products. Notion of coordination mechanisms will be approached on this study based on Williamson's conceptual framework. In the second part of the paper, the case study (Porcilin/Saveurs en'Or) will be used as an empirical inquiry (Yin, 1989; Grunert and al., 2005), which allows for an investigation of a contemporary phenomenon within its real-life context, when the boundaries between the phenomenon and context are not clearly

evident, and in which multiple sources of evidence are used. The case study Porcilin/Saveurs en'Or illustrates an example of territorial marketing of local products in the Nord Pas de Calais region. The case gives better understanding of marketing innovation applied to local pork resources (pork meat), and an overview of the implemented chain organization, actors' interaction, relationships and coordination throughout these initiatives considering micro and macro level (company level and at the territorial/regional level).

2- Theoretical framework

2.1. Marketing approach of local food products

To face the continual evolution of consumers' expectations and market competition, developing differentiation strategy becomes evidence for the local players to conquer niche markets through marketing mix strategy. Indeed, according to the work of Dinis (2004), marketing is a process of value creation (functional or emotional benefits) and product promotion, and then an operational tool (Kotler 1996:6). By this way marketing mix is a useful tool for local resources to create a competitive advantage by using a differentiation strategy and by this way to communicate and to inform consumers about them and to access market.

Consequently, to be able to create value, local actor's marketing strategy differentiation may focus on innovation issues of product or process or by segmentation strategy using globally various quality schemes called Quality Management System (including quality assurance system through official sign, private or collective brand, certification system etc.) Interests of farmers, consumers and localities together drive the resurgence in direct agricultural marketing (Kinsey, 1994; Hinrichs, 2000). Consumer demands concerning animal welfare, food safety, environmental considerations and use of genetically modified organisms (GMOs) are examples, where evolving and heterogeneous consumer demands create needs for end-user focussed market orientation to extend across the whole value chain. However, strategic differentiation choice depends on market trends and potential valuable resources (Dinis, 2006).

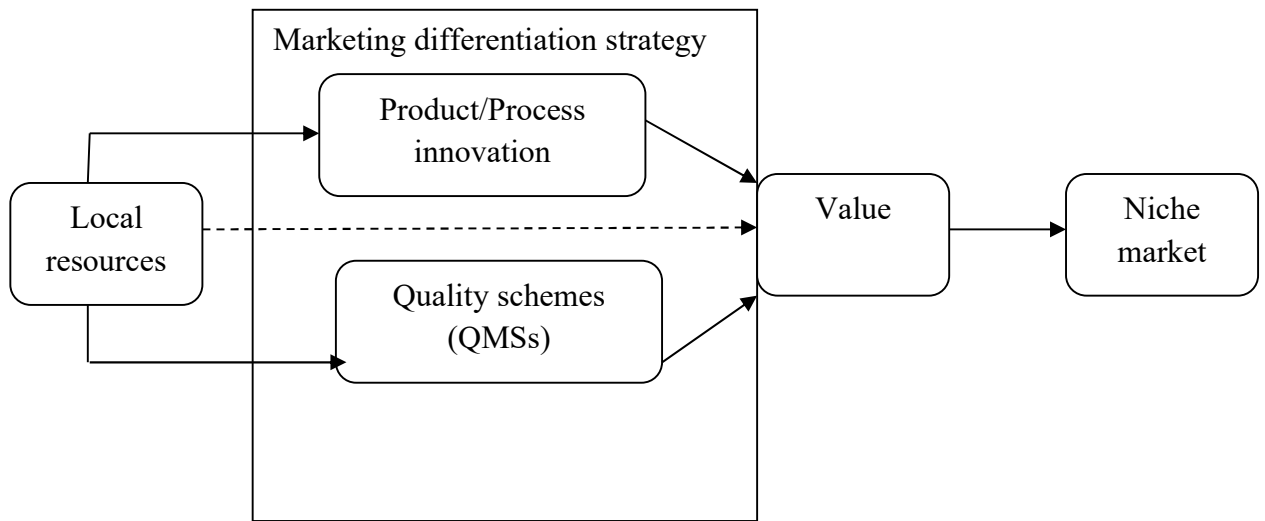


Figure1. Conceptual model of value creation strategy for local products

Valuation of local resources in using signs of quality as a marketing strategy

Since food disease as BSE crisis, salmonella, etc., new consumer needs about product information (traceability, origin) and food safety have increased. In response, a development of multitude of quality management systems (quality schemes) by firms and actors has emerged to create value in these new niche markets. Otherwise, objectives of quality management systems are twofold: food safety-oriented objectives and differentiation strategy-oriented objectives.

According to Wever and al. (2009) QMS are compromised out of three elements: quality signals, quality standards and quality enforcement mechanisms. It is used to secure management of chain standards (i. e. to standardize and guarantee certain aspect or requirements of company or product unit) and to guarantee product characteristics (market differentiation) (Luning and al, 2002, European Commission, 2006). Thus it offers an opportunity for local resources to be valued in using a differentiation strategy related to quality and origin, typicity related to the region like the French AOC registered designation of origin (the “Appellations d'Origine Contrôlées”) for traditional food products, or the European official signs aiming to its protection and preservation like Protection of Geographical Indications (PGI), Protection of the Designations of Origin for agricultural products (PDO), the Guarantee for the Traditional Specialities (GTS), or the organic chain. Moreover, a differentiation strategy in using quality schemes may refer also to a high level of product quality (example of Label Rouge in France) or specific and constant characteristics

(certificates Conformity CCP) (European Commission, 2005). Besides, private quality schemes (individual company or collective) claiming various differentiation attributes (animal welfare, nutritional attribute, locally origin, etc.) can be used for local products promotion. Indeed, rural development should be based on strategies which “promote, in all possible ways, local capacity building for sustainable development in rural areas, and in particular, private and community-based initiatives which are well-integrated into global markets” (The Cork Declaration, 1990).

Marketing Strategy in using innovation concept

The survival of both regions and firms depends on their ability to achieve competitive advantages in the global economy and to conquer new markets (Porter, 1990; Kalantaridis, 1997) in a context of globalization. Innovation can be considered as a factor of differentiation, which creates profit (main motivation to innovate) (Schumpeter, 1934; Dinis, 2006). According to Schumpeter (1934), North and Smallbone (2000) and Dinis (2006)' views, innovation can be classified into: firstly, product innovation: which consists of modification of existing products, development of new products, market sourcing (market development); secondly process innovation and finally organizational innovation. Innovation is a crucial element for firm competitiveness and consequently its success is related to marketing strategy orientation and its capability to anticipate market tendencies (European Commission, 2003; Dinis, 2006).

2.2. The concept of quality governance

According to Gonzales Diaz and al (2009) governance mechanisms are essential to promote final product quality and to high quality. Consequently, an organization that offers both coordination and motivation devices must be set up. Governance structure includes firstly the chain organization or chain coordination like membership, rules etc., and secondly the process of quality management including quality definition, specification and control mechanisms (Ponte and Gibbon, 2005, Williamson, 1991). The concept of governance structure focuses on the form of intra and inter-firm coordination, in other words the business relationships (contracts, trust) and vertical coordination between the various players (Raynaud et. al, 2005; Peterson et al., 2001

Notions of lead firms and actors are important in the concept of governance because lead the firm has a particular functional position about decision role and control of the whole chain.

Governance mechanisms can be subdivided in two parts: governance of transaction, and the governance of quality which will be materialized by the quality management system and related to the quality policy including some functions like quality definition, ensuring compliance, creating rules (negotiation, incentives...) (Rakotonandraina and Sauvée 2011, Williamson, 1991, Ponte and Gibbon, 2005). Indeed, QMS includes the organizational structure, responsibilities, processes, procedures, and resources that facilitate the achievement of quality management (Luning and al, 2002). Quality Management system is used by an organization to direct and control the implementation of its quality policies and the achievement of its quality objectives (Luning and Marcelis, 2007, ISO, 2005).

3- Empirical study: case of Porcilin/Saveurs en'OR: marketing strategy and organization

3.1. Porcilin brand's differentiation strategy

According to previous work of Rakotonandraina and Sauvée (2011), Porcilin program is a quality scheme (pig farmers 'brand) in the North Pas de Calais region in France, initiated by pig producers' association named Porcilin association which managed the chain. This approach is supported by a large retailer (Auchan company group) of the region North Pas de Calais which develops a regional product of proximity offers' strategy.

Porcilin association groups together players in the pig supply chain in North Pas de Calais region composed by: two feed industries, a producer group with thirty hog producers, a slaughterhouse, a craft meat-processor and the retailer group Auchan. Its objectives include the development of the trademark Porcilin and the promotion of the regional pig producers, and product differentiation through quality. The brand operates under a private specification related to origin of pig and raw material composition. Indeed, Porcilin brand is a regional brand which guarantees to consumers a traditional product with quality differentiation composed by product organoleptic characteristics and a nutritional attribute through the presence of omega 3. Nutritional attribute Omega 3 is from the use of flax seeds in according to Porcilin requirements specification. By this way, Porcilin appears as an innovative brand attesting pork with omega 3, meaning of Porcilin. Porcilin brand offers a wide range of processed pig meat with regional specialties and seasonal and sold with a premium price (about less than 10% higher compared to standard product). Porcilin products are distributed exclusively on hypermarkets of the retailer group Auchan in the North Pas de Calais region. Otherwise, the brand image of Porcilin is strengthening by the collective regional brand

Saveurs en'OR (*"Gold Taste"*), a collective label which reinforces and conveys local identity of Porcilin's product. Saveurs en'OR is a collective regional brand created on 2004 by the Quality Group of North Pas de Calais (GQNPC), and the Promotion Committee Nord Pas de Calais. The brand guarantees a product manufactured and consumed in the state or a processed product in Nord-Pas de Calais region with key regional raw materials.

Saveurs en'OR aiming firstly to answer consumers' waits about identification of regional product, secondly, to develop agri-food activities and at the last to make the regional origin of Saveurs en'OR products as support for referencing in the distribution and purchase an argument for consumers. The program groups various regional actors: food industries, craftsmen, traders, retailer, institutional bodies and farmers. The brand indicates richness, expertise and knowhow of North Pas de Calais region and required food quality of each product according to specific requirements. Saveurs en'OR Regarding communication policy, Porcilin association developed direct communication by farmers in store aiming to inform consumers about the Porcilin quality scheme completed by a collective communication by Saveurs en'OR to bring more information about the regional product.

3-2 Chain organization and relationships between actors

Porcilin Association which manages and promotes Porcilin brand brings together various players in the pork chain from farmers (thirty farmer members) to distributor. Commitments of adhesion into the chain are mainly the respect of specifications and annually contribution payment by certified players including for the functioning expenses of the chain. For internal organization, the association includes an operational office and a board of direction composed by representatives of all partner companies which are feed company, farmers, slaughterhouses and meat processors, retailer group and Saveurs en'OR. The office is constituted by a chairman, a vice president, a secretary, a team for animation and communication (from regional council chamber) and pig farmers.

At the regional level, the collective label Saveurs en'OR is managed and owned by APASO association which pilots the collective action of the program Saveur en OR with various purposes including the promotion of agricultural products and foodstuffs in North Pas de Calais region, and public awareness about the origin of products, the collective brand and different quality schemes in the region. In addition, APASO through its various committees is in charge of the property rights, the control mechanisms, strategy decision concerning specification, market development, communication policy and coordination and supervision

of various collective implemented actions and partnering. Committees are composed by a board of directors and an office and includes various chain actors (from different existing sector and local business in the region with the distributor and consumer association), Consular chamber and Saveurs en' OR support partners (example GQNPC Qualinorpa, Adrianor, Promotion Committee). Saveurs en' OR chain operates through three major cells including: a promotion committee which is a service of the regional chamber of agriculture in North pas de Calais, and which contributes to the promotion and development of regional food in North Pas de Calais ; a pilot committee of Saveurs en'OR in charges of all decisions regarding the chain (specification, strategies...) and a committee composed by all companies members responsible in one hand of choosing and selecting members of pilot committee and in other hand managing private funds and collecting payment contribution from members.

Certified members of Saveurs en'OR (including Porcilin association) are committed to sign a contract which consists of the respect of specification, control monitoring, and the sensory analysis of products (before obtaining the approval certification). Collaborative relationships exist between the both approaches Porcilin and Saveurs en'OR. Relationships between actors are formalized into: Institutional relationship (memberships), control and monitoring relationships and transaction relationships. Institutional exchanges can be found at two levels: firstly, relation between Porcilin association and its members and secondly exchange relationship between Porcilin association and Saveurs en'OR to develop chain. Porcilin internal relationship can be characterized as information relationship between various certified actors through meetings, and animation training for farmers. Indeed, a general meeting is held every year and the Board meets every two months about market development (volume target and incentive payment for farmers).

Furthermore, relation exchanges of support and process improvement exist between players with a strong participation of the retailer group Auchan (meat department managers). It is summarized to a meeting regarding chain evolution and a visit in farms. In addition, partners of Porcilin chain maintain a regular communication to exchange about various subjects concerning development and problems of the program (production, process, control, market).

4- Analysis and concluding comments

Case study highlights differentiation strategy based on product innovation, particularly on innovation of existing product by introducing a nutritional ingredient to the pork meat (pork meat with omega 3), supported by a "branding alliance" strategy through the association of

the Porcilin brand with the collective regional brand Saveur en'OR. Saveurs en'OR has a role of caution for the Porcilin product as regard to the regional origin of the pork product. The alliance of both quality schemes brings more visibility to the local pork chain at the regional level and constitute a competitive advantage for involved actors in in term of product image and notoriety and product quality in one hand and in other hand bring incentives for farmers (premium price). Indeed, Porcilin brand as well as Saveurs en'OR is a quality schemes-oriented towards a differentiation strategy and then strengthen each over: Porcilin developed a differentiation strategy based to nutritional product attributes and Saveurs en 'Or by the product origin and geographical process area for product including the regional know how and tradition.

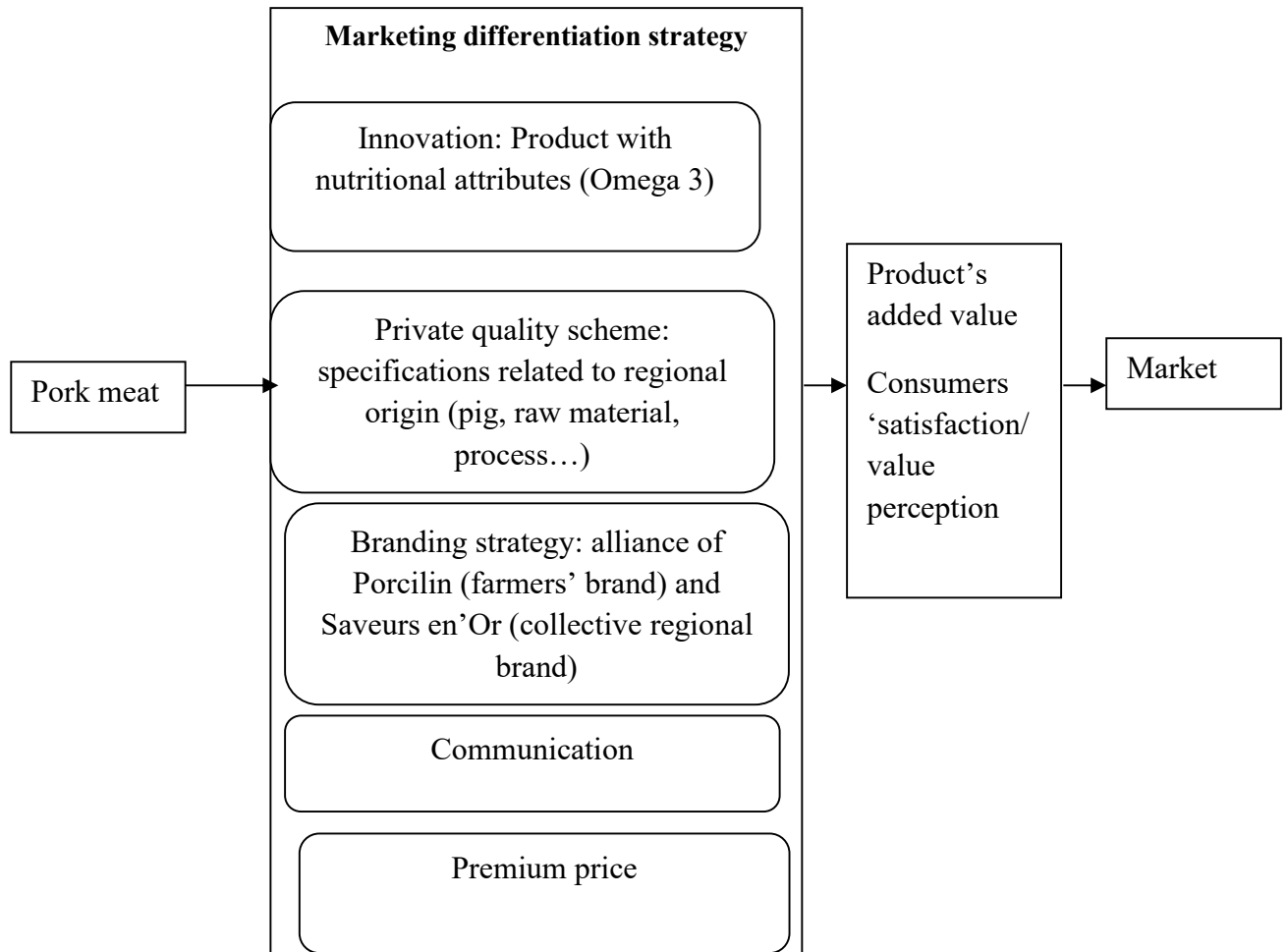


Figure 2: Strategy differentiation of Porcilin/Saveurs en'OR

Regarding governance structures, Porcilin association which owned the brand plays a key role in coordinating chains, setting and implementing specifications and monitoring and controlling the network. Partnership with the retailer Group seems very important for the sector and insures market access (exclusivity of distribution in Auchan Supermarkets for Porcilin products). Porcilin's governance is at company level and Saveurs en'OR with a collective governance level with an important institutional support organization. A strong cooperation exists between the both initiatives considering information exchange and shared communication.

In brief, Porcilin/Saveurs en'OR presents a creative and innovative marketing strategy of local resources. Their alliance branding strategy (between Porcilin and Saveurs en'OR) presents an original marketing of mutualisation of resources and expertise. Promotion of local products depends on several parameters including the mix-marketing strategy (product characteristics regarding its innovation, quality and safety specifications, therefore the valorisation of the product itself; price, place (distribution: the notion of proximity); promotion and communication in that depends the recognition of local consumers. An important parameter for the success of this strategy is the organization of the chain, in other words the chain governance through the different relationships of coordination and cooperation (partnerships, convention, trust, contractual agreements) between the various parties involved in the program.

Another important factor is the supporting organization (institutional organization, association of promotion) that promotes the local industries and plays a significant role in the sustainable development of regional chains by coordinating collective action, training for local operators, managing funding, and grant. In other words, of quality approach achievement depends on strategic choice of marketing orientation firstly matching to consumer demands, and capabilities of owner to coordinate chain by incentives and control mechanism and a strong partnerships/collaboration between chain actors.

In conclusion, creation of added value for local products depends on capability to build a marketing innovation, and better coordination mechanism aligning with a marketing differentiation strategy. However, innovation marketing with traditional product or local resources is limited by its acceptance of consumers, especially in the case of nutritional attributes innovations.

References

Brinkman D., 2010. "First draft of a reference model for quality management in pork chains" Q Pork Chain project, 28 p.

Dinis A., 2006. Marketing and innovation: Useful tools for competitiveness in rural and peripheral areas. *European planning Studies*, vol.14, n°.1, pp 9-22.

Dinis A., 2004. Territorial marketing: A useful tool for competitiveness for rural and peripheral areas. Paper presented at 44th ERSA Congress, Porto, 17p.

Ellebrecht S., D. Brinkmann and B. Petersen, 2009. Quality management systems in European pork chains, in Trienekens J. et al., pp 75-92.

European Commission (2003) Innovation Policy: Updating the Union's approach in the Context of the Lisbon Strategy (Brussels: Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee of the Regions, COM (2003) 112 final).

Flyvbjerg B., 2006. Five Misunderstanding About Case Study Research, *Qualitative Inquiry*, vol. 12, n° 2, pp 219-245.

Ghosh M. and G. John, 1999. Governance value analysis and marketing strategy. *Journal of Marketing*, vol. 63, 131-145.

Gonzalez-Diaz M., M. Fernandez-Barcala and B. Arrunada, 2003. Quality Assurance Mechanisms in Agrofood: The Case of the Spanish Fresh Meat Sector Case. *International Journal of Technology Management*, vol. 2, n°3-4, 361-382.

Hatanaka M., C. Bain and L. Busch, 2006. Differentiated Standardization and Standardized Differentiation: the Complexity of the Global Agrifood System, in *Between the Local and the Global. Confronting Complexity in the Contemporary Agrifood sector*, Research in Rural Sociology and Development, Marsden T. and Murdoch J.(Eds), Elsevier, pp 39-68.

Hendrikse G. W. J., 2003. Governance of chains and networks: a research agenda. *Journal on Chain and Network Science*, vol. 3, n°1, 1-6.

Henson S., Humphrey J., 2008 "Understanding the Complexities of Private Standards in Global Agrifood Chains". Paper presented at International Workshop on Globalization, Global Governance and Private Standards, Leuven, Belgium, 20 p.

Klein P. G. and C. Ménard, 2004. Organizational Issues in the Agrifood Sector: Toward a Comparative Approach. *American Journal of Agricultural Economics*, vol. 86, n° 3, 750-755.

Leiblein M. J. and D. J. Miller, 2003. An empirical examination of transaction- and firm-level influences on the vertical boundaries of the firm. *Strategic Management Journal*, vol. 24, 839-859.

Ménard C. and E. Valceschini, 2005. New institutions for governing the agrifood industry. *European Review of Agricultural Economics*, vol. 32, 421-440.

Nadvi K. and F. Wältring, 2004. Making sense of global standards, in *Local Enterprises in the Global Economy. Issues of Governance and Upgrading*, H. Schmitz (Ed.) Edward Elgar, 53-94.

Nijkamp, P., 2003. Entrepreneurship in a modern network economy, *Regional Studies*, 37(4), pp. 395-405.

Omta S. W. F., J. H. Trienekens and G. Beers, 2001. Chain and network science: a research framework. *Journal on Chain and Network Science*, vol. 1, n°1, 1-6.

Ponte S. and Gibbon P., 2005. Quality standards, conventions and the governance of global value chains. *Economy and Society* vol.34, n°1, pp1-31.

Porter, M., 1990. *The Competitive Advantage of Nations* (New York: The Free Press).

Rakotonandraina N., and L. Sauvée 2009. 'Cochon de Bretagne': a Brand and Producers' Organization. In Trienekens et al., 195-209.

Raynaud E., L. Sauvée and E. Valceschini, 2005. Alignment between Quality Enforcement Devices and Governance Structures in the Agro-food Vertical Chains. *Journal of Management and Governance*, vol. 7, 47-77.

Raynaud E., L. Sauvée and E. Valceschini, 2009. Aligning Branding Strategies with the Governance of Vertical Transactions. *Industrial and Corporate Change*, October, vol. 18, n°5, 835-868.

Schiefer G. 2003. From enterprise activity quality management to sector initiative quality assurance: development, situation and perspectives. Monograph series, IFAS, university of Florida.

Schumpeter, J., 1934. *The Theory of Economic Development*, re-edition (1st edition 1912) (Oxford: Oxford University Press)

Trienekens J, B. Petersen, N. Wognum, D. Brinkmann, 2009. European pork chains. Diversity and quality challenges in consumer-oriented production and distribution. Wageningen Academic Publishers, 285 p.

Wever, M., N. Wognum, J. Trienekens, O. Omta, 2010. Alignment between chain quality management and chain governance in EU pork supply chains: A Transaction-Cost-Economics perspective. *Meat Science*, vol. 84, n°2, 228-237.

Williamson, O. E., 1996. *The Mechanisms of Governance*. New York: Oxford University Press.

Williamson, O. E., 1999. Strategy Research: Competence and Governance Perspectives. *Strategic Management Journal*. 20: 1087-1108.

Williamson, O. E., 2005. The Economics of Governance. The Richard T. Ely lecture, *American Economic Review*, May, 1-18.