

Traditional products with protected designation of origin: policy and market situation in Portugal

ANTÓNIO FRAGATA*, MANUEL LUÍS TIBÉRIO** & MÁRIO SÉRGIO TEIXEIRA**

Jel classification: Q130, Q180

Introduction

In the present paper¹, we focus on food products having a close relation with the human and natural environment of their area of origin in Portugal. In Portugal, protection of geographical names has a long tradition. In 1756 the Port wine region was the first in the world to obtain a designation associated with a regulation². At the beginning of the 20th century specific laws provided for the protection on wine geographical designations³. The political justification for such legal protection was based on a vision of the role of the state in the regulation of the offer within a region, the fair competition and the land planning.

In 2006, among the 705 brand names of European products that reached the statute of PDO or PGI (http://ec.europa.eu/agriculture/foodqual/quall_en),

Abstract

This paper reports the Portuguese situation in terms of public policies and the market related to the Protected Designation of Origin (PDO) and Protected Geographical Indication (PGI) under the Council Regulation (EEC) No 2081/92.

Based on the Portuguese experience, some new challenges are presented in the institutional frame of the protection system and the policies linked with the rural development. Among the various sectors of products and the products of the same sector, significant differences are observed in the distribution channels. The evolution of the Portuguese PDO/PGI products will be very different among products and sectors. That evolution will be conditioned by both the dynamics and the capacity of the supply chains to export the products with better reputation.

The concept of PDO or PGI remains unknown to the majority of Portuguese consumers. However, the behavior of a significant section of consumers points out that the geographical origin and the localities reputations are important in the perceptions of consumers.

Among Portuguese consumers, apparently there is a strong positive correlation between the preference for PDO/PGI products and some key socio-economic variables, such as education level, purchasing power, social class and type of occupation/profession.

Key words: Portugal, Protected Designation of Origin, Protected Geographical Indication, policies, market, consumers, perceptions and preferences.

Résumé

Cet article porte sur les politiques publiques et sur le marché au Portugal en relation avec l'Appellation d'Origine Protégée (AOP) et l'Indication Géographique Protégée (IGP) conformément au Règlement CEE n. 2081/92.

Sur la base de l'expérience portugaise, de nouveaux défis se présentent dans le cadre institutionnel du système de protection et des politiques liés au développement rural.

Dans les secteurs de production, on observe bien des différences au niveau des chaînes de distribution. L'évolution des produits AOP/IGP portugais sera très différenciée et influencée par les dynamiques et la capacité des chaînes de distribution d'exporter des produits ayant une meilleure renommée.

Le concept des AOP et IGP est encore inconnu pour la plupart des consommateurs portugais. Toutefois, l'attitude de bon nombre de consommateurs souligne l'importance de l'origine géographique.

Les consommateurs portugais montrent une corrélation positive entre la préférence pour les produits AOP/IGP et certaines variables socio-économiques telles que le niveau d'instruction, le pouvoir d'achat, la classe sociale et l'emploi.

Mots clé: Portugal, Appellation d'Origine Protégée, Indication Géographique Protégée, politiques, marché, consommateurs, perceptions et préférences

93 were Portuguese, 54 PDOs and 39 PGIs (http://www.idrha.min.agricultura/produtos_tradicionais.pt). There are 23 new products with provisory registration

(http://www.idrha.min-agricultura/produtos_tradicionais.pt). This paper concerns the Portuguese situation of the public policies and of the market related to PDOs and PGIs under Council Regulation (EEC) 2081/92 until its replacement with the Regulation (EC) 510/2006 of 20 March 2006. We also consider the Portuguese Traditional Speciality Guaranteed (TSG), three in number (with provisory registration), only to show the state of application of Regulation 2082/92 in Portugal.

Public policies related to PDO and PGI are numerous, concerning the protection system, the development of rural areas, the unfair competition, and the misleading of consumers.

Furthermore, legal protection allows other policies linked to these products to be established on public basis. For example, the collective assessment of a protected product can require the creation of an inter-professional or collective body providing data and information, implementing policies, managing quality and market position.

We do not cover all the aspects of all these policies, thus we highlight the main shortcomings in the policies applied to these protected products. This review is based on the information provided by a checklist of questions concerning the public policies applied to Origin Labelled Products

* Departamento de Estudos de Estatística Experimental, Economia e Sociologia Agrárias, Estação Agronómica Nacional, Portugal

** Departamento de Economia, Sociologia e Gestão - Centro de Estudos Transdisciplinares para o Desenvolvimento, Universidade de Trás-os-Montes e Alto Douro, Portugal

¹ The present paper is one part of a study carried out for the ISMEA-Istituto di Servizi per il Mercato Agricolo Alimentare (Roma) of the Ministero delle Politiche Agricole e Forestali, (Italy). In 2005, ISMEA demanded to the authors a study of the PDO/PGI situation in Portugal, as well in Greece, Spain and France.

² The Chianti regions in Italy (classified as early as 1716) and that of Tokaj in Hungary (classified in 1737) were not subject to an elaborate control of production and marketing (Giraud-Heraud *et al.*, 2004).

³ Wine origin denominations by the "Carta de Lei" of 18 September: Vinho Verde, Douro, Dão, Carcavelos and Madeira.

(OLPs) within the framework of the Concerted Action DOLPHINS⁴ and to get comprehensive and systematic information from all the UE member States (Fragata, 2003a). Open inquiry involved various relevant people of Portuguese public administration. Some information was also delivered by an inquiry carried into the Groups of Producers that do the management of the PDO/PGI use in Portugal (Fragata, 2003b).

Concerning their situation on the Portuguese market, we based our analysis on written secondary information sources as statistics and official documents published by national institution responsible for PDO/PGI management⁵ and several publications with research results about PDO/PGI products subject.

1- Policies in Portugal

1.1- Legal and institutional frame in the protection system

In Portugal, the public and private institutions involved in the application of EC Regulation 2081/92 are: (i) the Institute for Rural Development and Agricultural Hydraulics (IDRHa) - Ministry of Agriculture, Rural Development and Fisheries (MARDF) (public, national level), that proposes and adopts the national measures, does the management of the PDO and PGI protection system; (ii) the Group of Producers (private), that applies the registration of DOs and GIs, proposes the product specifications, allows the use and does the management of PDOs and PGIs use, promotes the products and gives the fines; (iii) the Inspection Body (private, public, professional or inter-professional institutions⁶), that controls the production, certifies the products and allows the use of the certification mark or doesn't allow the use of its certification mark or does not allow the use of its certification mark in case of some infractions.

Concerning the means of enforcement in relation with the monitoring and certification, the IDRHa supervises and evaluates the annual work of the Inspection Bodies and can withdraw approval from them. There are no financial sanctions imposed against the Inspection Bodies.

In Portugal there are no regional levels and regional institutions for the application of legal systems of protection for PDOs and PGIs. There are no also regional labels for the traditional products.

Out of the EC Regulation 2081/92, the Code of Industrial Property (CIP)⁷ institutes other legal regulations and provisions to the protection for OLPs: collective marks, which

can be "marks of association" or "marks of certification". The collective marks can belong: (i) to associations of producers, manufacturers, traders or providers of services; (ii) or to some collective persons governed by private or public law which has the legal capacity to have rights of certification mark or to have rights for supervising, control or certification of economic activities. However, until now the CIP has not been applied in terms of marks of association for the OLPs no PDO or PGI, for example in the sense of the *Marchio Geografico* in Italy and of the *Marcas de Qualita* in the Autonomous Communities in Spain.

For preventing misleading of the consumers with the quality of geographical indications, the IDRHa must grant all the information concerning PDO/PGI to the Directorate-General for the Inspection and Control of Food Quality – MARDF (DGICFQ), which has legal capacity on the food quality control. The two General Directorates of the MARDF may establish regular methods of co-operation for taking precautions and actions in case of irregularities concerning the PDOs and PGIs. In reality, the DGICFQ never had some action in practice and there are no collaboration agreements between the IDRHa and the DGICFQ.

In Portugal occurs the illegal use of the origin denomination by the economic actors, as is stressed by the literature (Fragata, 1999) (Silva, 2005) and by the results of the mentioned inquiry: 89% of the Group of Producers refer to the retailers, 60% to the "another producers" and 48% to the restaurant operators, specially on the sectors of traditional sausage (100%), cheese (75%) and fresh meats (50%).

The General Inspection of the Economics Activities (IGAE) is a criminal and police service of the Ministry of Economy whose mission is to prevent and to investigate practices of economic agents that are prejudicial to the protection of consumer, on the basis of national and Community laws.

Against the misrepresentation of the PDOs and PGIs, the IGAE only did the inception of 47 proceedings concerned to frauds committed by retailers in the period of 2000 to 2005.

In normative terms, the Code of Publicity⁸ can fight the violation against the veracity rights on the origin and the comparative publicity.

1.2- Policies concerning the production-marketing systems

The Portuguese regulation regarding competition and anti-trust principles has been reflecting EEC Regulation since 1993. The Competition Authority has regulatory powers on competition over all sectors of the economy, including the regulated sectors, and has substantial independence with regard to the government and other state bodies⁹. Thus, the mission of the Competition Authority is to ensure compliance in Portugal with national and Community competition laws, which are the foundation of a market economy, with the following aims: efficient working of the markets for all products and services; a high level of technical progress;

⁴ Development of Origin labelled Products: Humanity, Innovation and Sustainability.

⁵ IDRHa - Instituto de Desenvolvimento Rural e Hidráulica (Rural Development and Hydraulic Institute).

⁶ In Portugal, there are more than 30 certification bodies working on PDO-PGI, two of them being public in the Azores and Madeira Islands.

⁷ Decree Law N° 36/2003, Art.° 228 to 232.

⁸ Decree-Law N° 51/2001; and Decree-Law N° 332/2001, Art° 16.

⁹ Law N° 18/2003 of 11 June 2003.

and, above all, pursuit of the greatest benefit for consumers.

There are no inquiries of our Competition Authority for disagreement on the relevant market size that concern a PDO/PGI supply chain.

Concerning the collective institutions of the supply chain, in order to improve the efficiency of the PDO/PGI supply chains, there are no “interprofessions” in Portugal: associations with no commercial statute and composed of two bodies or more (such as producers, processors, traders, sometimes retailers...) working about the protected products, which may negotiate and make decisions, in the sense of the *interprofessions* in France and Switzerland, of the *consorzio* in Italy and of the *Branchenorganisationen* in Germany¹⁰.

These collective institutions, where public authority can enforce decisions, would be very important in Portugal, for instance in the supply chain of the most famous Portuguese cheese - “Queijo da Serra da Estrela PDO”- for organising the co-ordination between the milk producers and the industrial processors to encourage the volumes of PDO cheese production.

1.3- Policies concerning the links with rural development

The Regulation (EC) N° 1257/99 on promotion of rural development supports the Portuguese Measure “Agriculture and Rural Development”, entitled AGRIS (2000-2006), of regional level, whose Action “Development of the Quality Products” only may concern the PDO, PGI and TSG products, the organically-produced products and the IPM-produced products “*and others that could be connected with the law in the future*”. Until now, as OLPs the PDOs and PGIs are the only parts concerned by the referred AGRIS.

The regional measure AGRIS is framed by “Portugal – Development Plan 2000-2006” and by its strategic priorities and specified targets: “*promoting the quality and the innovation of agro-forestry and agro-rural production... for meeting the new demands of consumers in terms of quality and food safety; improvement of resources of the rural territory and supporting of its development and economic diversification*”¹¹.

As public support for rural/local development, the PDO/PGI sectors/producers have got public subsidies, since

1995, from the national “Support Programme to Forestry and Agriculture Modernisation” (PAMAF, 1995-1999) and the regional Measure AGRIS (2000-2006). The PAMAF supported 288 projects in Portugal, with 33 210 thousand euros (61 % from public funds¹²); and until March 2005, the AGRIS supported 270 projects, with 40 548 thousand euros (51% from public aids).

From the funds of the PAMAF and the AGRIS, the singular or collective persons and their producer groups that do the management of PDOs/PGIs, in the terms of the Reg. (EEC) 2081/92, were and/or are the beneficiaries of public financial subsidies for: (i) the creation or modernisation of enterprises, investments in production, transformation and trade (enterprises equipment- buildings- transport vehicles); (ii) the promotion of their products, including the studies of characteristics description of the quality products and of their particular methods of producing; (iii) and the external communication.

The Inspection Bodies could also benefit from funds of PAMAF and of AGRIS for their creation and activity and for carrying out control and certification measures.

Only for external communication, the Producers Groups can also benefit from funds from the European Regional Development Fund (ERDF) and from the INTERREG Program. These funds are managed at regional level¹³.

Within the frame of EU LEADER Program, the Local Action Groups, Producer Groups and Town Councils can get funds only for communication (brochures and participation in fairs) concerned the promotion of micro local products and the PDOs/PGIs.

Portuguese authorities of LEADER Program asked for improvements in the integration and co-ordination of UE programs and public policies concerned the local products and the management of the PDO and PGI system under the IDRHa, at national level. For these authorities, the PDO/PGI strategy should not be considered as the only one to promote regional products and to bring an added value to the products and its region.

In Portugal, there are no institutional tools for integrating and co-ordinating different policy tools at a local scale, as occurs in France and in Italy¹⁴.

In the terms of integration of public policies, there are normative and promotional public supports aiming at creating or strengthening the links between OLPs and the Craftwork¹⁵ and the Gastronomy¹⁶: (i) status of the artisans and of their micro- enterprises and process which can accredit these production units; (ii) organisation of regional and national contests about original culinary done with traditional products in the terms of the Portuguese Gastronomy as National and Cultural Heritage.

Since 1995, the PDO/PGI sector has drawn benefits from the production technical research and from the scientific popularisation by the Portuguese Institute of Agricultural Research (INIA) and the national Universities supported by funds of the PAMAF and of the AGRO¹⁷, managed at national level.

¹⁰ In the terms of the national Law foundations (Law N° 123/97 of 13 November and Regulation N° 967/98 of 12 November) for the interprofessions, there are no interprofessions recognized by the Ministry of Agriculture until now.

¹¹ Ministério do Planeamento (1999).

¹² From the European Agricultural Guidance and Guarantee Fund – EAGGF- and from the Portuguese funds.

¹³ By the Presidents of Regional Coordination Commissions (RCC), Ministry of Planning.

¹⁴ Contrats territoriaux d'Exploitation- CTE, in France; Agri-food Quality Districts and Rural Districts, in Italy.

¹⁵ Programme for the Promotion of the Craftwork and its Micro- Enterprises – PPART

¹⁶ Resolution of Cabinet N° 96/2000 of 26 July.

¹⁷ The “Portuguese Operational Programme for Agriculture and Rural Development”

1.4- Policies concerning the relations with consumers

About the policies concerning the relations between PDOs/PGIs and the consumers, there is no any generic promotion of these labels in Portugal for the consumers.

For the Portuguese authorities, the Regulation (EC) N° 1257/1999¹⁸ doesn't allow the promotion of the agricultural products for the consumers because the "*unjustified distortions of competition resulting from rural development measures should be avoided*". The Leader Program also doesn't allow it.

So, the financial aids for the "reinforcement of market access capacity" of the PDO/PGI products in Portugal¹⁹ only allow to their beneficiaries: (i) the creation of packages, labels and logotypes; (ii) the production of information material (only the "creation" of brochures); (iii) and the organisation and preparation of its fairs participation. The beneficiaries of these financial aids shall be Group of Producers that does the management of the PDO/PGI use.

A generic promotion on PDO/PGI labels for consumers could be financially supported by public and national funds; however, due "the effective competition in the market" the European Commission must be notified (products in reference, period of promotion, addressee people, ...) of the promotion's intention by the national authorities and must approve that promotion.

In Portugal, the PDO/PGI supply chains do not have any public financial resources to promote their denomination as a collective product. Generally, the supply chains do not promote their protected denomination and they do not also communicate within themselves to make the PDO/PGI labels well known among all the producers. However, the communication within a supply chain could be supported by public funds from the AGRO Programme²⁰.

Some Portuguese literature (Teixeira, 2001) and the referred inquiry to the Group of Producers support that a generic promotion will be necessary, because there is not enough knowledge and consequent valuation on PDO and/or PGI label from the point of view of the majority of Portuguese consumers. Many consumers do not recognise what these labels stand for and there is a lack of awareness of the meaning and guarantees of them.

2. Portuguese market of PDO/PGI products

The application of Reg. (CEE) 2081/92 in Portugal allowed the creation of a very high number of products with protected label, which represent about 15% of total European protected labels. The majority of Portuguese

products with those protection labels are PDO (58%) among several product categories: fresh meats, specific sausages and other pork by-products, cheese, honey, olive oil and fruits. In the scope of the Reg. (CEE) 2082/92, until now there was a solicitation of TSG protection for three products, which only have provisional registrations.

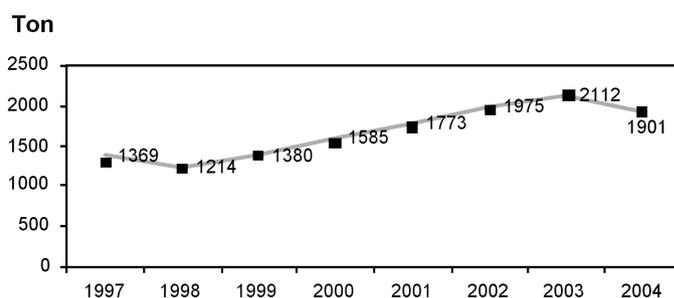
2.1. Present and future market of PDO/PGI products in Portugal

The Portuguese products with PDO/PGI are traded in the national market by producer organizations (57%) or individual producers (27%) (IDRHa, 2006)²¹.

The production and the trade of the PDO/PGI products have very different amounts according to the sectors and products categories, as follows (IDRHa, 2004a,b) (IDRHa, 2005), (IDRHa, 2006):

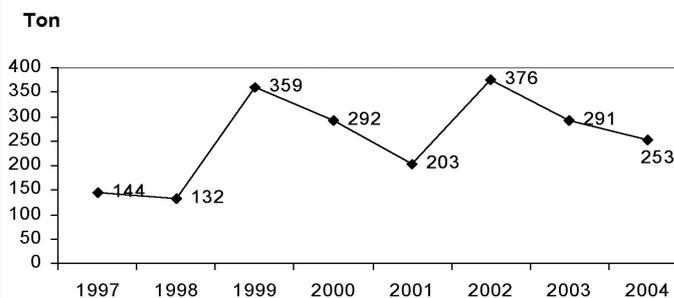
- The PDO/PGI *meat* production had a positive evolution (more 54% between 1997 and 2003) (Fig. 1) and represents 3% of bovine meat national production approved for the consumption;

Fig. 1. Evolution of PDO/PGI bovine meat production in Portugal. Source: IDRHa (2004a,b); IDRHa (2005); IDRHa (2006).



- The PDO/PGI *lamb* production represents 10% of this kind of national lamb production and had an irregular evolution, with oscillations between 1997 and 2004 (Fig. 2);

Fig. 2. Evolution of PDO/PGI ovine meat production in Portugal. Source: IDRHa (2004a, b); IDRHa (2005); IDRHa (2006).



- Among five PDO/PGI *kid goat*, only three are in the market, representing 3% of kid goat national production approved for the consumption and has revealed stability after 1999 (Fig. 3);

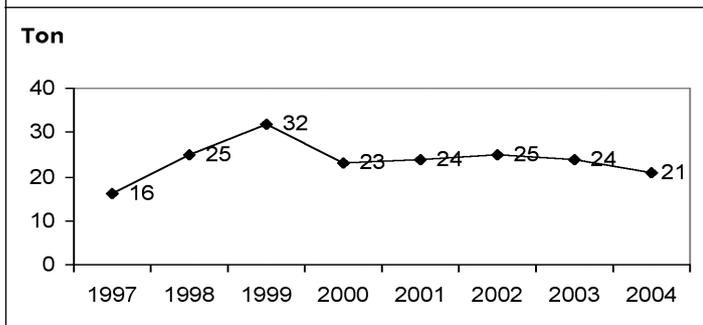
¹⁸ Of 17 May 1999, on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF).

¹⁹ Action N° 2 of Regional Measure AGRIS supported by the Regulation (EC) N° 1257/1999.

²⁰ Measure N° 10 "Agro-Rural Specialized Services".

²¹ www.idhra.min-agricultura.pt

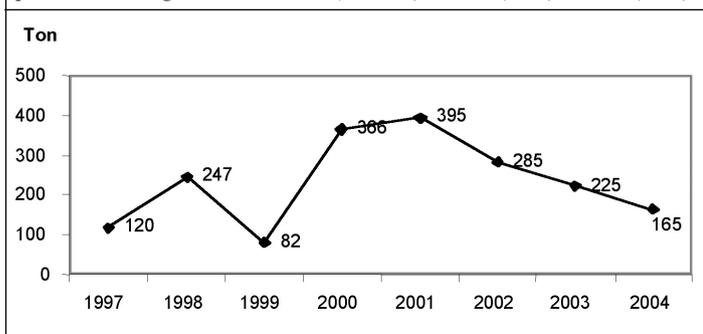
Fig. 3. Evolution of PDO/PGI goat meat production in Portugal. Source: IDRHa (2004a, b); IDRHa (2005); IDRHa (2006).



- The PDO “Alentejano²² pork meat” is the only PDO product in the *pork fresh meat sector*, with a production of 378 tons, which represents 0,1% of the pork meat national production approved for the consumption;

- The *traditional and very specific sausage sector*, with 30 PDO/PGI, is particularly rich in origin-protected labels. Despite the increasing number of products with regular presence on the market, the national production of this kind of products had an irregular evolution, with a negative trend in the last four years (Fig. 4) and represents only 1% of the sausage national production (INE, 2002).

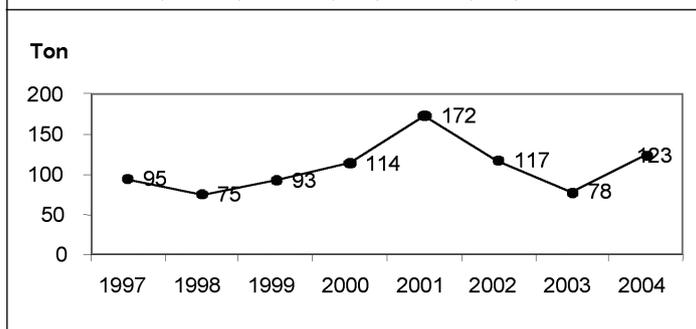
Fig. 4. Evolution of PDO/PGI traditional and very specific sausage products production Portugal. Source: IDRHa (2004a, b); IDRHa (2005); IDRHa (2006).



The “Alheira de Mirandela²³ STG (98 tons) and the “Pre-sunto de Barrancos” PDO (26 tons) lead these products market in Portugal (IDRHa, 2006). The remainder is of small or micro scales;

There are 13 PDO *honeys* in Portugal, but just 5 are in the market. The PDO honey production increased from 1997 to 2001, but decreased after that (Fig. 5), representing in 2003 just 1% of the honey national production;

Fig. 5. Evolution of PDO/PGI honey production in Portugal. Source: IDRHa (2004a, b); IDRHa (2005); IDRHa (2006).

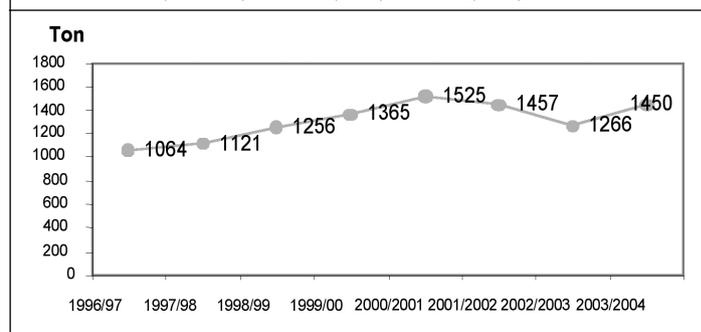


²² It is “Alentejano” because it is produced in a Portuguese region in the south with the name of “Alentejo”.

²³ It is a very specific sausage.

The 14 Portuguese PDO *cheeses* are sheep cheese (7), from goat milk (1), from a sheep and goat milk mixture (4) and of cow milk (2). The sheep and/or goat PDO cheese production reveals stability (Fig. 6) and represents 8% of the same kinds of cured cheeses national production.

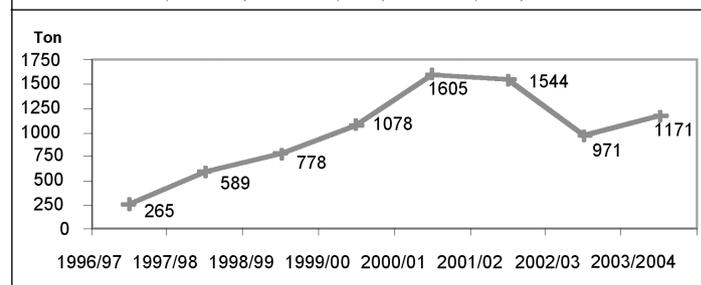
Fig. 6. Evolution of PDO cheese production in Portugal. Source: IDRHa (2004a, b); IDRHa (2005); IDRHa (2006).



The two cow cheeses – “Queijo de São Jorge” and “Queijo do Pico” – are responsible for about 16,5% of cured cow cheeses national production;

- In the *olive oil* sector, there are 7 PDO products, which have about 1000 tons of overall production, equivalent to 2,5% of olive oil national production (Tibério, 2004). After an initial period of growth, the PDO olive oil production in Portugal seems to be in fall (Fig. 7);

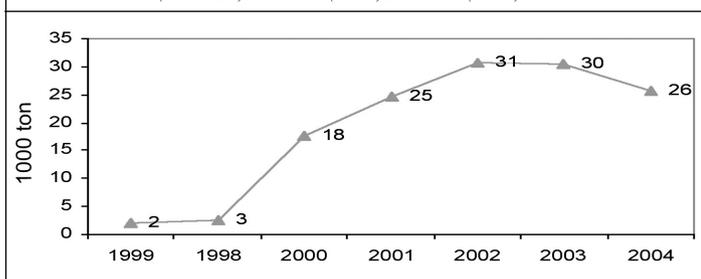
Fig. 7. Evolution of PDO olive oil production in Portugal. Source: IDRHa (2004a, b); IDRHa (2005); IDRHa (2006).



- The 14 PDO/PGI *fresh fruits* include diversified products as apple (5 products), cherry (2), pear (one), peach (1), prune (1), pineapple (1), passion fruit (1), citrines (1) and cherimoya (1), the majority with regular presence in the market. The PDO/PGI fresh fruits production volume has increased (Fig. 8) and represents 5% of the national production for the several categories of

fruits considered. The PDO “Pera Rocha do Oeste” (pear) is the most important with 67% of the PDO/PGI fresh fruits production;

Fig. 8. Evolution of PDO/PGI fresh fruits production in Portugal.
Source: IDRHa (2004a, b); IDRHa (2005); IDRHa (2006).



- In **other fruits** sector, there are PDO for almonds (1 product), canned black olives (2) and chestnuts (4), but these products do not appear in the market regularly.

Generally, we may refer that the production of PDOs/PGIs in Portugal has been increasing gradually, but its market share is low in the context of the respective markets of reference. To explain this situation, Tibério (2004) emphasizes some factors, as: (i) the diversity of resources, dynamic and capacities of the PDO/PGI managing entities to differentiate and to commercialize the product; (ii) the “top-down” generation of some processes of PDO/PGI register and management; (iii) the nature and commercial dimension of each product; (iv) and the sustainability of the traditional channels in the retail trade.

2.2. Weight of multiple retailers and small retailers in marketing of PDO/PGI products

The enterprises that produce PDO/PGI products have several supply chains at their disposal and they can choose between politics of intensive, exclusive or selective distribution, according to the target, the nature of the products and the sales volume (Tibério, 2004).

In the diverse sectors of the Portuguese products with protected origin, significant differences are observed in the marketing channels, as follows (IDRHa, 2004a,b) (IDRHa, 2005), (IDRHa, 2006):

- In **meat**, the supermarkets and hypermarkets are the most important supply chain (66%), followed by the butchers (9%), wholesalers (9%), restaurants (8%) and direct sale to the consumer (3%). Only in one of these products – the PGI “Carne de Bovino Cruzado dos Lameiros de Barroso” – the butchers (50%) and restaurants (25%) are the most important marketing channels.

- In **lamb**, the Group of Producers prefers the supermarkets/hypermarkets (95%). The butchers (2%) and the restaurants (2%) are less important channels.

- In **kid goat**, there is no clear supremacy of any channel: supermarkets/hypermarkets (42%), restaurants (34%), butchers (10%), direct sale (7%) and other channels (6%).

- In **pork meat**, the only PDO – “Carne de Porco Alentejano” – is commercialized by its group of producers through supermarkets/hypermarkets (30%), wholesalers (30%), butchers (30%), restaurants (10%).

- In **traditional and very specific sausage products**, the supermarkets/hypermarkets have been losing their impor-

tance in the distribution. However, they are still the most important channel (45%), followed by the middlemen (33%), the traditional commerce (14%), the fairs and restaurants (5%) and the direct sales (3%).

- In **honey**, the sale to the traditional retail (30%), and the direct sales (28%), is the most important marketing channel, followed by the supermarkets/hypermarkets (19%) and fairs (19%). However, the PDO “Mel do Parque de Montesinho” is specially traded through middlemen (80%) and the PDO “Mel do Alentejo” is sold mainly through supermarkets/hypermarkets (90%).

- In **cheeses**, the most important channels are the supermarkets/hypermarkets (60%), the middlemen (24%) and the traditional commerce (13%). The direct sales (2%) and the fairs and restaurants (1%) are not very significant. The middlemen are the most important marketing channels for the PDO “Queijo de Cabra Transmontano” (goat cheese) and the PDO “Queijo de Azeitão” (sheep cheese). The supermarkets/hypermarkets are the most important marketing channels for the PDOs: “Queijo Serra da Estrela”, “Queijo de Castelo Branco”, “Queijo da Beira Baixa”, Queijo Terincho”, “Queijo de Évora”, “Queijo de Nisa”, “Queijo de Serpa”. For the PDO “Queijo Rabaçal”, the fairs and restaurants are the most important channels.

- In **olive oils**, the supermarkets/hypermarkets (35%) replaced the traditional commerce (27%) as the most important distribution channel. The direct sales (16%), the middlemen (7%) and the fairs and restaurants (5%) are other channels used. The exportations represent about 5% of total sales of PDO olive oils. There are also some differences between each PDO: the direct sale is the most important for the “Azeite da Beira Baixa” (90%). The supermarkets/hypermarkets are more relevant for the “Azeite de Moura” (43%) and the middlemen (60%) for the “Azeite do Norte Alentejano”.

- The exportation markets are the principal destination for PDO **fruits**, due to the contribution of the PDO “Pêra Rocha do Oeste” and of the PGI “Citros do Algarve”. In internal market, the middlemen (59%) and supermarkets/hypermarkets (27%) are the principal channels. The traditional commerce is very important for the commercialization of PDO fruits from “Portalegre” region (about 70%).

3. Interest and perception of consumers in PDO and PGI products

3.1- PDO/PGI Consumer’s Knowledge, Interest and Shopping Place

The Portuguese population knowledge of PDO/PGI concept is yet small. A survey undertaken in 1998 on the basis of a convenience sample of 1000 Portuguese consumers (Santos, 1998) concluded that a little more than 60% of those surveyed were ignorant about PDO or PGI labels. In most recent surveys, only 54% of 925 consumers sample

said that they knew PDO label²⁴ and a smallest number of 25% knew PGI concept (Teixeira, 2004) and, for the specific case of beef meat, only 38% had heard about PDO and 26% about PGI for beef²⁵ (Marreiros & Ness, 2004).

In some of the referred studies, a correlation was identified between consumer preference for some specific PDO products – olive oil and beef (Teixeira, 2004) (Santos, 1998) and traditional “alheira” sausages (Santos, 1998) – and previous knowledge about the existence of the PDO and PGI product designations.

In a survey on 1001 Portuguese wine consumers, Silvério (2000) concludes that considerable consensus existed on the importance of the origin region as a primary element in customer choice and that perceptions of the relative qualities of PDO wines tended to be formed on the basis of product attributes evaluation, being the number of which increased with the frequency of wine consumption.

Another research on a survey of Lisbon region cheese consumers (Monteiro & Lucas, 2001) reveals that the PDO attribute is the most important in Portuguese traditional cheese choice²⁶.

About consumers shopping place, Teixeira (2004) found that the majority of consumers buy PDO products in supermarkets/hypermarkets and Monteiro (1999) also concluded that most common places of purchase for PDO cheeses are supermarket (most of 40% of establishments referred) and hypermarkets (almost 30% of the purchases). However, in the specific case of PDO beef consumers, 76% of them still prefer to buy it usually in the butchers, because they trust more in the butcher and in the quality of the product (Marreiros & Ness, 2004).

3.2- PDO/PGI Consumer's Perceptions, Preferences and Added Value

The reason for buying PDO beef is due to its quality, control and safety (Marreiros & Ness, 2004). These authors also found that eating quality in beef consumption refers to a fresh, tasteful, tender beef and its choice in shop depends on its freshness, color, butcher's advice and brand or quality label²⁷.

Several studies show that the origin is, for some consumers (market segments), an attribute that adds value to

the agro-food products (Teixeira, 2004; Marques & Teixeira, 1998).

However, to the majority of Portuguese consumers, there is a weak differentiation between PDO/PGI and non-PDO/PGI products from the same region, as the olive oil (Teixeira, 2004; Marreiros, 1997) and the beef meat (Teixeira, 2004).

More than one half of the PDO beef consumers lack information and are uncertain about the PDO/PGI labels (Marreiros & Ness, 2004). This lack of information about the Portuguese PDO/PGI labels benefits recommends for their informative divulgation, to reinforce the cognitive elements and to improve the credibility of these labels (Teixeira, 2001). The increase of the consumer awareness on the PDO/PGI labels is also considered important to PDO/PGI labels can add more value to the regional products (Van Ittersum *et al.*, 2000).

3.3- PDO/PGI Consumer's Profile and Market Segmentation

There are segments of consumers that tend to value or consume PDO/PGI products. In two experiments with regional products consumer's sample, it was concluded that almost 20% of those consumers valued more olive oil PDO and about 35% of the sample valued more beef PDO (Teixeira, 2004). Another study shows that the PDO beef consumers represent 46% of the consumers of beef²⁸ (Marreiros & Ness, 2004).

In Portugal, consumers with the highest levels of education and purchasing power, belonging to highest social status (A, B and C) and having more qualified professions seem to be the primary targets for PDOs. They tend to value more this kind of products, according to experiment results with cheese (Monteiro, 1999), olive oil (Marques & Teixeira, 1998; Teixeira, 2004) and beef meat (Teixeira, 2004). This can be explained for the highest PDO prices (versus non-PDO) and by few dissemination of information about PDO benefits, which can limit their knowledge to the consumer best informed.

Teixeira (2004) found that the consumers with a more positive attitude, better knowledge and consumption or buying experience of PDOs also tend to add more value to olive oil and beef meat with PDO.

4- Expected evolution and conclusions

Based on the Portuguese experience and on the CAP Reform 2003 bias concerning the new challenges for Member States and regions to decide on food quality measures, some evolution is expected. Both in the Portuguese institutional frame of the protection system and in the links with the production-marketing systems and the rural development, the accepted developments are:

- The evaluation and debate of the IDRHa activity as the national authority for the management of the PDO and PGI system;
- The improvement of proceedings concerned the legal capacities and responsibilities of the Producer Groups and

²⁴ In Portugal, there are two kinds of PDO label: DOP (Protected Designation of Origin) for food products and DOC (Controlled Designation of Origin) for wine products. Consumers have a better knowledge of DOC, because this label exists since the beginning of the XX century (DOP exists only since the last decade).

²⁵ And “of 20% who were aware of the two labels, 54,5% found it difficult to distinguish between them” (Marreiros & Ness, 2004).

²⁶ It has a relative importance of 41%, against 23% for attribute “price per kilo” and 18% for the attributes “type of cheese paste or texture” (creamy, half-hard or hard) and “sale unit size” (whole, half or quarter).

²⁷ “It can be said that people evaluate beef when eating through its experience characteristics (taste, tenderness...) but they buy beef because of its properties” (Marreiros & Ness, 2004).

²⁸ “However, they are light consumers of beef or PDO beef, who have decreased their consumption in the past five years” (Marreiros & Ness, 2004).

of the Inspection Bodies in terms of no conformities to the product requirements;

- The extent of financial aids to OLPs no PDO or PGI (collective marks, traditional and craft products) that may be connected in the future with the Portuguese Measures concerned the Rural Development;

- The creation of national schemes designed to improve the quality of agricultural products and the production processes used²⁹;

- The creation of institutional tools for integrating and co-ordinating different policy tools at a local scale;

- The improvements in the integration and co-ordination of UE programs and public policies concerned the local products;

- The creation of a national observatory for the PDO and PGI products that produce updated information to support decision-making process in the national policy for these origin labels protection.

In Portugal, the PDO/PGI products are commercialized by the respective group of producers (57%) or by the individual producers (27%) and have the national market as predominant destination. Usually, they adopt an intensive distribution politics and they diversify the distribution channels.

Among the various sectors of products and the products of the same sector, significant differences are observed. However, a predominance of certain channels is verified: supermarkets/hypermarkets in the olive oil and in the meat, lamb and pork meat; supermarkets/hypermarkets and restaurants, in the kid goat; supermarkets/hypermarkets and middlemen in the cheese and fruits; and traditional retail and direct sales, in the honey.

Generally, the small retailers do not assume a great importance in the distribution process, which is controlled over all for the supermarkets/hypermarkets. And the restaurant channel hasn't also a relevant role in the PDO/PGI products distribution. This channel is only relevant for three PDO/PGI³⁰.

If you take into consideration the small volumes of PDO/PGI products which have been commercialized until now, the PDO/PGI products market seems to have further progression edge. However, the general situation may not be changed in a significant way, because in the Group of Producers (Fragata 2003b): (i) 47% of them consider that similar products to PDO/PGI/STG have assured its market and are sold by the producers without loss on the sale price; (ii) 47% of them admit that cheaper and similar products for the consumers exist in the market; (iii) and 68% of them relate that the amounts supplied for the producers have satisfied the demand of its products.

On the other hand, the evolution of the Portuguese PDO/PGI products will be much differentiated among products and sectors. That evolution will be conditioned by both

the dynamics and the capacity of the supply chains to export the products with better reputation. It also depends on the increasing of the purchasing power concerned to the internal market consumers.

Finally, from the entrance in the market of more 23 new products with provisory register currently, it is foreseeable that the total market of PDO/PGI products increases.

The concept of the origin-label (PDO or PGI) associated with food products remains unknown to the majority of Portuguese consumers. This lack of knowledge could explain the low level of differentiation that the consumers make between PDO/PGI and non-PDO/PGI products from the same region.

However, regardless of whether products are origin labeled or not, a significant section of Portuguese consumers use the region of origin as a key product attribute in choosing what to buy. This behavior points out that the geographical origin and the locality reputation is important in the consumers' perceptions.

Among Portuguese consumers, there appears to be a strong positive correlation between the preference for PDO/PGI products and some key socio-economic variables – such as education level, purchasing power, social class and type of occupation/profession – and other consumer behavior variables, such as attitudes, knowledge and consumption or buying experience of origin labeled products.

Références

Fragata, A., 1999. *Elaboração social da qualidade em produtos agrícolas tradicionais. Carne Mirandesa, Queijo de Nisa e Melão Tendral*. Instituto Nacional de Investigação Agrária; Estação Agronómica Nacional, Oeiras.

Fragata, A., 2003a. WP6 Checklist Portugal. In D. Barjolle and E. Thévenod-Mottet (orgs) *WP6 report policies evaluation. General synthesis*. Final report of the European concerted action “Development of origin labeled products: humanity, innovation and sustainability (DOLPHINS)”.

Fragata, A., 2003b. *Inquérito aos Agrupamentos Gestores de DOP/IGP*. European concerted action “Development of origin labeled products: humanity, innovation and sustainability (DOLPHINS)” and PIDDAC 146/2003(no published), Estação Agronómica Nacional, Oeiras.

Giraud-Heraud, E., Green, R. & Pinto, A. S., 2004. Appellations of Origin and Institutional Organisation: the Case for Porto Wine. *Acta Horticulture*, 652: 527-536.

http://ec.europa.eu/agriculture/foodqual/qual1_en, 25 October 2006

http://www.idrha.min-agricultura/Produtos_tradicionais.pt, 25 October 2006

IDRHa, 2004a. *Evolução dos Produtos Tradicionais com Nomes Protegidos – 1997 a 2001*. Instituto de Desenvolvimento Rural e Hidráulica (IDRHa), Direcção de Serviços de Planeamento: Divisão de Estudos, Planeamento e Prospectiva, Lisboa, Janeiro, 2004.

²⁹ The Portuguese Government Programme 2005-2009 gives just priority to this measure. See: Presidência do Conselho de Ministros (2005).

³⁰ PGI “Carne de Bovino Cruzado dos Lameiros de Barroso”, PDO “Cabrito Transmontano” and PDO “Queijo Rabaçal”.

- IDRHa, 2004b. *Produtos Tradicionais com Nomes Protegidos. Apresentação de dados sobre produção, preços e comercialização – 2002*. Instituto de Desenvolvimento Rural e Hidráulica (IDRHa), Direcção de Serviços de Planeamento: Divisão de Estudos, Planeamento e Prospectiva, Lisboa, Março, 2004.
- IDRHa, 2005. *Produtos Tradicionais com Nomes Protegidos. Apresentação de dados sobre produção, preços e comercialização – 2003*. Instituto de Desenvolvimento Rural e Hidráulica (IDRHa), Direcção de Serviços de Planeamento: Divisão de Estudos, Planeamento e Prospectiva, Lisboa, Janeiro, 2005.
- IDRHa, 2006. *Produtos tradicionais com nomes protegidos. Apresentação de dados sobre produção, preços e comercialização – 2004*. Instituto de Desenvolvimento Rural e Hidráulica (IDRHa), Direcção de Serviços de Planeamento: Divisão de Estudos, Planeamento e Prospectiva, Lisboa, Março, 2006.
- INE, 2002. *Estatísticas Agrícolas*. Instituto Nacional de Estatística (INE), Lisboa.
- Marques, C. P. & Teixeira, M. S., 1998. *Perspectivas dos Consumidores Portugueses sobre o Azeite Produzido em Trás-os-Montes e Alto Douro - Estudo de Mercado*. Universidade de Trás-os-Montes e Alto Douro, Programa de Desenvolvimento Regional Integrado de Trás-os-Montes II. Vila Real.
- Marreiros, C., 1997. *O marketing e as denominações de origem e indicações geográficas*. Master Thesis, Universidade de Évora, Évora.
- Marreiros, C., & Ness, M., 2004. *Perception of PDO Beef: The Portuguese Consumer*. Working Paper, University of Newcastle-upon-Tyne.
- Ministério do Planeamento, 1999. *Portugal – Plano de Desenvolvimento Regional 2000-2006*, Lisboa, 1999.
- Monteiro, D. M. S., 1999. *Portuguese PDO cheese consumer's profile in Lisbon and its surroundings*. Master Thesis. Mediterranean Agronomic Studies, Zaragoza.
- Monteiro, D. & Lucas, M., 2001. Conjoint Measurement of Preferences for Traditional Cheeses in Lisbon. *British Food Journal*, 103 (6): 414-424.
- Presidência do Conselho de Ministros, 2005. *Programa do XVII Governo Constitucional 2005-2009*. Lisboa.
- Santos, A., 1998. *Inquérito sobre produtos tradicionais de qualidade*. Jornadas Interprofissionais Agro-Alimentares “Produtos com História”, Trallosmontes, Mirandela.
- Silva, I., 2004. *Arcos de Valdevez: agricultura, carne de bovino e gastronomia*. Master Thesis, Instituto Superior de Agronomia, Lisboa.
- Silvério, M., 2000. *Análise do mercado de vinho e das zonas vitivinícolas nacionais. Posicionamento, segmentação, preferências e atitudes. Caso particular: As sub-regiões do Alentejo*. Ph. D. Thesis, Universidade de Évora, Évora.
- Teixeira, M. S., 2001. *Estratégias para a valorização dos recursos endógenos agro-alimentares da região de Trás-os-Montes e Alto Douro - O caso dos produtos tradicionais beneficiários de uma protecção comunitária: segmento consumidores*. Universidade de Trás-os-Montes e Alto Douro, Vila Real.
- Teixeira, M. S., 2004. *Valorização de produtos agro-alimentares na óptica de marketing – O caso dos produtos tradicionais associados à origem*. Ph. D. Thesis, Universidade de Trás-os-Montes e Alto Douro, Vila Real.
- Tibério, M. L., 2004. *Construção da qualidade e valorização dos produtos agro-alimentares tradicionais – Estudo da região de Trás-os-Montes*. Ph. D. Thesis, Universidade de Trás-os-Montes e Alto Douro, Vila Real.
- Van Ittersum, K., Candel, M. J. J. M., & Torelli, F., 2000. The Market for PDO/PGI Protected Regional Products: Consumer's Attitudes and Behaviour. In Sylvander, B., Barjolle, D, Arfini, F. (eds). *The socio-economics of origin labelled products in agri-food supply chains: spatial, institutional and co-ordination aspects*. Actes et Communications 17-1. Institute Nationale de la Recherche Agronomique Editions, Paris.