

# **PATHS OF RURAL DEVELOPMENT BASED ON TYPICAL PRODUCTS: A COMPARISON BETWEEN ALTERNATIVE STRATEGIES**

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## **Abstract**

Agro-food typical products are the expression of the area of origin, and they are therefore one of the most evident manifestations of locality both for people belonging to the area and not. For this reason typical products often play a central role in the development strategies carried out by local actors in rural areas, though with different points of view, depending on the existence of various interests related to the typical product, that are the expression of the different categories of agents that are directly or indirectly involved in its valorisation.

The paper aims at giving a general framework to systematise the valorisation strategies of agro-food typical products in order to identify their potential impacts on rural development processes, and in particular on their sustainable, integrated and endogenous characters.

To reach this aim a case study analysis has been carried out, where a central role is played by the focus of the actors involved in the valorisation strategies.

## **1. Typical products within rural development**

Agro-food typical products are an important expression of the peculiarities of rural areas, and hence they can play an important role in rural development strategies.

The link between the typical product and its territory comes out not only from paedoclimatic peculiarities and its strong link with localised specific production assets, both of material (i.e. specific plant varieties or animal breed) and immaterial nature (i.e. knowledge of local agents); actually the link of the product with the territory also has a socio-anthropological origin as it derives also from the local culture, when it characterises the “historical memory” of the local population and it represents a catalyst of identity (Bérard and Marchenay, 1995).

The link of the typical product with its area of origin makes it unique, and may represent an important differentiation leverage for producers on the market, easing the way to increase sales volumes and to gain a “premium price” on the market coming from the intrinsic specific quality of the product and/or from the “quality” of the area it comes from. The premium price gained by typical product may originate a so-called “rent of origin”, based on the geographical name of the product.

The rent of origin in some cases may be transferred into an *extra*-remuneration (economic rent) gained by non-transferable and (partial) irreproducible assets used in the production and/or valorisation of the typical product. In other cases the rent of origin can guarantee only a *normal* remuneration for the assets which are less efficient than the standard ones; in fact usually production costs are much higher than “conventional” (or industrial) ones, due to the use of traditional and labour-intensive techniques in the production process, often realised in marginal and disadvantaged areas. Besides, assets used for the production of typical products are hardly transferable in the production processes of “standard products” (ex: labour and specific skills, land arrangements, etc.), so that their adequate remuneration can only be attained if the output is sufficiently enhanced.

There is also another important aspect to take into account: as a matter of fact, the link between product and territory may also originate territorial and non-territorial *externalities*, which may be internalised by local and extra-local actors not directly involved in the production process (ex. restaurants and hotels, traders, travel agencies, craftsmen, museums, etc.).

The premium price and/or higher sales on the market, coupled to the geographical non-transferability and (at least partially) the supply rigidity which characterise the specific local assets used in the production process of the typical product, may give origin to economic rents, which may benefit both by the owners of the assets used in the production process, and by other actors whose assets are directly or indirectly connected to the typical product. That is why very frequently the possibility of capturing this rent rises the attention of many different actors' categories (supply chain firms, public institutions, cultural associations, craftsmen, etc.), sometimes even external to the production area (ex. mass distribution companies, traders), which show diversified interests to fulfil. Sometimes these interests converge around a valorisation project, in other cases they lead to conflicts.

## 2. Aims and Methodology

The general aim of this paper is to give a framework to systematise the key-variables within the valorisation strategies of agro-food typical products in order to identify their potential impacts on rural development processes, and in particular on their sustainable, integrated and endogenous characters<sup>1</sup>.

We have carried out a case study analysis centred on the focus of the actors involved in the valorisation strategies. The diversity of the actors and of their interests (economic, social, political, scientific, etc.) leads to a diversity of objectives that are locally pursued through the valorisation of the product. With regard to this, we have operated a main distinction based on the attention of local actors, which may be either strictly focused on the supply chain of the typical product, or mainly on the other components of the rural economy and society (Pacciani, Belletti, Marescotti and Scaramuzzi, 2001).

The case-studies have been selected from a wider survey carried out in Tuscany in the period 2000-2001 on the most relevant typical and traditional products of the region. We adopted open qualitative interviews, a choice motivated by the fact that our goal was, to gather information on the situation and evolution of the interests of the different actors involved in the valorisation processes of the typical products.

The selection of the interviewees has been based on the *critical case sampling*. In other terms, the chosen actors are those who represent a key-element for the understanding of the matters covered by the study or have a particular capacity of influencing the development of the valorisation process of the typical product. Therefore our aim was not so much to build a statistically representative sample, as to maximise information on a specific subject.

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<sup>1</sup> The concept of rural development, as also emerges in European Union official documents, may be synthesised through three keywords:

- *endogenous*: rural development should be mainly based on local resources (goods, skills, contextual knowledge) and actors' ability to build projects; community participation in the definition and sharing of objectives (bottom-up) is a central point;
- *integrated*: rural development is not only agricultural development, but it considers the integration of all the economic and social activities at a local level (tourism, craft or industrial manufacturing, services, social activities);
- *sustainable*: rural development dynamics should work in a way that the resources used in the production processes are reproduced (complete production process), with special reference to environmental and cultural resources. The respect of natural and social environment plays a central role in the rural development process.

In the following paragraphs we will describe some case studies<sup>2</sup> that highlight the two mentioned different perspectives (supply chain focus, extended territorial focus; par.3.1 and 3.2) and how the previous strategies may be interrelated and have reciprocal activation effects (from supply chain focus to extended territorial focus and viceversa, par. 3.4).

### **3. Typical products, valorisation and local actors: a case-study analysis**

#### *3.1. The supply chain strategies*

Very often valorisation strategies of the typical product are strictly focused on the supply chain of the typical product.

This kind of strategy is normally activated by firms belonging to the area of production and involved in the supply chain that share a common “product culture” (homogeneity of techniques and product characteristics), or by their associations. Local public institutions often support these initiatives because they can strengthen and foster an important part of the local economy.

The aim of the local actors is to obtain a satisfactory remuneration of the specific assets directly used in the production process of the typical product, by defending or relaunching it in reply to the general trends towards mass consumption by leveraging on the value of the territorial origin of the product recognised by consumers.

The pivot of this strategy is represented by the geographical “name” of the typical product, as information summary on the (intrinsic) quality of the product for the consumer (Pacciani, Belletti and Marescotti, 2001). In fact the geographical name of the product, when is well known by the consumers, allows to create a rent associated with the territorial origin, that can be appropriated by the local actors of the supply chain by means of reputation mechanisms (Belletti, 2001).

The general aim of the actors of the local production system is to transform the geographical name of the typical product into a collective form of intellectual property, that is into a “mark” (Moran, 1993), to maximise at a local level the positive effects coming from the typical product.

Two main cases usually apply: either the typical product already has a recognised reputation and the initiative aims at defending the rent; or the product reputation is limited or partially dissipated and the actors aim at creating or increasing the rent of origin.

When the product geographical name has a value “per se” among the consumers, the actors who promote the initiative aim at limiting the use of the product name. Such an “institutional barrier” obtained through product reputation institutionalisation (Polidori and Romano, 1997), by creating a common protective belt on the market, partially shifts the competitive problem to the sharing of the origin rent among local firms (Cavailles et al., 1987).

Very often the tool used is the Protected Designation of Origin (PDO) or Geographical Indication (PGI) (EU Reg.2081/92), which allows the local actors to obtain an exclusive right in using the geographical name and to defend it from unfair uses of both local and external actors.

PDO/PGI recognition requires the definition of Product Specifications agreed on by the community of local producers, that establishes the boundaries of the production area, production methods and product characteristics.

The recognition process of a PDO/PGI often raises conflicts between different economic actors typologies and interests, as highlighted by the case of Tuscan extra-virgin olive-oil.

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<sup>2</sup> To fulfil the identified objective of the paper the following case description will be centred on the phases of elaboration and activation of the strategies and not on their implementation phase.

*Product reputation institutionalisation: the case of Tuscan extra-virgin olive-oil*

Tuscan extra-virgin olive-oil has always enjoyed a high renown on national and international markets. In the 80s owing to the increasing unfair uses of the name *Tuscan* also by some large firms, the regulation of the use of the *Tuscan* name became unavoidable. In these years traditional direct-selling to local consumers became more and more difficult, and due to unfair competition Tuscan extra-virgin olive oil sold through long marketing channels could not obtain prices high enough to cover the production costs (higher than those of the “industrial” olive-oils coming from other Italian regions or Mediterranean countries and named *Tuscan*) [Belletti, 1996].

In the name regulation process one of the main problems arose in the definition of the areas of production, owing to their heterogeneity, their different reputation and market prices. As a consequence a conflict emerged counterpoising the agents belonging to the different production Tuscan areas: local olive oil producers, their local producers’ organisations, local administrations. As an agreement could not be reached, the Tuscan Regional Administration took a position and in 1994, presented to the EU a request for a regional (Tuscan) designation of origin (satisfying the olive oil producers of the least reputed areas), suspending the other local requests; some production areas opposed the decision even at legal level, thus slowing the process of approval of the designation. As a result a PGI was approved in 1998.

The analysis of the effects of the PGI of Tuscan olive oil shows positive results on the supply chain firms, but at the same time a significant penalisation of the most reputed areas arises. The PGI has determined a territorial reallocation (within Tuscany) of the reputation rent of the more well-known areas in favour of the less well-known ones, but able to reorganise their supply in order to penetrate the long channels [Belletti, 2000 and 2001].

After the approval of the Tuscan Extra-Virgin Olive-Oil PGI, the previous conflicts found a solution in the approval in 2000 of the PDOs for Chianti Classico and Siena olive oil, while other PDO requests for other areas of the region are about to be approved.

All the initiatives are only focused on the supply chain and the requests for PDO/PGIs have not had any effects on the increase of differentiation and integration of the economic activities of the rural areas, though at micro-local level some significant initiatives of valorisation of the product have been undertaken. These initiatives lever on the cultural aspects of the product and on the interactions with the territorial context. They have been fulfilled through direct selling within the farm to tourists and/or through territorial consumption networks (olive oil routes, wine routes, etc), without any specific function for the PDO or PGI [Belletti and Marescotti, 1998].

When the reputation capital of the typical product is limited or partially dissipated, the focus of local actors is oriented to increase the rent of origin by means of collective actions aiming at stressing the information role of the “geographical name”, rather than being directed to the share of the rent.

Actors in these strategies aim at using the name of a well-known region (for example Tuscany), which per se (owing to the quality of landscape and culture, and in general to the positive image for the consumer) can have positive effects in signalling the quality of the product (halo country image effect).

This kind of action also requires the building of an organisational framework and some mechanism for sharing out costs and benefits among the actors of the supply chain should be fixed. Usually the establishment of an interprofessional body (Consortium) is required, in order to discipline not only technical and production aspects (including those connected with control activities), but mainly marketing and promotional activities (Antonelli, 2000; Endrighi, 1999).

It is also necessary to aggregate a number of firms to create a “critical mass” of the product, and this fact can determine a loose approach in the Product Specifications and a potential loss

in the identity of the product. This can expose the typical product to the competition of standard products in the market, and make it not paying for firms that produce the “original” high quality product to use the PDO/PGI, as in the case of Tuscan Ham and Tuscan Pecorino Cheese.

*Re-construction of product reputation: the case of Tuscan Ham and Tuscan Pecorino Cheese*

Tuscan Ham and Tuscan Pecorino Cheese are produced all over Tuscany, but locally their characteristics are very diversified.

Nevertheless both products have progressively lost part of their appeal owing to the competitive pressures of other areas, to the technological development of the agricultural sector, as well as to the behaviour of the processing firms. These firms have loosened their ties with local resources (i.e. loss of local breeds and substitution with non local breeds) and conformed the processing techniques to the “industrialised” ones.

The relaunch strategy of the two products has been carried out by the processing firms Associations, in order to attach value to the informative meaning of products origin through promotion strategies on international markets and also through the recognition at international level (PDOs) of the designations of origin that had been previously approved by the European legislation. In both cases the driving idea in the definition of the Product Specifications was to guarantee the participation of the processing firms, taking into account the existing heterogeneity. As a result the Product Specifications contain a rather generic definition of the characteristics of the process and of the product. In addition the origin of the raw material is not strictly tied to the local environment: in the case of Ham the set area goes beyond the whole Tuscan Region, while in the case of Pecorino Cheese neither local breeds nor particular breeding conditions are mentioned.

*3.2. Extended territorial strategies*

In extended territorial strategies local actors use the typical product as a tool to increase the competitiveness of the whole local economic system, showing a more integrated approach to rural development. In fact local actors attach value to the typical product mainly for its capacity of attracting consumers and promoting at the same time a differentiated basket of products and services localised in the area.

There are some necessary pre-conditions to activate such a strategy. The main one is that the typical product must represent an identity element for local actors (not only those involved in the production process), and has a catalyst role in the planning of a comprehensive rural and integrated development strategy. Social cohesion and a high degree of embeddedness of the local community and of the firms (usually eased by the limited extension of the typical product area of origin) are also very relevant, as they support the consolidation of the identity based on the product in order to project it outside the territory (Ray, 1998). Other important conditions are the attractiveness (real or potential) of the product for extra-local consumers, and the possibility for the product to be sold within the area of origin, specifically through short channels to maximise the positive effects.

This strategy involves many heterogeneous actors, with very diversified interests, that are aggregated around the typical product. The firms involved in the typical product supply chain are often marginal, and they are flanked by firms belonging to other economic sectors (hotel owners, craftsmen), by the public policy maker, and by intermediate institutions representing widespread interests (cultural associations, consumers associations at local or national level, schools, etc.).

The final aim that aggregates the local actors in the implementation of an extended territorial strategy is the exploitation of a rent of localisation connected to territorial quality, which comes from the combination of the collective rent of reputation linked to the origin of the product, and the rent obtained through the economic valorisation of specific advantages (both

natural and constructed) coming from the rural space and the quality of local products and services (Mollard, 2001). The territorial quality rent joins the product intrinsic quality to its connection to a specific place (and its natural resources, history, culture, know-how), and it is based on a combination of valorisation modalities of different products/services around a common vision shared by local actors (Pecqueur, 2001).

The role a typical product may have within an extended territorial strategy is well exemplified by the case of the cherry of Lari, where a production which is marginal to the local economy is perceived as a “cultural marker” by the local community and a lever for attracting consumers to a whole basket of goods and services supplied in the area.

### *The case of the cherry of Lari*

The cherry production has a secular tradition in some hill areas of the Pisa province, in particular within the Municipality of Lari, a small village counting 1.200 inhabitants. Nevertheless the cherry production in the area has suffered the effects of a more general crisis and restructuring of the agricultural activities in the area also connected to a widespread industrialisation process (furniture and car industry), with a resulting decrease in the number of producers (especially the professional ones) and in supply. Almost all the small and very small farms in Lari area own some cherry trees, but only ten are the professional producers. As a consequence, the bulk of the production of cherries is destined to self-consumption or placed to friends and on short marketing channels, and only a limited amount of production is sold on traditional market or modern distribution firms.

For a long time the valorisation initiatives around the product have been based on the traditional annual village cherry festival, that has always involved a large share of the local population for its organisation and realisation (local public institutions, schools, citizens, tourist and cultural associations), attracting a great number of visitors. In Lari the cherry has the function of a “cultural marker” for the population, of an identity and cohesion element, while its contribution to the local economy is partly lost.

In the recent years the growing interest for typical products and the issues linked to the preservation of biodiversity has contributed to the activation of valorisation and scientific research initiatives on the typical Lari cherry, thanks in particular to some non local agents (public research institutes), that aimed at preserving the numerous autochthonous varieties of the Lari area.

Also owing to this external attention some valorisation initiatives are being carried out by local agents mainly not belonging to the chain (local public institutions, cultural and tourist associations). In particular the process of request of a PDO has been started, with the aim of using the reputation of the cherry of Lari not so much to stimulate the agricultural activity, but mainly to strengthen the image of the village and of the area outside for tourist promotion. In this context the involvement of the local cherry producers is at present still very limited.

Sometimes the local actors of this strategy codify the relationship between goods and services which compose the basket. An example is given by the “product routes” (wine routes, extra-virgin olive-oil routes, etc.), by which local actors set a sign-posted itinerary inside the area; the itinerary links together firms and activities (from handicrafts activities to rural tourism and agro-tourism, from product history to culinary specialities, from cultural specificities to folklore, etc.) connected with a typical product. Wine Routes are more and more important and in some Countries they are regulated by specific laws that institutionalise links between local actors (by means of a Wine Route Committee in which are represented economic categories and public local institutions), create services specifically organised around the wine produced (wine tasting centres or wine museums), and define minimum quality standards in order to homogenise goods of the basket and to create network externalities into the local area (Brunori e Rossi, 2000).

### 3.3 A comparative analysis of the two main strategies

The description of the strategies we have carried out shows their very different nature and characteristics. In the following table we have tried to highlight these differences referring to a set of distinctive aspects, highlighting the main causes of failure of the valorisation initiatives.

	<i>SUPPLY CHAIN STRATEGY</i>	<i>EXTENDED TERRITORIAL STRATEGY</i>
<i>General objective</i>	Management of product reputation rent connected to origin, or increase the rent of origin by means of collective actions	Territorial promotion, development of the global image of the rural area and contribution to the generation of the joint surplus.
<i>Actors who take the initiative</i>	Supply chain firms. Local public institutions may act as a mediator between opposite needs and interests.	Local associations. Local public institutions usually have a central role. Very often supply chain firms must be “stimulated” to take part actively to the initiative.
<i>Inclusion / Exclusion</i>	Initiators tend to exclude other actors to maximise their rent, after reaching a minimum tradable quantity and presence on the market.	Initiators tend to include other actors to encourage the maximum level of participation, though safeguarding product identity.
<i>Approach</i>	Product-oriented approach. The attention of the actors is focused on the definition of the characteristics of the product and of the process.	Extended Process-oriented approach: focus on production process characteristics and territorial externalities. Attention on “memory”, history and culture if the typical product is a “cultural marker” for the local community. Otherwise more room for scientific institutions and external “authorities” in case of territorial marketing strategy (territory as name).
<i>Role of PDO and PGI</i>	Central role either to create an institutional barrier against unfair uses of the geographical name and/or to create/reinforce its appeal for the consumers	Complementary tool, though often used when the strategy is based on a very specific typical product.
<i>Risk and causes of failure</i>	Producers fail in coming to an agreement on PDO/PGI Product Specifications. Producers may reduce product specificity to preserve price competitiveness. Focus on the exploitation of the rent of origin may cause a lack in actions to improve and re-build product reputation.	Failure in convincing local supply chain firms in joining the initiative. Inter-sectoral co-operation between firms aiming at creating and regulating the exploitation of the joint territorial surplus may be difficult to reach.

### 3.4. Between Supply chain and Extended territorial strategies

If the activation of the valorisation process is often linked to one of the two strategic outlooks, very often the network of (local and non local) actors involved in the valorisation action changes along time and other interests arise (Casabianca and de Sainte Marie, 1997). Empirical evidence confirms that the strategies initially driven by actors’ focus on the supply chain, easing the persistence of and the reproduction of specific local resources, can represent the basis of an extended actors’ focus; viceversa extended territorial strategies, strengthening the attractiveness of the area for consumers can stimulate initiatives activated by the supply chain actors. An issue coming from the study-case analysis is that the co-existence of strategies can give birth to conflicts on the role of typical product within the strategy, on its definition and specifications (aspects connected to the production process), on the actors who will benefit from the initiative (for example in the setting of the boundaries of the production area when applying for PDO or PGI). Also the different effects of the strategies on rural economy or on rural development may have important interrelations.

In fact, though the supply chain strategy usually has a direct impact on rural economy and in particular on the part of the rural economy connected to the typical product (which may be more or less important in the rural area<sup>3</sup>), on the other hand the supply chain strategy may also have *indirect* effects on a “complete” rural development. In fact, the defence of the rent of origin may allow to avoid an under-remuneration of localised and specific assets of the typical product production system (Belletti, 2000 and 2001). In such a way, positive externalities can be reproduced (i.e. peculiar land arrangements, traditional plants and techniques) (Briand, 2001), thus enabling them to play an important role in the activation of extended territorial strategies (Dubeuf, 1995).

In some cases the initiative of the valorisation strategy is taken by supply chain actors and only later other local and non-local actors external to the supply chain, recognising the appeal of the typical product, join the initiative in order to pursue their own interests, as applies to the case of Zolfino Bean of Pratomagno.

*From a supply chain to an extended territorial strategy: the case of the Zolfino bean of Pratomagno*

The Zolfino bean of Pratomagno is a local variety of the *Phaseolus Vulgaris* that is the result of the spontaneous adaptation of the plant to the unfavourable environmental conditions of the area of production (Appennino Mountains) and to the continuous selection operated by farmers. The qualitative characteristics of the product, that essentially derive from its territorial origin, are at the basis of its cultivation only in the area of origin and of its use as a main ingredient in the preparation of many recipes belonging to the farmers gastronomic tradition, though over time the production of this bean has suffered a big reduction owing to the low production performances and to problems connected to the production process.

The first valorisation initiatives have been activated by a group of producers of the area who in 1980 gave birth to the Zolfino Bean Festival, aiming at widening the market of the product. The Festival has had a fundamental role in spreading the renown of the product out of the area of production and it has been the first initiative capable of “creating a market”, not only a local market, for this product. Within this framework the interest shown by one mass distribution firm has contributed to convince the local producers of the market perspectives on the product.

The growing demand has given rise to the creation of a Producers Association and has strengthened the will to improve and support the production process and the image of the product, with the collaboration of research institutions outside the area (University of Florence, ARSIA), consumers associations (Slow Food), producers association for the preservation of varieties in extinction (“Association of keepers-farmers”)

The increase in the demand of the product, in front of a limited supply has caused problems of name abuses on behalf of producers and dealers coming from other areas, even extra-European (Argentina, Chile, China). These phenomena gave origin to a necessity of activating the PDO request procedures for the Zolfino bean of Pratomagno.

At the same time also public institutions at various levels (Municipalities, Pratomagno Mountain Administration, Tuscan Regional Administration) started to consider the product as a means to promote the area. A very important role was played by the introduction of the Zolfino bean within a program financed within the EU LEADER initiative (Local Action Group “Consorzio Appennino Aretino”)

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<sup>3</sup> As a consequence, direct effects are measurable in terms of job and income support, of keeping a living economic and social activity in disadvantageous and marginal areas, and so on. Such effects rely on the degree of appropriability of the rent by the actors of the local supply chain with respect to the actors of the supply chain located outside the territory, which may keep a dominant position, especially on long-distance marketing channels.



In other cases the success of an extended territorial strategy can re-activate or strengthen the production system of the typical product, and therefore stimulate the producers of the supply chain to join the initiative or to activate a supply chain strategy, as in the case of the Lardo of Colonnata.

From an extended territorial to a supply chain strategy: The case of the Lardo of Colonnata  
Fat bacon is widely produced in the Apuan Alps area (north-west Tuscany) and linked to the food consumption habits of the area, in particular to the exigency of preserving a very energetic kind of food for the long working hours in the isolated marble caves of the area.

In particular in Colonnata, a small village (1.000 inhabitants) of the Apuan Alps, in the 2<sup>nd</sup> half of the twentieth century the production of the fat bacon was carried out at family level in the traditional way, though the raw material was not local (as the pig production activity had disappeared in the area): ageing in marble containers (a kind of marble whose chemical composition is specific of the area) in small very damp cellars with rock walls, a long ageing period (at least six months), use of particular mixtures for herbing.

In the 80s a group of Colonnata inhabitants decided to organise a festival every year, in the summer months, to let nearby living people rediscover the village, but mainly to let it know to the high number of tourists present in the nearby coastal areas also aiming at revitalising the local economy (based on the marble caves that for their peculiarity and history represent an important tourist attraction, handicraft and food industry).

Fat bacon is identified as the symbol of the festival for its tight link with the local culture. The festival is a success and attracts a wide number of tourists, but the product remains local and somehow secondary, sold mainly in the village shops, though it becomes an important “element” in the menu of the few restaurants of the village.

In 1996 the Colonnata fat bacon becomes well known when its production is declared out of law for an incompatibility of the production process with the EU food safety regulations (contact of the raw material with the marble during the ageing period, lack of structural requisites in the ageing cellars). The Colonnata fat bacon becomes the symbol of the disappearance of the typical products in front of the indiscriminate application of the safety regulations created by globalisation for mass consumption products. As a result, the identity feeling of the local community is strengthened by these events, but also non local actors, mass media, consumers and cultural associations, non local institutions, scientific researchers get involved in the problem.

A high renown is built for the product also out of the traditional area of production-consumption and the geographical name of the product is used by actors even very far away, some of which use even industrial or semi-industrial techniques for its production. Nevertheless also the artisanal producers of the Colonnata nearby areas benefit from the increase in the renown of the product.

As a consequence the “original” Colonnata fat bacon producers, supported by the local administration, activate the procedures for the request of a PGI for their product: the Product Specifications proposed establish a strictly traditional production process and the processing and ageing area is limited to the inhabited centre of the village.

The resulting conflicts with the producers of the nearby areas (among which there are some meat processing firms) are very serious and even the local administration tries to propose a larger area of production. The conflict gives origin to a second request for a PGI, that of the Apuan Alps fat bacon, the Product Specifications of which establish a wider area of production and less rigid product characteristics.

#### **4. Typical products valorisation: an effective WAY to foster A “COMPLETE” rural development ?**

The analysis carried out has pointed out how the typical product may positively contribute to rural development dynamic, not only as expression of a “product culture” shared by the supply chain firms, but also and mainly as a “cultural marker” of a wider component of the local economy and society.

In evaluating the contribution that typical products can give to rural development processes by activation of valorisation strategies, it is necessary to consider the sustainable, endogenous and integrated character of these strategies, which derives from the way the differentiated actors interests are interconnected in the realisation of the strategy.

On the basis of the case studies analysed, some general considerations can be drawn with reference to the two main strategic orientations.

In supply chain strategies the aim of the actors in the valorisation of the typical product is to allow the remuneration and the reproduction of the local specific assets used within the local production system.

Successful supply chain valorisation strategies can have positive effects on rural economy by preserving the local firms from the competitive pressures of mass agro-food products, but the entity of these effects depend on the structure of the supply chain, which greatly influences the distribution of the added value among the local actors of the chain. In fact external firms can expropriate the rent of origin locally generated, and the capability of the local production system in constructing endogenous organisational forms become central to fulfil the aims of the strategy.

If on the one side supply chain strategies can foster a part of the rural economic system, on the other side their contribution to economic diversification in rural areas (integrated rural development) is in general not relevant. In fact as long-distance marketing channels are the most frequently used within these strategies, normally not even the local supply chain firms have reasons for paying attention to positive externalities which traditional specific production methods (i.e. extensive breeding techniques, the use of high-altitude pastures) can generate on the quality of rural environment and landscape, and the local firms do not stress the links with the local cultural heritage and local population. Traditional production methods increase production costs which cannot very easily be covered - at least in the short term - by higher sale prices of the product. Sometimes also in supply chain strategies firms may give their contribution towards an integrated rural development as in the case of direct selling (Pacciani, Belletti, Marescotti and Scaramuzzi, 2001).

Another important aspect is tied to the preservation of the originary specific identity of the product. In fact very often the heterogeneity of the local firms involved in the strategy (in terms of production methods, characteristics of the product, marketing channels, etc.) can determine an agreement on very loose product specifications (Anania and Nisticò, 1999). As a result, the quality of the product decreases along time due to the competition between firms (free-riding), and the typical product loses its identity in the local area and on the market. The typical product, and its geographical name, is hence not only an asset to exploit, but in order to make the strategy sustainable it is necessary that common rules are set by local firms to guarantee the reproduction of its identity and reputation (Belletti, 2001).

Extended territorial strategies consider the typical product non *per se*, but as an element of aggregation that can stimulate the activation of a diversified range of economic activities in rural areas. By this nature these strategies stimulate the diversification and integration of the rural economy, stressing also the multifunctional character of local agriculture.

The premise of the success of extended territorial strategies is the presence of a pervasive and intense link between the product and the local community (and not only the supply chain firms). In this sense not all products are the same, depending on their symbolic and identity

content within the local community, that give rise to a local culture strictly linked to the typical product.

In extended territorial strategies local actors pay attention not (only) to long-distance channels, but (mainly) to direct selling in the production area; this means that also other local resources (i.e. landscape, environment, culture and tradition, historical and artistic assets) being tightly linked to the product, add value to it. This makes it important for local firms to pay attention to the positive effects of their activity on the environment and landscape.

The distribution of the benefits into the area of origin is a critical point for the sustainability of the strategy, which depends on the presence of an institutional framework capable of making a set of heterogeneous actors to take part and benefit from the territorial quality joint rent. Hence it is necessary to set up rules to discipline the way local firms can exploit the joint surplus, and in particular to guarantee benefits also to the firms of the typical product supply chain.

Also for the extended territorial strategies the critical point lays in the endogeneity of the strategy. Very often these strategies are activated by local institutions or by local cultural associations, but in this case the involvement of firms of the typical product supply chain is not easy. Empirical evidence has shown that if the local actors keep their autonomy in the direction and management of the local development initiative, the role played by non local actors in the activation and realisation of product valorisation strategies may be of great relevance, also in an endogenous perspective.

Therefore typical product valorisation strategies may activate “complete” rural development dynamic when they are managed by local actors who, starting from the use of local assets, favour the integration of different sectors of activity allowing the preservation and reproduction of the specific local assets used.

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