

## Traditional Products and industrialization processes: The Coherence of Geographical Indications

Maryline Filippi and Pierre Triboulet\*

### Abstract

Geographical Indications are used to protect and promote a product whose characteristics are related to its geographical origin. The acquisition of a Geographical Indication (GI) rests on processes of coordination and legitimization in which are involved the actors of the supply chain, institutions and consumers. The aim of this paper is to analyze the coherence of Geographical Indications by discussing the paradoxical fact that they correspond, for the consumer, to the image of a traditional product but at the same time lead to an industrialization and standardization of the production process. The analysis of the mechanisms of quality signaling on the one hand, and a case study on the Protected Geographical Indication “Foie Gras ducks from the South West” on the other, have enabled us to examine the coordination mechanisms at work when Geographical Indications are implemented. The results show that the coordination of actors in a production area does not guarantee the respect of a certain tradition (when tradition is considered as the preservation of a local know-how). The choices of the technical criteria defining quality and the appropriation of the image of the product linked to its origin must then take into account the expectations of consumers concerning the origin. At the heart of the problem lies the establishment of the product’s reputation. Resulting from sectoral and territorial logics and from consumers’ perceptions, this reputation rests on processes of legitimization that are the object of negotiation.

**Keywords:** label, Protected Geographical Indication, co-operatives, “Foie Gras”, origin, coordination of actors

### Introduction

Economic literature on signs of quality has shown the importance of the processes of negotiation between the different actors of a sector (Beranger and Valceschini, 1999; Lucatelli, 2000) and the crucial role played in the construction of a product’s reputation by the certifying body and the organization that owns the collective sign (Letablier, 2000, Valceschini and Maze, 2000). The analysis we propose fits in with the reflection on Geographical Indications used as signs of quality. Geographical Indications are used to identify a product whose characteristics are connected to its geographical origin through its definition, and through the conditions in which it was produced. In France, a group of producers is in charge of establishing the product’s specifications. This French perception of origin, which has been adopted at European level, raises the question of the appropriation of the designation of origin by the group of actors and that of the credibility of the sign of quality for consumers (Peri and Gaeta, 2000; Barham, 2003). In Europe, where there is a legislation concerning the protection of products whose characteristics are related to their origin, Geographical Indications must take into account both the specificity of the relation to the origin and the production processes at work within the chains. Many “traditional” products are at the heart of this reflection because of the evolution of the modes of production and consumption. In such a context, how compatible is the identification of a product whose

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\* INRA-SICOMOR – BP 27 – F31326 Castanet Tolosan, mfilippi@toulouse.inra.fr, triboulet@toulouse.inra.fr.

characteristics are attributable to its origin with the development of an industrial logic whose objective is certification and standardization? To answer this question, it is necessary first of all to examine the coherence inherent to the signs of identification related to the origin. Indeed signs of identification are supposed to protect a geographical area and therefore a know-how and traditional product. But a reduction of the specificity of the product, resulting from the industrialization of production processes, has been observed. In this paper, we shall therefore try and discuss this paradoxical aspect of the defence of traditional products and will base our reflection on the following question: Does the implementation of Geographical Indications necessarily lead to the industrialization of production processes?

In this article we propose the following hypothesis: although the co-ordination of a diversity of actors at the different stages of the production chain is necessary to prevent the collective name from being misappropriated for the benefit of a few private producers, it may not be sufficient to protect the initial production area. This risk is a source of instability that could jeopardize the very specificity of the product, embedded in the definition of the Geographical Indication. In this article we analyze the case of the Foie Gras sector that is representative but seldom studied; Foie Gras is a product that connotes an image and a geographical origin. In a highly competitive context where the risk of relocation of the production is real, the actors of the South West have federated in an attempt to acquire a Protected Geographical Indication (PGI) that would protect and promote their product. The structuring of the sector has resulted in an increase in volumes for a given level of quality. However, there has undeniably been a standardization of the products due to the industrialization of the processes. And the reduction in the specificity of the product is a source of concern for all the actors of the sector, but at the same time, the latter are trying to elaborate criteria of segmentation in order to promote their products. This original case illustrates the tension generated by the need for product segmentation and the protection of a geographical designation. The results show that the co-ordination of actors within a production area does not guarantee the respect of a certain tradition (when tradition is considered as the preservation of a local know-how). Because of the industrialization of the processes, the standardization of the product weakens its anchorage to the original production area. Thus, actors who seek to increase the value added of their product can be drawn to strategies of relocation. In this regard, the protection of the product whose characteristics are linked to its geographical origin requires that the sectoral logics, the territorial development and the demands of the consumers be articulated in order not to jeopardize the consensus reached earlier.

In the first section of this paper we consider the need to maintain the relation between origin and quality as a guide for the actors in their decisions concerning the modes of specification of the products. A second section examines the case of Foie Gras and analyses the processes of negotiation concerning the choice of appropriate signs. The last section discusses the coherence of Geographical Indications by analyzing what causes the tensions that emerge between the actors during their search for differentiation criteria. It examines a paradoxical situation in which the specification of a product related to its geographical origin leads to an industrialization of the processes.

## **I. The coherence of a geographical indication: the result of negotiation processes**

Geographical Indications (GI) are used to protect and promote a product whose characteristics are related to a geographical origin<sup>1</sup>. They rest on collective processes that lie within the framework of

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<sup>1</sup> In conformity with international regulation, we retain the following definition of a Geographical Indication: «a sign used on goods that have a specific geographical origin and possess qualities or a reputation that are due to that place of origin». This definition is accepted internationally by the member states of the WTO who have signed the TRIPS agreement (Trade Relative Aspects of Intellectual Property Rights).

national or supranational legislation. The credibility of such mechanisms is achieved through the co-ordination of the various actors involved in the process, including supermarket distribution and end consumers. The participation of this diversity of actors in the decision-making process concerning the appropriate sign makes it possible to guarantee that there is a relation between a traditional product and its geographical origin.

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### *The sources of coherence of Geographical Indications*

A Geographical Indication identifies a product on the basis of a criterion of geographical location. In Europe, the legislation defines two main labels referring to the geographical origin: The Protected Designation of Origin (PDO) and Protected Geographical Indication (PGI)<sup>2</sup>. The European perception of geographical origin, strongly inspired by the French model of Controlled Designation of Origin, associates the geographical origin to a level of quality. The association of the origin with quality implicitly contains the source of an economic differentiation for the actors involved in these processes of signaling.

#### *- A European legislation framework*

European legislation on Geographical Indications is aimed to protect and promote products that are considered typical because of the natural and human conditions that have made their production possible (Letablier, 2000). Thus, the objective is firstly to protect and significantly differentiate products and secondly to provide a “relevant” summary of information to help consumers make their choices. For Peri and Gaeta (2000) the models of origin-based differentiation such as AOC and IGP are characterized by their ability to give clear information to consumers about typical products and by local systems of production individual producers would not be able to promote. For this reason Geographical Indications are part of the collective marks and signs of quality (Lucatelli, 2000). However, unlike collective marks and certification marks, which are private, the property rights of Geographical Indications mostly fall under the public domain. Indeed, the national or supranational institution must legitimize the acquisition by a number of actors of the geographical indication, give credibility to the mechanism of identification implemented and guarantee the respect of international law<sup>3</sup>.

Valceschini and Maze (2000) have underlined the importance of the system of allocation of property rights for the credibility of signs of quality. This system combines three mechanisms: an institutional mechanism (the national or supra national organization which is responsible for allocating property rights), an organizational mechanism (a group of producers that must elaborate specifications and to which the property right is granted), and finally an inspection mechanism, via a certification body, which is generally independent. It is therefore up to the actors of the agro-food production chain to co-ordinate in order to propose a set of specifications determining the relation between origin and quality, the legal mechanisms guaranteeing this relation. The case of France enables us to examine the different definitions of the concept of origin on which the specification of the origin is based.

#### *- The different definitions of specification of origin in France*

In a country that is known for the typicality (or *typicité*) of its products, the qualification of a product through its origin has evolved in order to adapt to the changes in modes of production and consumption. Valceschini and Maze (2000) identify four legal denominations of origin that show how much this concept has evolved with time:

<sup>2</sup> The PDO and PGI are defined by European regulation 2081/92.

<sup>3</sup> In return for the recognition of GI at international level States are required to guarantee their protection and ensure that the legislations are complied with, in particular with regard to free competition.

- Controlled Designation of Origin (CDO in 1919) and tradition in know how. This sign associates the geographical area (the *terroir*) to a typicality linked to a recognized tradition.
- The Red Label (in 1960) and technical reference base. It defines the specifications that establish the characteristics of the *farm* production of superior quality.
- Organic agriculture (in 1980) and productions that respect the environment. The central characteristic is that of the *natural* aspect of the product and of the production processes.
- Certification of Product Conformity (In 1990) and *conformity to technical rules*. The product must conform to a specification through a technical and normative set of rules.

The fact that France uses the European signs PDO and PGI, shows that these different definitions are taken into account. The PDO is the direct counterpart of the CDO but in France, in order to obtain the PGI it must be associated either to a Red Label or to a CCP. The CDO/PDO and PGI signs are differentiated by the nature and intensity of the relation to the geographical origin. In the case of AOC/AOP, the quality or the specific characters of a product are essentially or exclusively due to its geographical environment including natural and human factors. But the PGI label indicates a quality, reputation or character that is attributable to the area. Generally speaking, the retained criterion concerns more the means and conditions of production than the product's characteristics per se.

The definition of the relation to the origin therefore allows for different strategies of actors; the latter can in particular vary according to the type of actors (producers, enterprises downstream) mainly mobilized to obtain the label. The actors may choose to focus on the conditions in which the raw material is obtained or on the conditions of production (Letablier, 2000). However, the anchorage of the product to the territory and to its natural and human characteristics, may "freeze" the traditional knowledge and production processes in technical and legal specifications. This formalization poses the problem of maintaining the quality of the product, which might require changes in the production processes (Valsechini and Maze, 2000). The legislator proposes a number of differentiation tools to the actors, leaving them free to use the tool that is the most appropriate to protect their product and legitimize the geographical indication.

#### *- The territory as a source of product differentiation*

Associating a product to a territory seems to be an efficient protection and promotion strategy that makes it possible to articulate the sectoral and territorial dynamics. This strategy is part of a process of development of a resource whose specificity is a factor of differentiation for both producers and consumers.

The question of the protection of a product whose characteristics are related to its geographical origin cannot be dissociated from the question of its promotion. It is the prospect of commercial gains resulting from the differentiation of their product that encourages the actors to get involved in the procedure of acquisition of the Geographical Indication. The number and the diversity of producers in the different European countries who wish to obtain a GI reflect the interest generated by the association of a product with a geographical origin. In this regard, it must be noted that both the actors of the different stages of production and the public collectivities, driven by a wish to develop their territories, get involved in the procedures of acquisition of the GI. The mobilization of a diversity of actors has positive effects on the success of a GI. Thus for Carbone (2002) the relative failure of Geographical Indications in Italy (which is measured by the part of the production distributed under a GI label in the protected areas) can be explained by the fact that the local public collectivities have been more involved than the producers themselves in the development of GIs.

The product-territory association also raises the following question: On what is based the specificity that differentiates products for consumers. Examined from the angle of the development of a resource, the specificity lies on the characteristics of the product and the conditions and means of production on the

one hand, and on the reputation of the product and of the territory on the other. The question is then to determine whether the reputation of the area has an effect on the chances of success of a GI and whether a GI has an effect on the reputation of the area. Should one privilege a set of technical rules codifying the conditions and means of production in order to maintain a tradition? Or on the contrary, should one make use of the reputation acquired by the area to facilitate technical innovation and the search for new markets? The French and European perceptions articulate both these strategies. They try to ensure both a vertical integration via the production chain and the markets, and a horizontal integration via territorial co-ordination. For this reason they are half way between a logic of regional mark (Peri and Gaeta, 2000) that aims to protect and develop the reputation of a geographical area, and a logic of industrial mark that aims to certify and qualify the processes of production.

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#### *Incentives for co-ordination among actors*

The consensus among the producers concerning the choice of a GI is conditioned by their objectives in terms of protection and promotion. Thus the criteria retained by producers reflect the rules that they fix for themselves in order to acquire a collective name. The promotion of the GI lies then on the consumer's perception of the product.

#### *- The legitimacy of the acquisition of the Geographical Indication is guaranteed by the co-ordination of a variety of actors*

It is necessary to examine the importance of the process of co-ordination among the producers in their choice of a sign of identification that is adapted to their production. The choice of a sign of identification does not merely reflect the consensus reached by the producers concerning a geographical limit and a legal denomination of specification. It also reveals the producers' objectives concerning the commercial gains that the GI might generate but also the means and processes of production that they must implement in order to reach these objectives. Co-ordination is all the more necessary as the actors involved in the procedure of acquisition of the sign are situated at different stages of the supply chain. The contractualisation between the different operators of the chain is necessary in order to manage efficiently the processes of quality and promotion, and therefore to maintain the reputation of a product whose elaboration rests on the operations carried out at the different stages of the chain.

The appropriation of the label of origin is delegated to a group of actors. They fix rules used to exclude actors who are not situated within the geographic boundaries defined by the group and even to exclude internal actors if they do not adapt to the changes in the production processes resulting from new technical criteria. Inversely, all actors complying with the geographical and technical criteria are allowed to use the geographical indication. The relation between origin and quality assimilates the geographical indication to a common good that belongs to the group (Lucatelli, 2000). The mechanisms implemented by the legislator must therefore ensure that the allocation of the property right to the group of actors is legitimate. The processes of legitimization do not only concern the choice of the production area. When the legislator grants a property right to a group of actors he/she must make sure that the international legislation on the protection of GI is complied with. This requires that the specificity of the content of the sign of origin be defined and that the consumers' perception of this specificity be known. Implicitly, the group of actors must co-ordinate in order to define the demands of the potential market.

#### *- The consumer's perception of the product*

Ultimately, the procedures of promotion and product differentiation are only efficient if the adopted label is credible for consumers. A label is credible if consumers trust it and if the image conveyed by the product is positive. In the case of a label associating geographical origin and quality this association must make sense to the consumer. In other words, the origin of the products must represent a know-how

that is common to the producers and recognized as such by the consumers (Valceschini, 2000). This recognition depends on the consumer's trust in the label that must guarantee a denomination of origin attributed to producers organized collectively. It then lies on the institutions that can guarantee that the label is reliable and that it complies with the rules concerning the mechanism of certification and of reputation. But it also requires that the image conveyed by the origin-related label be taken into account. The origin is a promise made to the consumer. And it is necessary to objectivize this promise in order to identify what consumers expect from an origin-related label. The promotional process then focuses more on meeting consumers' demands. But the evolution of the modes of consumption, related to the growing importance of supermarket distribution, tends to standardize the demand.

The identification translates a twofold interaction process. On the one hand, it shows that the actors of the supply chain have coordinated around the rules of production that are the most appropriate to promote their product. The question raised then concerns the legitimacy of the group that has coordinated to fix the rules. On the other hand, this identification is associated to the image conveyed or which makes sense to consumers. The identification of a product undoubtedly highlights its specific characteristics but also the choices made by the actors in terms of commercialization.

## II. Processes of negotiation around the definition of the “foie gras duck from the south west” PGI

The analysis of the organizational and geographical changes results from a survey carried out in 2002 (Vincent et al, 2002). The strategies of the actors concerning the Protected Geographical Indications implemented have been determined through interviews of actors operating at the different stages of the chain. The question is whether or not the PGI ensures the protection and promotion of the original production area.

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*The choice of the PGI label is aimed to reduce uncertainties concerning the production*

The South West is historically the main production area of Foie Gras in France. Indeed, of the four traditional production areas, 3 are situated in the South West: Landes, Gers and Perigord<sup>4</sup>. In the 1990s the “ Foie Gras duck from the South West” PGI was implemented in a context of important changes in the supply chain and of strong uncertainties related to external determinants (competition of other production areas, European regulation) and internal determinants in terms of co-ordination and concentration of the actors in the South West.

*- What is at stake for a sector under pressure?*

In the last twenty years, innovations have led to the intensification of the production of ducks and geese. Until the 1960s, the force-feeding of geese represented, for small maize farmers, the opportunity to increase their income. The production was sold on local markets. Transformation and preservation enterprises contributed to reinforcing the reputation of the product and to increasing market outlets. At the beginning of the 1980s, the introduction of the Mulard duck represented a crucial stage<sup>5</sup>. The Mulard duck being resistant and productive it rapidly became the species favored by producers. This facilitated the implementation of a structured and compartmentalized supply chain. At the beginning of the 1990s individual cages and mash feeding resulted in increased productivity and a reduction of the hardness of the labor. The slaughtering process became centralized. The introduction of the “block of

<sup>4</sup> Alsace, which is still active in transformation industry, only represents 3% of the production of Foie Gras.

<sup>5</sup> In 1975, 35% of the Foie Gras produced was goose Foie Gras; in 2002 only 3.5% of the Foie Gras produced was goose Foie Gras.

Foie Gras” made it possible to “recycle” Foie Gras that were more sensitive to fat melting and standardized a product that became increasingly distributed through supermarkets. These changes occurred in a context of mounting pressure from downstream, following the involvement of great financial groups. They translated into a dramatic increase in the production of Foie Gras, with an annual growth rate of over 10% between 1980 and 2000, that is a doubling of the production every seven years.

The prospect of high returns led to the emergence of new production regions in spite of the rising debate on the well-being of animals.

At the beginning of the 1990s Brittany and the Pays de Loire got involved in the duck sector by playing the integration card, a method that had ensured the success of the “meat poultry” breeding business. From the start, the actors concerned built big barns and used the mash-feeding technique. The farmers involved were also younger than in the South West (SCEES-ITAVI, 1997). Until 1990 duck and goose breeding in the west was virtually non-existent but in the 1990s the production increased dramatically and the producers of the region secured a market share of 22% in 1998<sup>6</sup>.

At international level, the existence of other producing countries conditioned the organization of the chain in France, even though the latter is by far the world leader. Indeed France is the main market outlet for countries such as Hungary and Bulgaria. Hungary, the second world producer of Foie Gras, has important human and technical resources and low labor costs. Although the volumes imported by France are stable, the risks of relocation of certain stages of the production process exist because of potential productivity gains. To this is added the threat to the practice of force-feeding, which is deemed cruel by many countries of Northern Europe. Under their pressure, a report on the well-being of force fed palmipeds was adopted on December 16, 1998 by the European commission. It requires that the use of individual cages be prohibited as from 2010.

#### - The implementation of the PGI

In light of these threats, can the production and the protection of the South West designation be maintained? The Chamber of Agriculture of the Landes region has initiated discussions on this question. The main preservation enterprises, who wish to get their supplies from the local producers and to preserve the positive image associated for the consumer to the South West origin have participated in these debates. The PALSO (Association for the defence of Foie Gras palmipeds of the South West) was founded in 1992. Its objective is to federate the actors of the chain. It is essentially in order to protect the South West Designation that the actors have mobilized to obtain a certification of the origin.

The actors of the chain agreed that a Protected Geographical Indication label<sup>7</sup> would be the appropriate label. A Certification of Product Conformity (CPC) fixing the minimal technical criteria to comply with was registered by the PALSO in 1995. The CPC was favored over the Red Label, which would have required more restrictive specifications. The boundaries adopted for the PGI zone are quite wide<sup>8</sup>. They include all the traditional production areas, which are characterized by the presence of fatty duck and goose markets. Provisions are also made to be able to use additional geographical labels for restricted areas: Chalosse, Gascogne, Gers, Landes, Quercy and Perigord. Finally all stages of the production process except for the brooding stage must take place in the area or restricted area in order to apply for the PGI. This concerns the breeding, force-feeding, slaughtering and transformation stages. The “Foie Gras duck from the South West” PGI was officially recognized in June 2000, following a process that lasted nearly a decade.

<sup>6</sup> In 1987, the South West represented 95% of the total French production of Foie Gras and over 90% of the transformation.

<sup>7</sup> A Controlled Designation of Origin was unlikely to be granted as the geographical aspect does not play significantly in the characteristics of elaboration of the product.

<sup>8</sup> It covers the Aquitaine and Midi-Pyrénées regions, Corrèze and some *cantons* of Aude and Haute Vienne.

In a context of important production growth, 12.2 million ducks were produced under the PGI label in 2000 and nearly 16 million in 2002, that is, for the year 2002, approximately 76% of the production of the South West and 54% of the total French production. The number of operators of the different segments of the chain who obtain the PGI certification increases regularly. This success can be explained by the weakness of the constraints imposed, which has enabled a greater number of actors to co-ordinate.

*- The technical and geographical constraints remain weak in order to encourage a greater number of actors to co-ordinate.*

The necessity to maintain market shares and to protect the positive image associated with the designation of origin explains the criteria chosen for the PGI label: Large geographical area, non-restrictive specifications. The association of production and transformation is an essential aspect. These criteria result in a PGI that is original in terms of number and diversity of the actors concerned. Its implementation was accompanied by the reorganization of the chain that has become essentially controlled by co-operative groups.

The big preservation companies, knowing that the maintenance of their market share and the protection of the commercial use of the term “South West” depend on the development of the production, have played an important part in the implementation of the PGI<sup>9</sup>. Their relations with the local producers enables them to get sufficient supplies at a time when the questions of traceability have become important<sup>10</sup>. Maintaining their market shares necessitates then that a maximum number of actors be involved, which justifies the decision to choose the widest possible area for the PGI. The size of the area provides the necessary leeway for the main operators of the long production chain (co-operatives, slaughterhouses, preservation operators). In a context of concentration, their action area has extended and goes far beyond the traditional Foie Gras production areas. The criteria set up for the Certification of Product Conformity were chosen for the same reasons. They are not highly restrictive and are compatible with the search for productivity gains, as shown by the decision to authorize mash-feeding. However, the risk that production could become too industrialized justifies the decision to limit the size of the feeding strips to 1000 animals per breeder.

Co-operative groups are highly involved in the reorganizations of the supply chain. For the groups of cereal producers, the production of fatty ducks provides a source of diversification that helps them maintain the income of their members. It also provides a non-negligible commercial outlet for maize farmers<sup>11</sup>. Initially the co-operatives invested essentially at production level, but driven by the need to reduce costs in the supply chain they started getting involved in the different stages of the process, from the feeding of the animals to the slaughtering and transformation processes. Towards the end of the 1990s they took control of a large part of the transformation business. This was facilitated by the big financial groups’ withdrawal of their capital. These changes occurred in a context of concentration of the structures; and as a result the duck and goose sector in the South West is today dominated by four main operators.

<sup>9</sup> The production-transformation relation is not compulsory for obtaining the protection of the name. The French law of 1905 authorises a product to bear the name of its place of transformation. The preserving companies of Alsace are in this logic because of the relocation of the production that occurred in the 1960s (Rousselot-Pailley, 2002). Similarly, acquiring a PGI is possible as long as at least one stage of the production, of the transformation or of the elaboration takes place in the protected area.

<sup>10</sup> The risks of fraudulent use of the products in the chain were denounced at the time by several important actors in the supermarket sector.

<sup>11</sup> During the force-feeding season, 95% of the diet fed to ducks and geese must be maize from the South West. In the Landes *département*, the ducks and geese sector consumes approximately 10% of the production of maize (agricultural survey, 2000).

*Analysis of the organization of the chain around the PGI label*

The results of the “Foie Gras ducks from the South West ” PGI label are overall positive. Indeed, the PGI label has indeed enabled the South West producers to protect the South West production area which remains the first producer of Foie Gras in France and in the world, with 75% of the production. But, new uncertainties are emerging, and are revealed by the strategies implemented by the actors to differentiate and promote their production.

*- Co-ordination versus exclusion around the PGI label.*

In a context of uncertainty and organizational changes facilitated by product and process innovations, the PGI label has played its role of co-ordination of actors, which has made it possible to achieve the two objectives defined initially: the maintenance of the leadership of the area and the protection of the South West designation. This success rests on the exclusion of actors on the basis of geographical and technical criteria.

The implementation of the PGI has fostered the negotiations concerning the technical and organizational criteria that can be the object of a compromise between the different operators of the chain. These compromises were reached partly thanks to the constraints weighing on the future of the chain. Thus, the formalization of the production processes responds to the demands of traceability expressed by consumers and supermarket distribution and the structuring of the chain has become necessary to rationalize the production and reduce costs. However, divergences between actors have emerged because of the risks of industrialization inherent to the development of the production. The appropriation of the name and the risk of losing the image associated to the PGI which would result if the industrialization of the production was too important are denounced essentially by the operators of the short production chain. The latter consider themselves as victims in two ways: firstly because they are no longer allowed to use the South West label outside the PGI framework and secondly because the PGI label authorizes production processes that they neither can nor wish to adopt and which modify the “traditional” image of the product they want to defend.

At national level, the PALSO mobilizes the interprofessional committee and the public authorities so that the “Foie Gras” designation be reserved exclusively for force-fed male ducks. They argue that female duck Foie Gras is of an inferior quality. This will constitute a regulatory barrier that will hinder imports and penalize hatcheries of the West (Rousselot-Pailley, 2002). The PGI label also ensures the official recognition of an area for which the notion of tradition can in the long term prove a decisive asset against the threats related to the well being of animals<sup>12</sup>.

The co-ordination among actors of the South West reveals strategies that result in the exclusion of producers situated inside and outside the area. The actors refer to the demands in terms of quality and tradition to justify these exclusions, which shows the importance of these aspects in their strategies. This is confirmed by the analysis of the individual strategies of the main operators involved in the PGI.

*- Disagreements concerning promotional strategies*

The current disagreements between the four main groups<sup>13</sup> on the modes of promotion concern the choice of a sign of identification that would ensure that larger gains are generated thanks to the additional quality achieved. Indeed some favor an individual strategy through a mark and others argue in favor of a collective strategy via a label. These disagreements might jeopardize the co-ordination achieved in the framework of the PGI. Furthermore their choices foreshadow a new wave of exclusion,

<sup>12</sup> Thus cultural factors or factors related to the historical heritage can play an important role in the protection of certain practices (see bullfighting).

<sup>13</sup> Among the four main groups, 3 are cooperative groups and the fourth, Labeyrie, is related to a cooperative group.

in particular of intermediate operators which currently occupy the niche of the market targeted by labeled products. They also reveal the need for a regulation body that will protect the South West production area while guaranteeing the credibility of the sign.

Commercial strategies vary: Some consist in maintaining marks while others consist in investing in the label with or without geographical restrictions. Firstly, marks remain a major promotional tool. Labeyrie is the mark that has the biggest market shares on the supermarket segment and which benefits from the best reputation with consumers. Resulting from an old strategy, the reputation of the Labeyrie trademark rests on heavy demands at all stages of the production process, demands that materialize in more constraining specifications than those imposed by the PGI label. Investing downstream, the Euralis and Maisadour groups have taken control of the main preserving companies in the South West. In spite of the resulting concentration of industrial tools, their trademarks have been maintained, each being positioned on a specific segment of the market. The Vivadour group (the latest to hit the market) is different from the others inasmuch as it does not have a trademark. By taking control, with a co-operative group from Vendée, of a leading company in the commercialization of Foie Gras, it has been able to commercialize its products via a distribution mark. Secondly, by advocating investments in the label, the main groups reveal their need for additional promotional tools. The label has a positive image for consumers and can be used in conjunction with a PGI in order to benefit from a geographical sign. The question of technical specifications divides the actors. The negotiations do not strictly concern quality but rather the identification of the actors concerned by the label and the guarantees of investment returns for those initiating the certification process. Currently, the main groups position themselves in relation to two old labels which until now had little success<sup>14</sup>. The latter specify that their animals are fed whole grain and only concern raw products. These labels can now be extended to include transformed products which is of great interest for the main groups since this extension targets supermarket distribution. However the intermediate operators of the chain are concerned about this evolution and denounce the risks of assimilation of the Label product with an industrial product. For these reasons they campaign for the maintenance of whole grain force-feeding and for the method consisting in eviscerating the animal once it is cold, two techniques that are not so much factors of quality as they are criteria enabling them to limit the industrialization process. However, these choices result in additional costs which must be appreciated in relation to the additional promotional asset provided by the sign. Moreover, the use of a label generates the risk that actors outside the area could also produce under a label.

The analysis of the duck and goose sector shows three things. Firstly, the analysis of the “Foie Gras duck from the South West” PGI label shows that the actors of the South West have used the sign in a logic of regional mark. The establishment of rules and criteria that have enabled producers to offer a product of a given quality and to maintain the production was made possible by the fact that the area was protected. Secondly the tensions between the objective of protection and the objective of product differentiation are visible through the logics of exclusion underlying the signs of identification adopted by the actors. The main groups try to develop ranges of products in order to optimize their production processes and as a way of diversifying their promotional tools. Furthermore, creating a positive image for products whose characteristics are related to their origin reinforces the need to coordinate the actors of the chain in the geographical area concerned. The choice of strategy must take into account the expectations of the consumers and the demands of supermarket groups. Finally, the analysis of the strategies of actors highlights the fact that whatever the sign chosen, organizational and geographical constraints still weigh on the chain. The processes of concentration related to the rationalization of cost structures generate new needs related to coordination among actors.

<sup>14</sup> The Maisadour group uses the 12-89 label, property of the PALSO, with the labels «Landes and South West» in the framework of the PGI. The Vivadour group is positioned on the label Gers 16-89, property of Avigers, which it uses without a PGI. A transformed product label, extension of the label 12-89 was obtained by the PALSO in 2001.

### III. The tensions concerning the coherence of geographical indications

Identification signs related to the origin such as the PGI label continue to be conditioned by the ambiguity of the association between origin and quality. On the one hand, the development of procedures of traceability testifies to the evolution of the concept of “quality” of agro-food products. On the other hand, the concept of origin also evolves inasmuch as ultimately it coincides with consumers’ acceptance. Tensions between actors concern the qualification of the products and the reputation of the area. This is also true for other products that benefit from a PGI label, such as Olive Oil from Tuscany. The actors of this chain must also coordinate in order to find the most appropriate promotional tools and to define a sign that will make sense to the consumer.

Formatiert: Nummerierung und Aufzählungszeichen

#### *Tensions concerning the technical criteria, fostered by the demands of the markets*

The search for a consensus on technical criteria between the actors of a chain reveals problems related to the acquisition of the sign and to its image in a perspective of product differentiation. The efficiency of the choices made by the actors of the chain is estimated through the consumers’ perceptions of them.

In a logic of innovation associated to the new requirements in terms of traceability and food safety, specifications have become more demanding. Although traditionally, traceability was used as a differentiation factor for products targeting specific segments of the market, it is a property used to guarantee that food is safe to eat, and therefore concerns all producers. Thus, Charlier (2003) proposes to analyze traceability as a production standard. In their search for a consensus concerning technical criteria, the actors of the chain are guided by the need for a better organizational efficiency, made necessary by the demands of the markets. The size of the market and the organization of the chain are factors that differentiate two types of situation. Firstly, in the case of local markets and of small independent producers, the consensus between actors concerning technical criteria proves difficult to reach because of the heterogeneity of the processes of production (Carbone, 2002). This difficulty is reinforced when the actors are positioned on different segments of the market. Secondly, the implementation of a GI - whose technical criteria are based on the traceability dimension - leads to a change in the logic of the production processes. In this case, the technical criteria taking into account procedures that are increasingly standardized result in an industrialization of the production processes.

As the GI is accessible to all actors present in the area as long as they comply with the negotiated conditions, a multinational firm, via a local firm may also benefit from a GI. And, as Carbone underlines, this multinational firm possesses assets (in particular the ability to reduce costs of production, in conformity with the demands of supermarket distribution) that enable it to better exploit a GI than small producers. The GI can therefore, in the long term, increase the level of specification of the product and as a consequence lead to the exclusion of the local producers positioned on other segments of the market.

The method used for the evisceration of Foie Gras ducks illustrates this logic and makes it possible to define the positioning of the actors. Indeed the criteria differentiates the enterprises: In most big groups the evisceration process takes place immediately after animal have been slaughtered whereas medium and small producers do not have the financial and technical means to practise this technique. The relation between this criteria and quality is obviously debated and debatable<sup>15</sup>. Some groups hesitate to integrate the evisceration criteria in the content of the Red Label in order to differentiate Red Label products from PGI products on the one hand, and to minimize the potential risks of disorganization in the South West production area on the other. Thus the decision-making process is guided more by the

<sup>15</sup> The evisceration immediately after the slaughtering limits the melting of the livers and bacterial development.

need to build and manage a collective resource than by the need to define intrinsic quality characteristics. This analysis refers to the concept of club goods (Torre, 2002). Signs of quality result from the coordination between the actors who are excluded and those who can potentially benefit from them. It is the prospect of a profit associated with the use of the sign that encourages the actors to coordinate. In the case of a GI, the main incentive is the commercial appropriation of the geographical name, inasmuch as the association between quality and origin can have a positive impact on the consumer immediately; indeed this does not necessitate a long process of construction of the reputation as is the case for a trademark (Ittersum et al, 2003). The qualification of the product is then only used to legitimize the appropriation of the geographical name.

The debate on the modes of product differentiation refers to the consumer's understanding of the information about the product. The multiplication of signs via labels tends to dilute the information. Initially meant to give consumers clear information about the products, signs, because of their profusion, have become less readable and more opaque. In these conditions, the more credible the sign is for consumers, the simpler the message can be. Thanks to the diversity of actors that they mobilize (groups of producers, institution governing the sign, certifying body) Geographical Indications benefit from a high credibility. However, the potential benefits of the GI in terms of information for the consumer should not be overestimated. Consumers often know little about the differences between labels in terms of production processes. This enables the big industrial firms of the olive oil sector, for example, to advertise their products by associating them to idyllic environmental images (van der Lans et al, 2001). This can be explained by the importance of the attributes of trust in the domain of agro-food products. And these attributes concern characteristics (food safety, conditions of production, environment, ethics) that the consumer cannot verify through experience and for which he therefore has to rely on the information provided by the producer. Thus, even if a public label prevents producers from giving deceitful information, it is still difficult to provide efficient information to consumers concerning the characteristics of agro-food products (Crespi and Marette, 2003). As Carbone underlines (2002), the emergence of more industrial actors is partly due to the fact that they have the financial means to launch advertising campaigns.

The choices of technical criteria reveal the importance, for the actors of the chain, of the question related to the industrialization of the processes that could lead to a standardization of the products. They explain the high level of tension within chains and territories as one of their consequences is to lead to the exclusion of the initial local producers.

**Formatiert:** Nummerierung und Aufzählungszeichen

### *Tensions concerning the importance of geographical boundaries in the product-territory association*

The consensus between producers concerning geographic boundaries is not sufficient to guarantee the promotion of a product. The association of a product to a geographical area must also make sense to the consumer. Considering the Geographical Indication as a signal relating quality to origin requires a joint analysis of the modalities governing the collective exploitation of the product and the exploitation of an immaterial asset, i.e. the image related to the area. By associating the product to the image, the analysis shifts towards the processes of elaboration and of guarantee of the reputation that is necessary for the consumer to trust the product.

The reputation of the label is a source of commercial gain as long as it responds to the criteria that are important for consumers. Identifying these criteria is important for the actors of the chain when they implement strategies of product differentiation and promotion. In the case of agro-food products, consumers are interested in characteristics that more or less emphasize the traditional aspect of the product (i.e. know-how, cultural aspects, geographical anchorage), or the industrial dimension (i.e. certification, standardization). Nowadays this double specification of products concerns all actors of the chains because of the changes in the modes of consumption and in the demands in terms of hygiene and

food safety. Even though the opposition between traditional production and industrial production is weakened by the influence of the supermarket sector in the construction of the product's image, tensions have emerged between the consumer's perception and the industrialization of the production process that is meant to standardize the characteristics of the products, through an increase in the volumes produced.

In the duck and goose sector, the tensions between actors show that the heart of the problem is indeed the establishment of the product's reputation. In order to give credibility to the sign of origin as a sign of quality, two logics are at work:

- The reputation rests on the Red Label. In this case, defining a number of quality criteria validated by a certifying body enables the actors to give consumers a positive and clear message on the product. As a consequence producers situated outside the area also have the possibility of producing this level of quality. The aim is not to protect an area but to maintain the product's level of quality as consumers perceive it.
- The reputation lies on the geographical area of origin. In this case, the actors must make sure that the area makes sense to the consumer, for example by maintaining all stages of the chain. But the product's reputation that is attributed to the geographical area must also be legitimized.

By associating a Red Label to a PGI, French legislation creates the risk of weakening the relation to the origin as indeed, consumers tend to choose the sign which is the best known and has the best reputation i.e. the Red Label. Indeed, because all groups of producers in France and even in Europe can obtain a label, there is competition on prices that translates into a standardization of the production. The aim is then to produce a given "superior" quality at the lowest possible costs. This is part of a logic of vertical integration and of industrialization of the processes which is not necessarily compatible with the valorization of the geographical anchorage. Only the reputation of the origin in relation to the product pushes producers to coordinate and defend the protected area.

How do the actors of a given geographical area coordinate in order to find the means to guarantee the credibility of the origin-quality relation for the consumer? The property right of the sign is delegated to a group of actors whose legitimacy rests on the identification criteria of the product. Moreover, as the sign can only be used by the group of actors, the question of its legitimacy with regards the image of the product related to the origin can be raised. The positive image of a product can rest on factors that are not taken into account in the identification criteria. Indeed, it is important to avoid the misappropriation of the collective image for the benefit of some actors. Thus, in the case of Foie Gras, the artisanal production and the duck and goose markets are important assets for the image of the geographical area, assets from which the enterprises of the long production chain benefit when they try to obtain a Geographical Indication. If the actors of the short chain cannot mobilize a GI (in other words when they are no longer allowed to use the geographical origin as reference for their product) even though they contribute significantly to the positive image of the area, there is a paradox. This risk is real inasmuch as the involvement of the actors of the long supply chain in the processes of qualification and certification requiring important investments, imply the potential exclusion of the actors of the short supply chain. This paradox is partly lifted if the processes of legitimization of the GI take into account these different positions. All actors of the protected area are then encouraged to undertake additional procedures that will enable them to meet consumers' demands and expectations. The actors of an area can coordinate in order to find the most efficient ways of mobilizing patrimonial, cultural or gastronomic elements. Additional goods and services that reinforce the image of the area for the consumer can generate additional income that benefit the group of actors (Mollard et al, 2001). However, studies on the so-called "basket-of-goods" show that tourism plays a structuring part in the association of products with services, which refers to local markets. Other studies emphasize that the association between product and territory depends, for the consumer, on the products considered (van Ittersum et al, 2003). For one same geographical area, the association may be positive for one product and negative for

another. These issues foster the current debates on the European certification of the geographical origin, in which the actors try to decide whether the strong relation between origin and quality should be maintained or if the origin must be considered as a sufficient and necessary criterion to protect and promote a product whose characteristics are related to its origin (Peri and Gaeta, 2000).

## Conclusion

Several factors raise questions about the coherence of Geographical Indications. Meant as tools of protection and promotion of a traditional product whose characteristics are related to its geographical origin, GIs require first of all that the actors who are granted the right to use the geographical designation are legitimate. Secondly, in order to promote a product through a GI, it is necessary for the actors of the supply chain as well as the other actors of the area to take part in the coordination and negotiations and to take into account consumers' perception.

The study of the Foie Gras case enables us to analyze the strategies of actors in terms of signs. It is the necessity of defining appropriate strategies that encourages the actors of a chain to coordinate. The analysis shows that the actors of a supply chain must choose criteria that will make the signs of identification coherent. Furthermore, it shows that the search for the coherence of the signs of identification related to the origin requires that the actors of the chains coordinate and take the demands of consumers into consideration. The case of Foie Gras is interesting inasmuch as it represents a paradoxical situation. Indeed, the South West production area, the world leader in the production of Foie Gras, offers a luxury good that is distributed increasingly through supermarkets and whose identification sign has protected the production area while resulting in an industrialization of the production processes. The recent changes in the duck and goose production chain are the result of the interactions between the different actors who have developed their markets from a collective observation of the latter's behavior.

The actors choose rules of elaboration of the product (relation to the territory, know-how, reputation) according to the image they wish to give their product of origin on the one hand, and by taking into account the current demands with regard to traceability and food safety. This question of the relation between origin and quality is at the center of the European debate concerning the certification of origin. A paradoxical situation would arise if the GI facilitated the processes of industrialization. Indeed, forced to reduce production costs in order to meet the demands from downstream, the chains would have to industrialize the production even though they had benefited from the positive image of a traditional product. This paradox is partly lifted by the fact that an increasing number of actors take part in the coordination; an evolution that is necessary for the processes of legitimization and promotion of the GI. When choosing the criteria that must be retained to define the origin, the actors of the chain must meet the demands of consumers whose influence increasingly impacts the conditions of elaboration and production of the products. Their demands can shift the coordination between actors of the chains. Resulting from sectoral and territorial logics and from consumers' perceptions, the reputation of the GI rests on processes of legitimization, which necessitate the participation of a great number of actors.

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