

SURVIVAL STRATEGIES IN MARGINAL AREAS THROUGH QUALITY DIFFERENTIATION: A CASE STUDY APPROACH OF A SMALL MEAT PROCESSING FIRM IN MOUNTAINOUS GREECE

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Quality can be appreciated based on: a) the value of food in matters such as taste, flavour, etc.; b) its nutritional characteristics; c) whether it is healthy or not; and d) the circumstances under which it was prepared (Gilg and Battershill, 1998).

Consumers are usually interested in a combination of the above or all of them. The latter comprise a steadily increasing share of consumers, who turn more and more towards traditional products.

Thus, one can find throughout Europe steadily expanding "specialised" (niche) markets, originating from specific traditional agricultural systems of production, the prominent ones being those of organic products, animal products of free pasturage, products coming from specific areas (PDO/PGI) and those who are treated or even sold by the same farms in which they are produced.

The European Commission estimated the market of quality products in the EU in 1990 at the level of 7,5% of the total food expenditure, and anticipated an annual increase of 50% until the year 2000, including an eightfold increase of the purchase of organic products (Commission for the European Com-

Food has a symbolism in the social and cultural traditions of a great number of European societies. However, serious doubts regarding its quality have been widespread recently. Consumers have been influenced by a number of matters and worries connected with it, thus they search more carefully the origin of the food they consume and are sometimes willing to pay higher prices in order to enjoy higher levels of trust in relation with the quality of their food. The specific work constitutes a simple description of the efforts undertaken by a small Greek pork meat-processing firm to find its way in the heavily volatile modern economic environment. Its basic orientation to produce organic pork meat products with vertically integrated process from animals of outdoor pig breeding (free-range breeding) seems to be a pioneering effort in an area, which is in its infancy in terms of research and practice in Greece. The present study is interesting because of the timely effort of the specific company to be subsumed in the modern marketing designs. Its praiseworthy effort coincides in time with the issue of the EEC 1804/99 regulation about organic livestock, a coincidence that makes it even more crucial. Again, it has to be stressed that the present is simply a descriptive work and suggestions should be criticised from that point of view.

ABSTRACT

RÉSUMÉ

Dans les traditions sociales et culturelles d'un grand nombre de pays européens, les aliments sont revêtus de symbolisme. Toutefois, récemment, on a commencé à douter sérieusement de leur qualité. Les consommateurs ont été influencés par un ensemble de points obscurs et de soucis qui les mènent à s'interroger plus attentivement sur l'origine des aliments qu'ils consomment et qui les rendent disponibles à payer des prix plus élevés pour avoir une meilleure confiance vis-à-vis de leur qualité. Ce travail donne une brève description des efforts déployés par une petite entreprise de transformation de la viande de porc pour faire son chemin dans l'environnement économique moderne si variable. Son orientation essentielle vers la production de viande de porc biologique suivant un processus intégré vertical à partir des porcs élevés à l'extérieur (parcours libre), est un effort tout à fait original dans un domaine dont la recherche et l'application en Grèce sont encore à leurs débuts. La présente étude est intéressante en raison des efforts de cette entreprise pour être subsumée dans les plans modernes de commercialisation. C'est un effort louable qui coïncide dans le temps avec la présentation du règlement CEE 1804/99 portant sur l'élevage biologique, une coïncidence qui le rend encore plus crucial. Le présent travail est simplement un travail descriptif et toute suggestion devrait être critiquée tenant compte de ceci.

munities, 1991).

QUALITY FOODS

AS A POSSIBLE ALTERNATIVE SOLUTION

The largest percentage of quality foods is produced in traditional farms, in a traditional way and in traditional environments. Thus, the increased demand for quality foods can be used as a means of preserving the traditional way of life and environment in the European regional agricultural areas and reduce the need of state subsidies in order to maintain the agricultural population at those areas.

There are many reasons, which explain why consumers become more and more conscious in matters of quality.

The most obvious is that the majority of Europeans is nourished very well, as regards their access to nutritional foods. Most households spend a very important percentage of their available income in food, with the Greeks (reaching a 30%) in front of all the Europeans (Covino and Mariani, 1999).

Most can enjoy the luxury of choosing what they con-

sume, with no fear of shortage. Of course, deeper changes have also taken place. An abundant offer of cheap food has been achieved through the industrialisation of agriculture, including the dramatic intensification of the agricultural production.

In spite of all this, the side effects of the intensification of the industrial food production are heavy, especially in matters of over-exploitation and deconstruction of the environment. The impact of environmental worries

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has lead to the creation of a group of consumers which, driven by tendencies of searching for quality, is willing to support alternative initiatives to the intensive industrial model (MacKenzie, 1990). Other related matters, e.g. the loss of genetic material, the over-packaging of the products with non-deconstructive materials, and especially hygiene food matters like the BSE crisis or the infection of food by bacteria like *E. coli*, have further reduced the trust of the public towards the conventional means of food production and have increased the demand for alternative methods of production (Henson, 1995). Moral doubts concerning the treatment of animals in the intense systems of production push masses of European consumers even to stop consuming meat (Bansback, 1995).

Hidden behind this reasoning are deeper cultural influences over the selection of food. Since the world business powers in the food and agricultural sector follow the Western model, exerting increased influence over the production and marketing of foods, the demand of consumers for "traditional" products is satisfied by strongly independent producers and is opposed to the uniformity and standardisation of globalisation. This situation seems to offer a continuum to consumers (**table 1**), with the industrialised and globalised production at the one hand and, alternatively, the quality production by less intense systems at the other (Gilg and Battershill, 1998).

Consumer demand for quality and traditional products offers its own opportunities to the sector of agricultural and industrial foods. In more economically advanced European countries, like the UK, the neo-conservative politics gave the control of the food production mechanisms to the big chains of retailers, the commercial aims of which are to create and respond to the needs of con-

sumers (Gilg and Battershill, 1998). Such acts might seem capable of eliminating in its infancy the alternative quality market, if the retailers had not realised the possibilities and the independence of investing on the, full with good intentions but faulty oriented, demand of quality products. The programmed use of traditional pictures, old-fashioned looks or sponsoring of moral content (Green and Ethical marketing) is especially widespread (Marcott, 1986).

There are a lot of obstacles to the effort of a simple utilisation of the demand for quality. The European Commission authenticates more and more labels or names which designate the area of origin or the system of production of various foods (Commission for the European Communities, 1996). The initiative of 1996 embraced 318 European products, while in 1997 (**figures 1 and 2**) 2579 products were protected by local, national or European labels (Peri and Gaeta, 1999). With the conformity and co-ordination of such labels, the possibilities of undue application are, to a certain degree, reduced.

THE PROBLEM

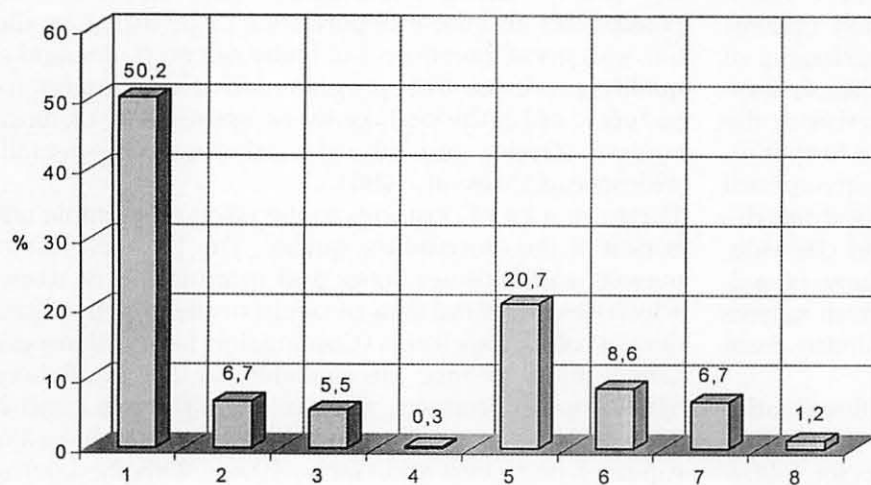
The basic assumption in the present paper is that the increased interest regarding food quality and especially in the systems of production it promotes can offer the possibility of supporting the producers who produce by applying traditional methods. More specifically, the "traditional agricultural sector of low intensification" which still dominates many marginal European agricultural areas, Greece including, could represent a main source of food supply to quality markets. Such a situation has mutually profitable advantages, both for producers and consumers: the traditional peasants could utilise in a better way their productive capability with products which are appreciated in the market and ac-

quire an access to it (Carter and Shaw, 1993), and consumers could safely buy the products they demand.

Another problem which could possibly be solved through the production of quality products by traditional agricultural farms, is the need to support those exploitations for reasons of social and natural environment protection, which has been widely acknowledged by politicians, academics and pressure groups (Zio-ganas, 1996). And that because such farms play a critical role for the preservation of extended and precious regional areas of the

Table 1 The Industrialized Model of Food Production and the Consumer.

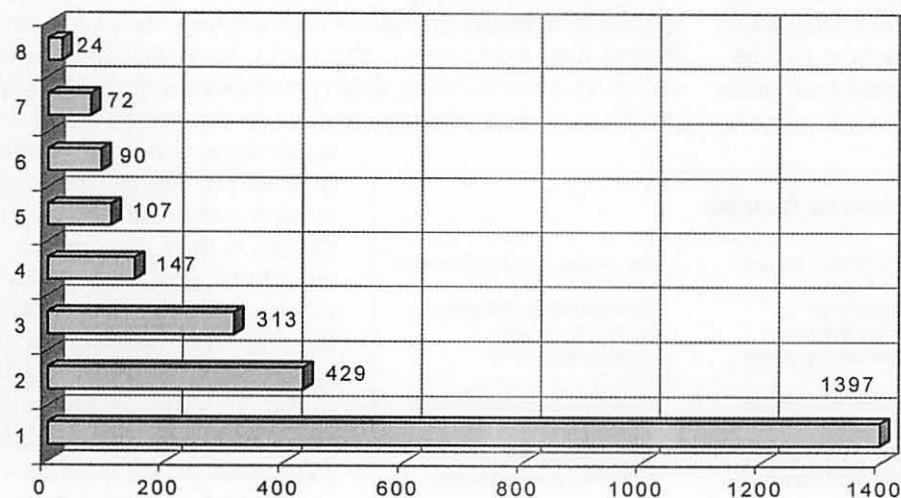
	The Industrial model	The Hybrid model	The Niche markets model
Production:	Profit-motivated farmers, which apply industrial models based on the ideas of economics	Farmers motivated not only by profit but also by personal ideology factors	Personal ideology-motivated farmers with the need of staying independent
Processing:	Multinationals which produce heavily processed and homogeneous products, for the mass markets and secondary, for that of fresh food	Smaller units which produce a mix of processed and specialized products for various target markets	The need for independence makes producers to increase their products' added value and to target only specialized markets
Consumption:	The majority of consumers is influenced by price and convenience of food, which is usually heavily standardized	A large consumer segment remains confident on quality and freshness and many still prepare their food traditionally	A minority of consumers motivated by ideology insists that the food it consumes should satisfy moral and environmental criteria
Food providers:	Fast foods based exclusively on industrially produced food	Restaurants offering a mix of pre-cooked and 'special' dishes	Restaurants with specialties exclusively produced from local raw materials and other valuable sources
Source: Gilg and Battershill (1998).			



Key: 1=PDO,
2=PGI,
3=Organic,
4=Special product features certification
5=National label,
6=Regional label
7=Private label of producers' organisation,
8=other.

European label: 63%
National or other: 37%

Figure 1- Distribution of quality labels in Europe pre Organisation, 1997.
Source: Peri and Gaeta (1999).



Key: 1=wine, drinks
2=meat,
3=milk, dairy, honey,
4=vegetables,
5=fruits,
6=olive oil,
7=meat products,
8=other

Figure 2 - Distribution of quality labels in Europe per Food Type, 1997.
Source: Peri and Gaeta (1999).

European agricultural socio-economic environment. Most of those farms in marginal areas are economically vulnerable and for the time being many of them are viable only because of the programs of regional motivation and the local support policies under the CAP (Gilg and Battershill, 1998). Those politics are not going to be followed forever and "free market" solutions should be adopted, based on the preservation of natural wealth.

The market of quality products based on traditional systems of utilisation offers solutions, especially if food and its production can be valued economically. Such an evaluation could help the transition of traditional farms towards forms of economic integration, bypassing the intensification stage during which there will inevitably be an environmental encumbrance. To what degree this can be attained depends on the size and nature of the demand of quality products.

THE ROLE OF "ASYMETRIC INFORMATION"

One of the starting points of the effort for a reinforcement of the typical local products was the European regulations of establishment of the PDO/PGI and organic products. The first, however, of the immediate problems has been the fact that many agricultural markets are characterised as "imperfect" (Arfini, 1999). The factor that mostly influences the whole system is the high degree of asymmetric information regarding those products.

According to the neo-classical model, all the involved parties in the market (producers, companies, consumers) theoretically have at their disposal all the information necessary in order to make their decisions, thus assuring the most profitable distribution of their forces in relation to the existing technological and economic obstacles. Specifically, the information regarding price, quality and other parameters must, under normal circumstances,

permit an ideal distribution of the disposable consumer income, through the discovery of products, which respond ideally to the added value he demands. At the same time, the capability of consumers to find products that satisfy them gives a motive to the sellers to compete and improve the quality of their offer, since they know that this will be appreciated.

In spite of all these, the lack of symmetrical throughout the chain information offer results in imperfect forms of commerce, with some having at their disposal information which others, in the same chain but in a different ring, do not. In this case, the ones who have the information use it in the decision-making process, influencing the market prices. This entails an inflow instead of outflow of information within the market, where the only available indication for all the transactions that take place is the price. At this point, what interests many researchers is to examine up to what degree the price constitutes a means of information or rather to what extend prices can constitute real indications of the quality of various goods and thus be used as means for making the right decisions (e.g. see Zeithaml, 1988).

The relation of asymmetric information, price and quality

The existence of asymmetric information creates a close interdependence of price-quality. For some types of consumers, price constitutes an indication of quality. This may lead some of those who supply goods to behave "unfairly", creating moral dilemmas, since the consumer is not given any other opportunity to check in advance whether there is a correspondence between the value of the product and its price. Thus, consumers try to protect themselves by searching quality parameters which are not directly visible, and this search continues up to the point that the marginal cost of search exceeds its marginal benefit (Arfini, 1999). As soon as the search becomes "expensive", consumers may suspend it and decide to acquire the necessary information through the purchase of the product. The first goods (or characteristics of a product) are called "search goods/attributes", while the second "experience goods/attributes" (Grunert, 1997).

There is also a third category of goods, more complex than the previous ones, which are defined as "credence or trust goods/attributes". Those refer to a situation where the consumer has no chance to "learn" the quality characteristics of a product even after its use or consumption, because he is not able of judging its internal properties, and so he counts on the specifications mentioned by the manufacturer. In this case, the purchase of trust goods is subject to the qualitative guarantee of a third party (e.g. the state), usually in the form of legislation which substitutes the lack of information with the supply of guarantees trusted by consumers (Grunert, 1997). Such quality assurances cover a large

range of food quality attributes, like those connected with consumers' health and food "safety", or those who have very "sophisticated" quality characteristics, as are the products of special geographic origin (PDO/PGI) or those who come out of a special production process (organic).

The existence of experience or trust goods proves that quality can not be measured based on personal experience, since this can only lessen and not fully suppress the uncertainty regarding the quality of a purchase. Given that the supply of information is not always profitable to the supplier of a product (on the contrary, the uncertainty which accompanies it may turn into an advantage), the responsibility lies basically on the consumer to decide what is the level of information he deems necessary. This situation results into a perpetuation of the asymmetric information among food buyers and sellers. This explains why the consumer develops mechanisms of self-defence like the repeated purchase of the same product, trust in various labels or specific shops, a tendency to avoid the risk of new products' purchase, purchase of expensive or famous brands, thus paying a sort of "price" for the safety of the good he buys (Arfini, 1999).

The "war of information" and the Small Agricultural Firm

In spite of all these, the price factor remains basically the main parameter through which manufacturers are "rewarded" for the risk of investing to quality, and researchers for the development of innovations in production. In the case of quality "trust products", the producer which risks "a little bit more" for quality differentiation may lose, in relation to the one who does not risk. In this case, there is a need to invest on the "fame" of the product (Arfini, 1999). In circumstances of imperfect competition such an investment is necessary, so as to close the information gap and "exchange" the trust of consumers (Shapiro, 1983). The danger of asymmetric information lies on the existence of a double loss: of consumers, who are driven to the selection of less quality products than those they would choose if information was available; and of producers, which see their profits diminishing because of unfair competition with the big intensified food industries which have easier access to information because of their close relation with the retailers who dominate the market (Zeithaml, 1998). In order to avoid such a loss of social prosperity, it is necessary to apply mechanisms of information, both private and collective, which will aim to the protection of public health and promotion of greater market transparency, through notification of the hygiene specifications and strict quality standards followed. This can be done mainly through the use of labels which, for the consumers, are the link between the product and the producer (Wright, 1997). The best use of labels is at-

tained through imposition of legislation concerning their use, a suitable advertising campaign, acknowledgement and copyright of quality labels by national and international organisations, creation of auditing mechanisms, introduction of quality production codes, (e.g. ISO or HACCP) etc. The qualitative image of a product is enhanced by the use of a label which honestly informs consumers (Wright, 1997).

At the level of a small or medium agricultural company or farm, the pursuit of a policy of quality labels is the main strategy, not only for the elimination of asymmetric information problems. It also constitutes a mean of quality differentiation (Kotler, 1997), aiming to secure a competitive advantage based on the trust of buyers towards the offered good and the creation of brand loyalty (Clark and Payne, 1994). This offers the company a mean of increasing the product's added value, with the creation of a close relation between producer and consumer as the ultimate goal (Alreck and Settle, 1999).

If the increase of added value is being achieved through a decrease in asymmetric information, the company must have an economic vigour, which will allow to cover the extra cost of quality production. For this reason, the Greek small or medium agricultural processing food companies face great difficulties in the development of company strategies based on the specialised use of labels. A possible solution for the small or medium companies might be the combination of a quality label with the concentration of their efforts towards specialised small segments of the market (niches), such as the quality conscious consumer, while the big companies will be expended into strategies of market share expansion in the wider market (mass marketing, Arfini, 1999). In an agricultural system of production where the existence of mini – or micro – companies is a permanent way of living and doing business and not just a transitional stage towards economic gigantism (like the Greek system of production), it is necessary that there exist mechanisms of communication with the average consumer in order to safeguard their viability and competitiveness. The problem starts from the point at which those companies do not possess any power and any label known to a large share of the public.

The marketing of "specialised" markets (niche marketing) has been proposed by theorists and practitioners as the most possible strategy for a success of small producers in the market. Through differentiation of the product and addressing special groups of consumers, small producers can take advantage of opportunities in the market which bigger companies are unwilling or incapable to take. This is a characteristic especially of the food industry, where the fragmentation of consumer requests leads to increased demand of specialised and singular products (Tamagnini and Tregear, 1998) and where the "orientation towards the customer" (market

orientation) of the companies is necessary (Narver and Slater, 1990). Niche marketing is a "bottom-up" approach (**figure 3**), since it starts from the satisfaction of an identified need of few or even one customer and gradually moves toward the creation of a bigger and steadier base of customers, passing gradually from specialised to mass marketing (Shani and Chalasani, 1992). Moreover (**table 2**), a niche is smaller than a segment and the followed strategy is concentrated on subjects and not on homogeneous pieces of customers (Dalgic and Leeuw, 1994).

All the above about quality differentiation, the need for quality labels and the pursuit of niche marketing strategies, constitute a theoretic background over which the rest of the paper will be built. While an important bibliographical effort has been made regarding the characteristics and management of small agricultural companies, there is clearly less interest in their strategic choices, as for example the choice of their customers and its relation with the size of the company. Conversely, the

Corporate Strategy Built-up	Corporate Strategy
Niche and mass Markets built-up	Corporate Marketing Strategy
Niche market Built-up	Corporate Niche-marketing Strategy
Multiple niche Built-up	Multiple Niche Strategy
Single niche Built-up	Individual Niche Strategy
Specialization Built-up	Target Customer Strategy

Figure 3 - Niche Marketing "Bottom-up" Approach
Source: Dalgic and Leeuw (1994).

Table 2 "Segmentation" vs. "Niche" marketing.	
Segmentation	Niche marketing
"Top-down" approach	"Bottom-down" approach
Segments' differentiation based on differences	Consumer accumulation based on similarities
Segments' interior homogeneity	Emphasis upon individuals
Large segments	Smaller parts
Emphasis upon division into smaller, easily manageable parts	Emphasis upon satisfaction of specific needs
Source: Shani and Chalasani (1992).	

choice of customers by the continuously expanding retailing chains is very much important for the acquisition of an opportunity on behalf of small producers. For the small producers, there exist a number of obstacles, which influence not only their development but also their relation with the retailers. Those are (Carter and Shaw, 1993): a) an incapability of supplying the retailers with products of steady quality and at the proper time for national distribution; b) a lack of comprehension of the modern marketing techniques regarding the need to secure a steady and high quality; c) their confirmed difficulty in informing customers about their possible advantages and convincing those in charge at the big chains; d) a non-development of satisfactory networks of commerce; e) a lack of capital power and access to the sources of capital; f) fear, due to lack of comprehension, in front of the changes and the unavoidable risk of utilisation of new opportunities.

APPLICATION

Description of the company

The small pork meat processor which we are going to examine is being situated at the area of Proussos Evritanias, the poorest, wholly mountainous Greek area (Alpha Bank, 2000), and was founded in 1992. Aiming to upgrade the quality of its traditional products, the company placed the following objectives: a) production of biological meat products with modern processing technology; b) revival of traditional local methods of production; c) vertical integration of its production; d) support of the problematic local economy with the creation of employment opportunities and, therefore, preservation of the local population; e) exploitation of the natural conditions and wealth-producing sources of the area; and f) the protection of the natural environment through avoidance of the burden caused by intense pig farming.

The basic strategy, over which the company profile is built, is the combined creation of organic products of a local traditional character, thus products of superior quality and small quantity, which would demand premiums in the market. We observe that this strategy has all the characteristics of a strategic quality differentiation. In matters of supply chain, the company is mainly interested in securing access on the shelf of the big retailing chains and especially in areas where consumers of higher education and economic level, who are believed to be the main buyers of its products, are living.

The existent "marketing mix"

Advantages

The company portfolio is comprised of 8 products (labels). Their basic advantage is that they have a superior quality, which is basically due to the special way of

production. This gives them better sensory characteristics (e.g. more reddish colour than the common industrial pork meat products and "richer" meat taste) and makes them healthier for the consumer, since essentially it is "pure" meat without the addition of any artificial element. Due to their traditional process method, they have an image of originality, of products "of the old times, made with passion", an image perfectly concordant with the modern consumption tendencies. The products are and look natural and from this point of view have certainly their own place on the shelf of a high quality retailing chain, being difficult to face strong competition, at least by other Greek products. The product with the greater potential seems to be the prosciutto, since it is the only pork meat product of such a type produced in Greece. Also it is the first product the company plans to vertically integrate, and thus will be the main candidate for the future use of an organic meat product label pursued.

The company products are priced at higher levels than common pork meat products, a policy enforced up to a certain point by the higher cost and the smaller volume of production. Also, the great distance of the location of production from large markets makes the higher price even more necessary. In terms of strategy, higher price is considered as an indication of higher quality in the eyes of the consumers to whom it is addressed, and thus it is also justified.

Perhaps the main advantage of the company is its close co-operation with one of the highest quality retailing chains in the country, namely "AB Vassilopoulos". 90 per cent of the produced quantity is distributed in this way. This provides the company with at least a satisfactory demand and gives access to a rapidly increasing share of consumers which has the knowledge, economic capability and tendency to search for products of higher quality. Also, it ensures a wide and rapidly developing network of sale points throughout Greece. Moreover, a positive fact is that the transportation of the products is made with own means (reefer-truck), while there is also a small transit centre in the area of Athens, where the products can stay before their distribution for a limited number of days.

Finally, there seems to be no type of promotional activity on behalf of the company so far. Sales are based exclusively on the co-operation with Vassilopoulos and the good fame that this entails, as well as on the good quality of the product through which the firm tries to build its profile.

Disadvantages

The basic disadvantage of the product until today is the lack of some sort of seal of indemnity of its superior quality and natural character, which would safeguard its position vis-à-vis the competition and raise it in the eyes of the demanding consumer to whom it is being ad-

dressed. The plastic packaging material does not conform to the image of a natural and environmental friendly product. Furthermore, the packaging is not practical, and product pieces are uncut and big, being avoided for practical reasons – given their small preservation period due to lack of preservatives – and not addressed to smaller households. Also, the existing label is not satisfactory, containing few information not “smartly” given to the public. Therefore, both information and quality assurances towards consumers are insufficient.

Moreover, it seems that the company produces a large number of generally similar products, without a great degree of differentiation among them and in relation to the competitive common pork meat products. Of course, there is quality differentiation, but due to lack of a relative promotional policy and quality credential, there is a problem of diffusing this information towards the final consumer.

Finally, although the level of technical equipment, especially that of the rooms of artificial maturation, is judged as satisfactory for a modern production (although of small capacity) and the level of training and experience of the personnel is very high, the health conditions, the general configuration of the work area, the storehouses, the analysis laboratory, the reception and the sales room, as well as the infrastructure (water supply, drainage, remission of solid residues) do not exist or need improvement in order to respond to the high quality standards of the products and to the demands of the market.

The main problem concerning networks is the dependence of the company on the moods of the retailing chain, since essentially this is its only customer. For the time being, the quantity produced and distributed in the market is small and the company can maintain a continuous flow of the product without problems of sufficiency during the periods of high demand. It is very important to examine up to what extent the company, with its current organisation, will be able in the future – and given a sharp rise of its products’ demand – to satisfy the demand of the retailer to maintain a steady flow of high quality products. Also, the very low penetration of AB Vassilopoulos chain in Northern Greece, which is the main geographical centre of consumption of pork meat products in the country, deprives the company from a big market, although this problem is expected to be improved in the near future with the expansion of the retailer.

There is also a serious disadvantage in the relation of the company with the lower rings of the chain due to its dependency on the supplier of raw material. This raises the cost of production and makes it vulnerable by the fluctuation of international meat prices and exchange rates. Moreover, it prevents the company to exercise its policy in matters of strict quality control of the raw ma-

terial, so as to claim later the quality labels it pursues. Finally, due to its nature of a small company and the objectives it poses, an exploitation of the rapidly increasing demand of pork meat products by the fast food sector is out of the company’s range. Besides, a massive production could alter the quality character of the products, which should be addressed only to those few who can appreciate them and pay a premium for them. In this way, a steady base of “loyal” customers is needed, necessary for the viability of such companies. The lack of a communication policy obviously obstructs the effort of the company. The lack of marketing policy deprives the company of the right to know exactly the profile of the consumers who trust it, a benefit which, due to asymmetric information, is left in the hands of the retailer. Thus, the company can not establish direct relations with its customers, something which would help to better understand their needs and therefore to better anticipate and satisfy them.

Consequently, the lack of any promotion actions (quality seals, advertising, in store promotion, price offers, campaign for increasing customer’s familiarity with traditional quality pork meat products, etc.) limits the degree of firms’ customer awareness, the possibility of creating “loyal” customers, it makes the company dependent on the actions of the retailer and, ultimately, it lessens its sales. Finally, the degree of familiarity of the company with modern communicational practices (e.g. Internet and e-commerce) is virtually non-existent, keeping it away from the modern tendencies of the market.

Proposals

Our proposals are based on three axes (**figure 4**): strategies of quality assurance, application of policies aiming at “specialised” (niche) markets, and vertical integration of production and revision of the relation with the rest of the chain of supply.

Strategies of quality assurance

The basic strategy, which must be followed, is the use of quality labels which would cover with trust characteristics of the product understood by consumers only after consumption (turning “experience” into “trust” characteristics). Thus, a base of loyal customers who tend to avoid risk is being gradually created, and it is less costly for the company to re-attract them than gain new ones (see Clark and Payne, 1994). All the pursued seals have as objective the increase of the products’ added value and therefore give the company the right to “demand” from the market higher prices.

The main seal, which can be pursued, is the recently approved by the EU (reg. EEC nr. 1804/99) organic livestock label, for all pork meat products produced by the company. The EU acknowledges that the demand of agricultural products, which are produced in an organ-

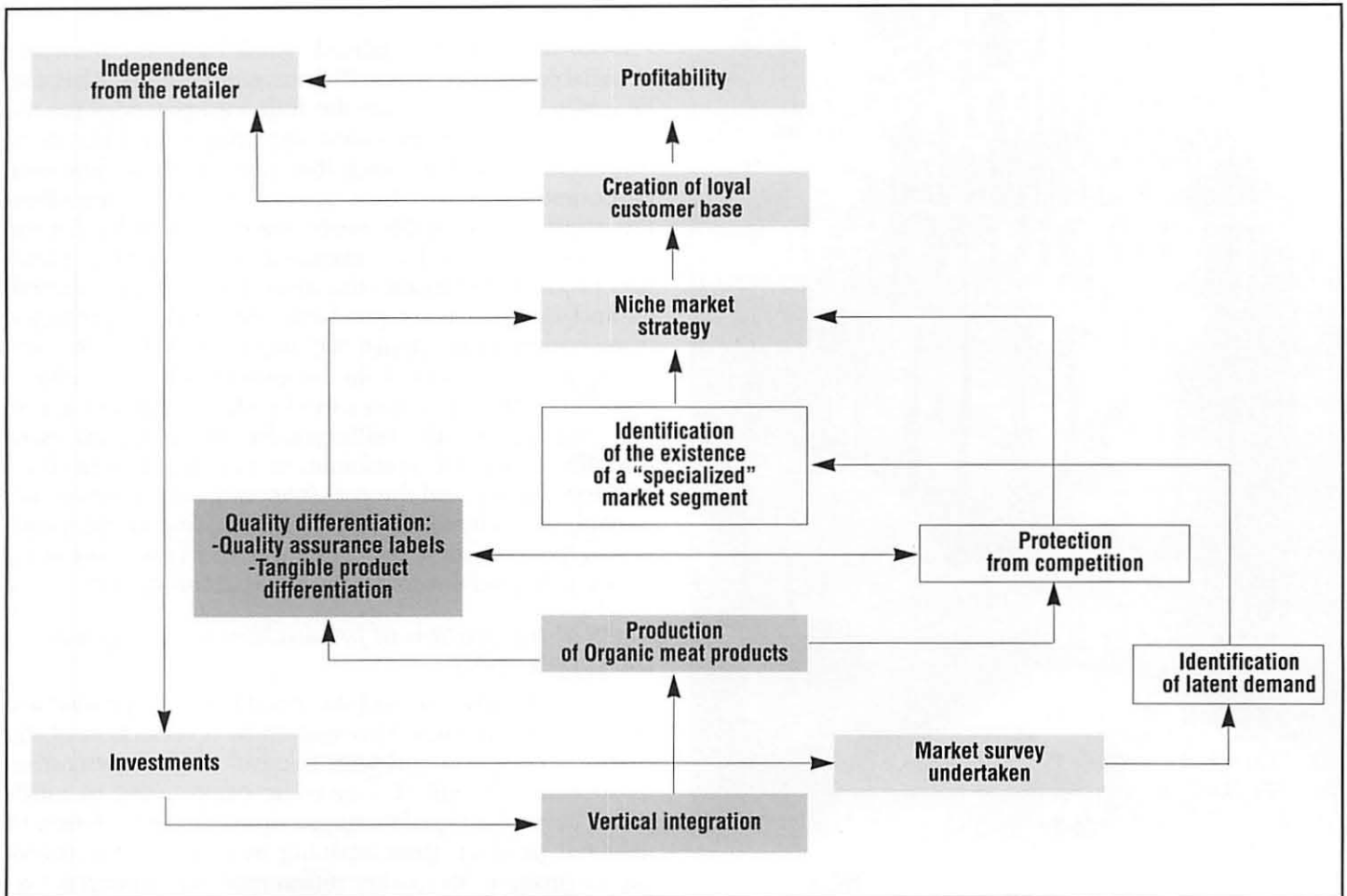


Figure 4: Marketing Strategy Suggested.

ic way, is increasing. The current production of livestock products allows the expansion into organic and contributes to the development of activities, at the agricultural farms, which apply organic ways of production, which could represent an important part of their revenues. It seems that the company fulfils almost all the conditions of the regulation for the application of organic livestock. The main problem, however, which has to be solved is the organic animal breeding by the company itself or a supply of organic raw material from another source and the cost increase which the latter entails. This makes urgent the vertical integration of the company.

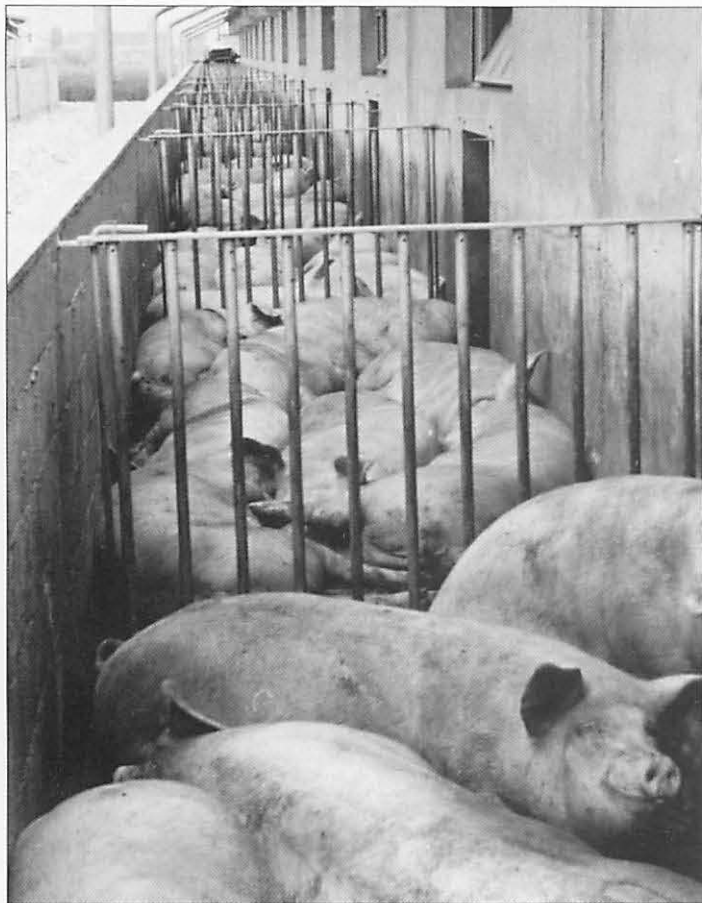
After the vertical integration, a certification which can be pursued is that of Protected Denomination of Origin (PDO), especially for the prosciutto, which is being manufactured traditionally and has a local character and originality (which, of course, can be proved). Moreover, the International Standards Organisation ISO 9000 series certification for the controlled, at all stages, superior process of production could be acquired, provided that the necessary investments for the improvement of the technical infrastructure of the company will be made. Similarly, an ISO 14000 could be acquired be-

cause of the environmental friendly way of production of the pork meat products, following the necessary related investments. Finally, the Hazard Analysis and Crucial Control Points (HACCP) prevention system must be established (given its obligatory character in the EU since December 1995) and can be easily embodied to the ISO series systems. HACCP can offer the assurance necessary of the hygiene standards followed during production, in matters of infection by harmful for the consumer micro-organisms, after the identification of the "sensitive" for infection stages of the processing chain (again, given the relative investment for the improvement of hygienic conditions).

Policies aiming at "specialised" markets

It must be stressed that the precise discovery of a possible "specialised" market, is the critical first step that the company must make. Usually, there are three criteria which should be satisfied (Kotler, 1997):

- Confirmation of the existence of a latent demand in a market segment, into which the company must have access and which must show an increasing tendency. This is done usually through an analysis of the market. In our case, the company perceives indirectly the exis-



tence of a demand for its products, through their sales and, generally, their viability on the shelves of Vasilopoulos. It hasn't conducted, however, any market analysis and it does not know the profile of its customers, except possibly indirectly, and through the information supplied by the retailer. Therefore, a necessary first step is the "reading" of its final customers, the consumers.

– Confirmation that the offered product is sufficiently differentiated so as to provoke a response from the part of the consumers. There must be a detailed survey of all the offered commerce mix and its results on the customers. Regarding the degree of differentiation of the particular products, we have already mentioned the need to inform the public for their quality differentiation through the use of the appropriate seals of quality assurance. Without any proof regarding the profile of the consumers who use it, any proposal concerning the products is hypothetical and thus risky. There is, however, the indication, due to the nature of the product, that the consumers of those pork meat products are of a higher and highest economic and education level, members of families with small children, working people. Therefore, they will be in a position to appreciate the offered quality added value of the specific products and translate this appreciation into a willingness to pay

their higher price.

– Proof that this "specialised" small base of consumers is capable to protect itself from competition. This can be easily achieved, since the followed practices for the preparation of the products are unique and the environmental conditions such that can't be easily imitated. Of course, we must stress again the need to transform this truth into a quality seals strategy, in order for the customer to know, be convinced and prefer the particular product. Generally, the more the company accredits and safeguards its products, the more is protected from competition. Again we must stress that the key word for the success of the proposed strategy is "differentiation". And since this can't be effected in all the levels suggested by the bibliography, the company must find the most viable combination. Given the capabilities of the company and the possible composition of its customers, we believe that the differentiation of the product's characteristics, its price and the communication policy followed compose the ideal combination.

Vertical integration of production/relations with the supply chain

We have already stressed the need for meat production through own means. This will allow a reduction of the cost of production and will "release" the company from its suppliers. It will also give the opportunity to much better control all quality stages up to the preparation of the final product, thus attaining more easily the objective to promote its quality differentiation through assurance labels. Finally, the main objective, which is to organically process pork meat, will be achieved more easily and with less cost. Generally, vertical integration will be the answer of the company to the modern challenges of the market and its main competitive advantage in the sector of pork meat products which lacks a sufficient number of such companies in Greece.

Secondary proposals

In our opinion, it is essential for the company to reduce the offered products, especially the most problematic and those having the worst potential. Production should be oriented towards the most profitable labels and to those which is easier to attain or promote their qualitative differentiation, as is for example the prosciutto.

It is necessary to differentiate more the appearance of the existing product, so as to effect an increase of the consuming base to which it is addressed. This can be done: through use of various sizes of packaging which will satisfy various consuming groups, through cutting of the product before packaging, by the use of more environmental friendly packaging, e.g. wood, by developing light versions of the product, e.g. adding pieces of vegetables etc., in order to make the image of the product healthier and aim to more elderly consumers or

to parents of small children, and by using more attractive labels with more traditional image and more – clearly written – information. In any case, an analysis of efficiency of the above actions and a reliable market search must precede.

CONCLUSIONS

The present study is interesting because of the timely effort of the specific company to be subsumed in the modern marketing designs. This praiseworthy effort coincides in time with the issue of the relevant regulation about organic livestock, a coincidence that makes it even more crucial.

The basic orientation of producing organic pork meat products with vertically integrated process from animals of outdoor pig breeding (free-range breeding) seems to be a pioneering effort in an area, which is in its infancy in terms of research, and practice in Greece. Abroad, there is an immense activity on this matter. According to the data of the British Meat and Livestock Committee (1994), the form of outdoor pig breeding had been expected to tenfold increase its participation percentages in the total pig breeding activity until the new decade. The rapid development of the industry is due mainly to the small need of investment capitals, which reaches the 20% of the intense pig breeding (Pig International, 1994), as well as to the smaller demand in working, maintenance and depreciation costs. From the point of view of efficiency, the industry has already reached competitive levels, by selecting special genetic material and developing more adaptable races (Pig International, 1996). This sort of agricultural exploitation is gaining more ground in other countries like France, Denmark and the U.S.A., and this in environmental conditions much less favourite than these of our country. Noteworthy is the example of Spain, which has proceeded to the promotion of pork meat products of healthy diet, exported throughout Europe. The specific pork meat factory shows great success potential, based on the superior quality of its products. In spite of this, an imperative search of labels, which will assure this superiority, seems to be the most effective policy of transforming the success potential into reality. Finally, a wide consumer survey on quality labels and attitudes towards organic meat products will be the best way to extent the current rather descriptive work. ●

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