



# Rural development, local food and its marketing

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RuralIdea Festival – Ceprano, Italy, 29<sup>th</sup> June 2022.



# Outline of presentation

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- **Europe, local food and rural development**
  - EU's Green Deal
    - Farm to fork strategy
    - Biodiversity strategy
  - Local food and rural development
- **The marketing of local food**
  - Quality a key notion for local food
  - Creating values: understanding customers and markets
  - Creating values: price, margins and premia
  - Communicating values: promotion/education/labels
  - Delivering values
- **Concluding remarks**

# Rural development

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- Rural development aims to improve the quality of life and economic well-being of people living in rural areas (relatively isolated and sparsely populated areas Moseley, 2003).
- Large variety of rural development approaches because rural areas are highly distinctive from one another.
- Although exploitation of land-intensive natural resources (e.g., agriculture and forestry) have been particularly important for within rural areas.
- Other complementary activities have also emerged as important such as tourism, niche manufacturers, and recreation.

# Europe and rural development

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- Rural Europe has been experiencing a period of significant change in recent decades driven by a range of socio-economic, environmental and political factors.
- Population trends have been characterized by a complex mix of urbanisation and rural depopulation in some areas and counter-urbanisation in other parts of rural Europe.
- Since Agenda 2000 reforms represented a very definite shift in policy designed to foster and support viable rural communities.

- It contained three basic approaches:
  - **multifunctionality**, (i.e. rewarding farmers for the range of services they provide while emphasising the creation of alternative sources of income);
  - **a multi-sectoral approach** to developing the rural economy and society, and;
  - **increased efficiency through strategic, integrated and simplified programmes** underpinned by the necessary degree of flexibility (European Commission, 2003).
- Other relevant **changes in societal expectations** relate to issues such as food safety and quality, animal welfare, countryside access, culture and heritage.

- The European Green Deal, approved 2020, is a set of policy initiatives by the European Commission with the overarching aim of making the EU climate neutral by 2050.
- It includes a number of policy areas, particularly important for rural areas are:
  - **Farm to Fork strategy**
  - **Biodiversity**

- The 'From Farm to Fork' strategy pursues the issue of food sustainability as well as the support allocated to the producers, i.e., farmers and fishermen.
- The methods of production and transfer of these resources are what the E.U. **considers a climate-friendly approach, aiming to increase efficiency as well.**
- The **price and quality of the goods** will aim to not be **hindered during these newly adopted processes.**
- Specific target areas include:
  - reducing the use of chemical pesticides,
  - increasing the availability of health food options
  - aiding consumers to understand the health ratings of products
  - sustainable packaging.

- The biodiversity strategy is an essential part of the climate change mitigation strategy of the European Union.
- This includes:
  - management of forests and maritime areas,
  - environment protection and
  - addressing the issue of losses of species and ecosystems.
- Restoration of affected ecosystems is intended to occur through implementing organic farming methods, aiding pollination processes, restoring free flowing rivers, reducing pesticides that harm surrounding wildlife and reforestation.
- The EU wants to protect 30% of land and 30% of sea, whilst creating stricter safeguards around new and old growth forests.

# Global food chains, short food supply chains and rural areas

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- Global food chains are nowadays a widespread norm – they have grown with:
  - a rejection of the old policy priority of food self sufficiency
  - international trade liberalisation
  - developments in food transport technology
  - the supermarket revolution and the development of global food processors and retailers
  - and the supply chain quest for cheap food and greater competitiveness (reduced costs and a wider product range at affordable prices).

# Consumer confidence and trust

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Consumer confidence has been challenged by:

1. Global sourcing, outsourcing and bio-technology – food has become distant and anonymous for many.  
**Consumers feel they have lost control.**
2. So much food is now tied up with lifestyle and many quality attributes are credence attributes (e.g. welfare friendly, organic, processed on-farm, key ingredients). You can't judge them easily even after purchase.  
**So trust in the chain is vital**

3. Food scares and scandals – false ingredient claims, BSE, FMD, Salmonella, Dioxins, etc. **Trust has been frequently challenged:**
  - a) regarding the integrity of some in the chain
  - b) regarding the competence of some players
  - c) and in the effectiveness of food supply / safety regulation (FSAS, LAs).
  
- The **‘horsemeat scandal’** threw a spotlight on how our food is procured and supplied and can only serve to strengthen the interest in **local** and **regional food** and **short food supply chains (SFSC)**.

# Short food supply chains – meanings?



## Meaning of Food in SFSCs

Fresh, Diverse, Organic, Slow, Quality, Seasonal, Traditional, Local, Regional, Taste, Delicacy, Heritage, Cultural Identity, Fair, Sustainable

Local food within 30-50 miles, from a particular area / locality.

Local Food comes embedded with information about production methods, producer, place of origin etc).

## Meaning of production-distribution in SFSCs

Small scale, Short, Traditional, Local, Environmentally Sustainable, Embedded, Fair, Transparency, Traceability, Social Responsibility, Local Economy, Lower Emissions, Rural-urban linkages, Self Esteem, Social Acknowledgement, Producer Prestige, Sustainability.

Source: FOODLINK

# Local food and SFSC's and impact on rural areas

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- Local food systems can have a number of impacts which are important for rural areas. These include:
  - **Economic development impacts** – Through the expansion of local food markets and their multiplying effect.
  - **Health and nutrition benefits** - The relationship between local foods and healthy food items, such as fresh fruits and vegetables (reduced risk of chronic diet-related disease).
  - **Impacts on food security** - Local food characteristics have commonly been associated with efforts to improve food security, particularly at the community level.
  - **Effects on energy use and greenhouse gas emissions** - Reducing transport distances for food, or food miles, can reduce fossil fuel energy use, pollution, and GHG emissions.

# Possible economic and social benefits of local economic activity

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- **Fewer supply chain intermediaries** - local retention of a greater share of the retail price (PCFF, 2002; Renting et al. 2003)
- **Local economic multiplier effect** (Scottish Agricultural College et al. 2005)
- **Town-centre vitality and viability can be protected** (CPRE, 2002; Defra, 2003; Scottish Agricultural College et al. 2005)
- **Local food can contribute to increased community cohesion and social capital** (Dürschmidt, 1999; Morris & Buller, 2003).

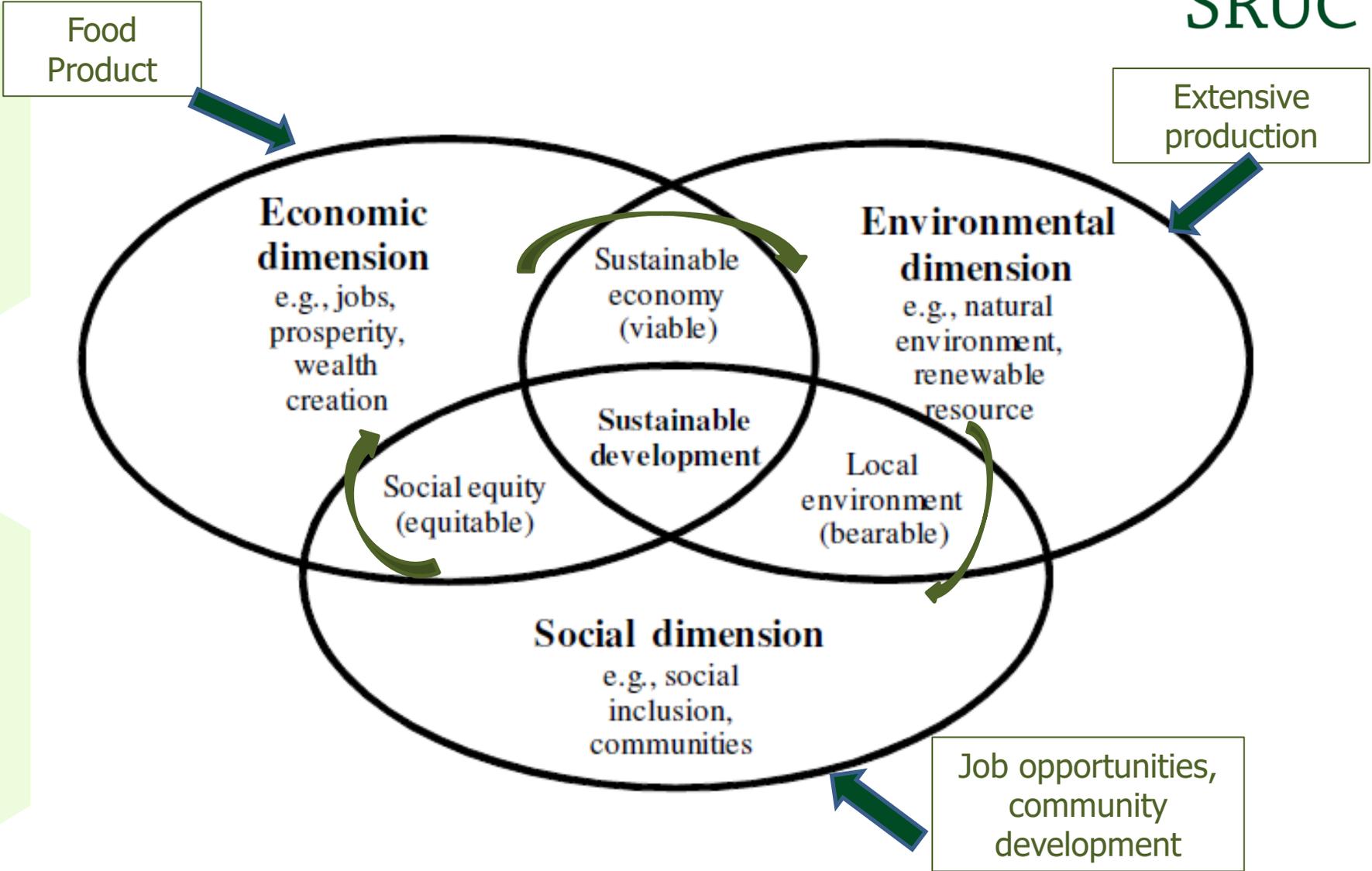
# Potential environmental benefits of local food

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- Pretty et al. (2005) estimate that road transport of food to shops, and thence to our homes, accounts for more than 1/3 of the negative externalities generated by the 'UK food basket'
- Thus, while 'food miles' alone is not sufficient as an indicator of environmental sustainability (Smith et al. 2005), 'localness' remains important (Pretty et al. 2005, p. 16)

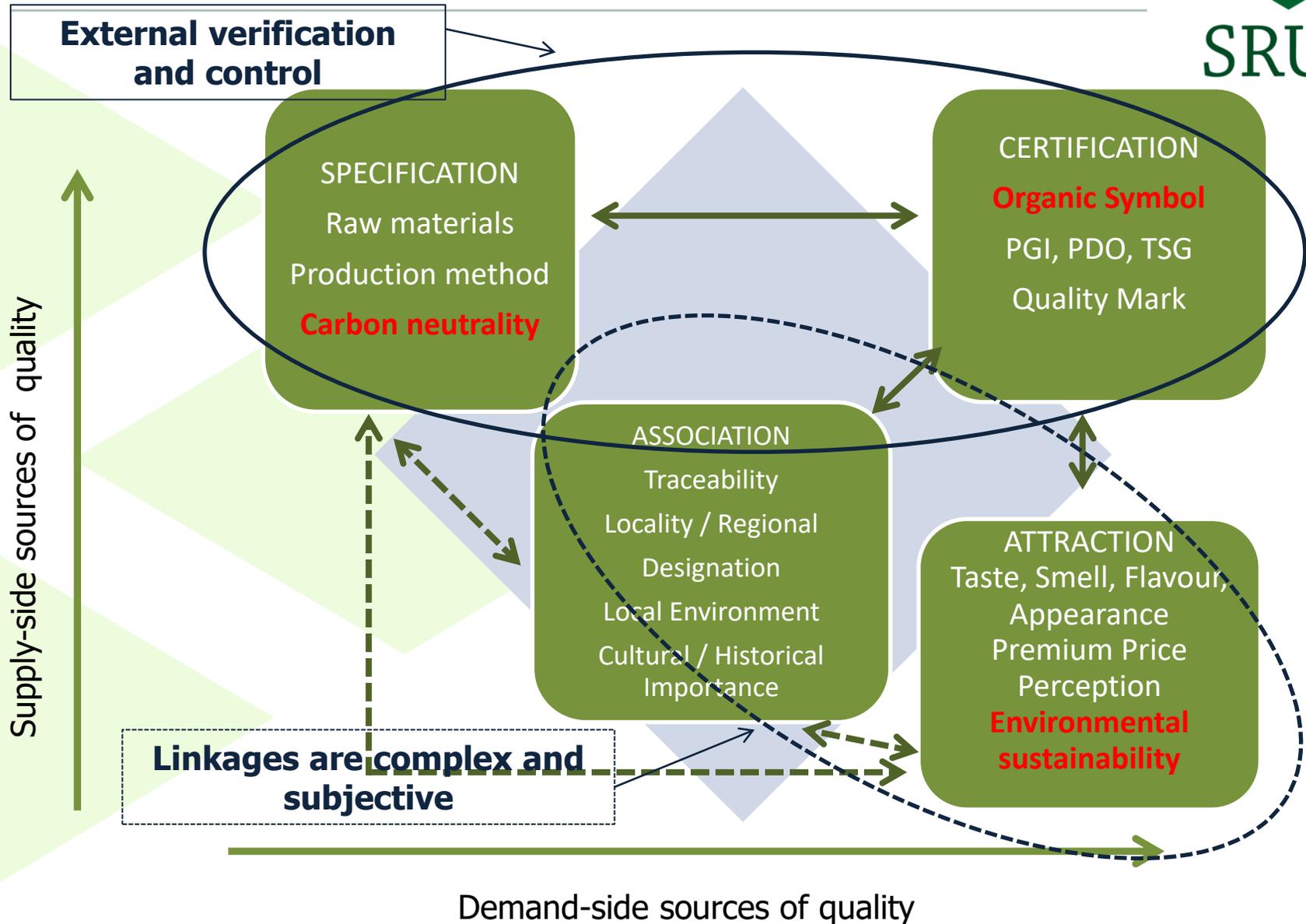
# Local food and SFSC's can serve the EU Green Deal and rural development



# The marketing of local food



# Quality a key notion for local food



# Establishment of quality – producer and consumer relationship

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- Food quality is complex - physically and socially constructed.
- SFSCs allows redefinition of relationships between producer and consumers.
- SFSCs permit the construction of quality through the relationship between producers and consumers.
- This relationship is important for the construction value (the producer understanding what quality is for the consumer and how to create it).
- SAC – EU (EuroMARC) research for mountain area products (i.e., local food from mountain areas)
  - There is a greater matching of consumer preferences and retailers' perceptions of those preferences through alternative / shorter supply chains than through larger retailers.

# Communication of Quality Attributes

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- Consumers' perceptions of quality prior to purchase are based on **quality cues**: stimuli which lead to the perception of certain quality attributes being present.
- **Intrinsic quality cues**
  - cannot be changed or manipulated without changing the physical characteristics of the product (e.g. meat: colour, leanness, fat cover, marbling, juiciness, type of cut, etc.)
- **Extrinsic quality cues**
  - are related to the product but are not physically part of it (e.g., price, brand, packaging, label information, point of sale information, presentation in sales outlet, reputation of outlet, activities of salesperson, other promotional activity, etc.)

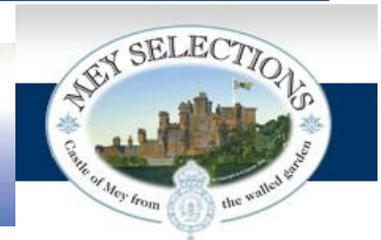
# The communication challenge



Were they happy and healthy – did they feel loved, did they come from where it is claimed?



How do these chump steaks convey information about the production process, welfare standards, provenance?



Reproduced by kind permission of  
His Royal Highness The Prince Charles,  
Duke of Rothesay

# Understanding the customer

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What are we selling?

- Products, stories, experiences, unique and exceptional taste and now also in **its environmental sustainability**



What is it about an local products that gives satisfaction and can create value?

# Creating values: Local products

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- Perceptual differentiation vs. factual differentiation (specification based).
- Differences in sensory characteristics, nutrition and health value.
- Attributes relating to the sustainability of local products, local communities, mountain area businesses.
- Marketing function of retail outlets:
  - make available;
  - inform (educate consumers);
  - reassure (about quality, origin, **carbon neutrality** etc.);
  - create retail experience (as a part of a trip, tour, adventure etc.)
- Communication of product attributes is crucial for effective retailing and positioning by producers and retailers.

## When selling local products may consider the following

- **Should the products be more expensive?**
  - Due to unique characteristics, cost of production and distribution, perceived value....
- **Should the local products be cheaper than average price for similar product?**
  - It is local, costs less to transport and market, should be price competitive.
- **Should the local product prices reflect market situation?**
  - Price should take into account product category, recent market volume/value and competition...
  - Don't over-price for local consumers

# Prices and Premia: results of EuroMARC price check retail study

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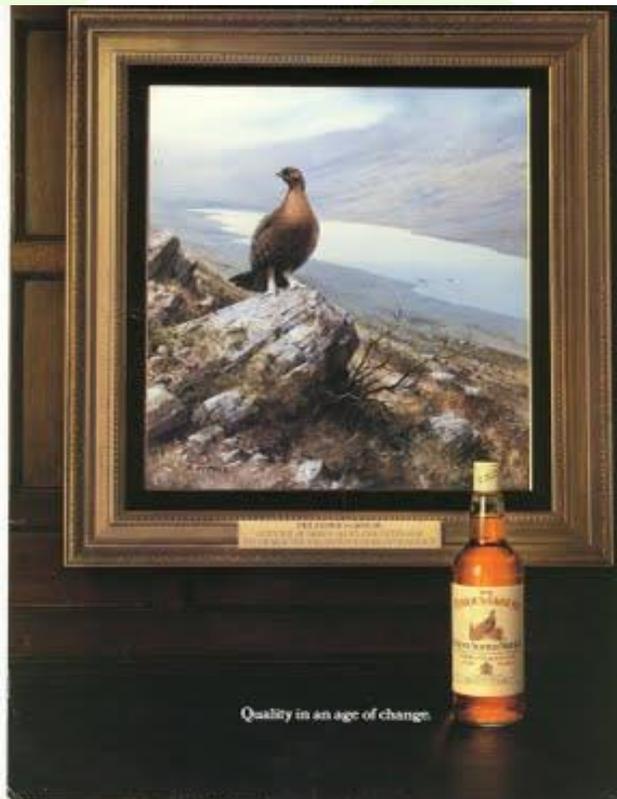


- Not all mountain products received a premium. In some cases the non-mountain products were more expensive, e.g.
  - Strong lowland brands
  - Strong quality reputation in lowland areas
- MQFP's premia appear to be very situation specific – depending on the product type, the mountain area, the product's other value creating attributes, and the existence of substitutes.
  - Mountain cheese achieves a premium in Austria, Slovenia and Norway, but not France.
  - Mountain sausages are the same price as lowland ones in Norway, but less expensive in France.

# Local food – creating values



- Pricing total experience:
  - developing promotional campaigns and establishing brands that command **long term loyalty...**



# Communicating values

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- **Objectives**

- To generate Awareness, Interest, Desire, Action (AIDA)
- i.e. Informing, educating, persuading, facilitation of purchase.

- **Tools – retail focus**

- Labelling
- Product presentation, point of sale strategies
- Direct sales, e.g., farmers' markets or farm shop
- Mass media communication (can it convey the particular local food qualities)?



- **Labelling issues**

- Legislation, register of products, control, creation of meanings
- Conflicting messages from different sources (labelling proliferation);
- Can the sustainability attribute be a separate from other attributes such as organic, or the location of the product?
- Is sustainability supported as a differentiation factor by individual retailers and, of course, in the eyes of consumers?

# Labels and packaging – main communication vehicle at the point of sale



Tesco  
Venison  
Sausage



Clear mountain  
area provenance -  
Rannoch



Scottish wildly-  
healthy  
venison  
sausage

## Labels

- May be **associated with a particular provenance** (a mountain area or range, a particular mountain locality – thereby fitting with the interest in local or locality food)
- Should be justified by a **sustained high quality**, that reflects attributes that are well valued and understood by consumers
- **Should be promoted** so that retailers and consumers become aware of the label's existence and its defining characteristics and need to **avoid confusion and conflict with existing certification labels.**

- Direct sales
- Local shops
- Multiple retailers
- Web based mail order sales
- Tourism related outlets and catering (restaurants, event related service)

## Loch Arthur farm shop



- New policies as part of the EU's Green Deal are creating challenges and opportunities for rural areas and their development.
- Short food supply chains/local food are an important part of rural areas and they have the possibility to contribute to the targets regarding the Farm to Fork and Biodiversity strategies.
- Associated to those strategies are more attributes than can be part when marketing local food, but the success when promoting local food depends on a number of factors.
- Based on our research in the UK and in European projects we consider that those factors are:

# Final remarks - Success factors for local food and their producers

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1. **Product Quality** – universal agreement: authenticity (local, welfare friendly, environmentally sustainable, natural ingredients, traditional methods, etc), appearance, taste and freshness.
2. **Raw materials** – reliability, quality and its assurance.
3. **Contact and communication with customers and consumers** – knowing the consumer and developing two- way relationships. Embedded quality messages in product and packaging – product speaks for itself.
4. **Drive / enthusiasm of business proprietors** – multi-tasking, support of staff and family.
5. **Local demand and community support** – don't overprice for loyal, local customers.

# Final remarks - Success factors for local food and their producers

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- 6. Financial management and business planning** – essential for sustained growth.
- 7. Efficient production operations** – to enable other business activities to be undertaken.
- 8. Institutional support** – networking, information, training, funding, etc.
- 9. Effective marketing channels** – local and beyond.

# Acknowledgements

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- This presentation is partly based on work under several Strategic Research Programmes on food supply chains funded by the Scottish Government - Rural and Environment Science and Analytical Services (RESAS) .
- In addition, part of the material was also from the EU project EuroMARC “European Mountain Agrofood products, Retailing and Consumers”
- Finally, I would like to acknowledge the work from several colleagues and former members of SRUC/SAC Food Marketing Research Team, namely: Mr. Philip Leat, Dr David Watts and Dr Beata Kupiec-Teahan. All the usual disclaimers apply.



**Thank you for your attention!**





# **Additional material**

# Farm to fork targets

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- The program includes the next targets:
  - Making 25% of EU agriculture organic, by 2030.
  - Reduce by 50% the use of pesticides by 2030.
  - Reduce the use of Fertilizers by 20% by 2030.
  - Reduce nutrient loss by at least 50%.
  - Reduce the use of antimicrobials in agriculture and antimicrobials in aquaculture by 50% by 2030.
  - Create sustainable food labelling.
  - Reduce food waste by 50% by 2030.
  - Dedicate to R&I related to the issue €10 billion.

# Biodiversity targets

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- The EU Biodiversity Strategy for 2030 includes the following targets:
  - Protect 30% of the sea territory and 30% of land territory especially primary forests and old-growth forests.
  - Plant 3 billion trees by 2030.
  - Restore at least 25,000 kilometres of rivers, so they will become free-flowing.
  - Reduce the use of pesticides by 50% by 2030.
  - Increase organic farming.
  - Increase biodiversity in agriculture.
  - Reverse the decline of pollinators.
  - Give €20 billion per year to the issue and make it part of the business practice.

# The Skye & Lochalsh Food Link (SLFL) - Local food brand

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## A Community Interest Company (CIC)

- Social enterprise that focuses on promotion and supply of local produce;
- Open to all: producers, customers and other stakeholders;
- involved in support of local food in the broad context of economic, environmental and social sustainability;
- promotional activities of the Food Link group embrace various forms of food education and tourism 'food' events;
- publishes local food newsletter delivered to over 350 local subscribers;

*I think you will find Skye and Lochalsh is an area which attaches great importance to its natural harvests and unique environment, but it also has an indefinable quality which makes it quite unlike any other part of the planet, and quite definitely one of the best. Get out there and enjoy it. Slainte mhath!*

*Nick Nairn*

Nick Nairn is a  
famous Scottish  
chef  
[https://www.nairns  
.co.uk/](https://www.nairns.co.uk/)



# The Skye & Lochalsh Food Link (SLFL) - Local food brand

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- Supports social networks and further development of Skye local food brand by a producer-led accreditation scheme;
- Organises local food trail – open days during Scottish Food and Drink Fortnight
- ‘A Taste of Local Food’ awarded by SLFL. ‘A Taste of Local Food’ award/brand reassures market via confirmation of food origin and at the same time identifies businesses (catering, hospitality), that participate in development and distribution of local products.



# The Skye & Lochalsh Food Link (SLFL) - Local food distribution



## Food Link Van

- Physically links producers, caterers and retailers. Carries over £90K worth of food a year.
- Covers large area of low population density (700 sq km with a population of only 12,000 ).
- Eliminates sole reliance on long distance food transport (Two local supermarkets get their supplies, from central depots on the mainland, a local wholesaler gets it from a market in Glasgow (210 miles). Consumers in turn depend on that wholesaler or other delivery services operated from Inverness (130 miles) and Fort William (120 miles).
- Facilitates “bundled” distribution of local food and lowers transaction costs for small retailers and caterers.
- Ensures availability of local food to dispersed tourists visiting Skye.