



FACTSHEET No 4, April 2020

EVALUATING EU FOOD QUALITY SCHEMES: CONSUMERS, PRODUCERS AND SUSTAINABILITY PERSPECTIVES.

Introduction

A series of studies on EU Food Quality Schemes (FQS) conducted within the framework of the H2020 project **Strength2Food** contribute to evaluate the **effectiveness, efficiency, relevance and consistency of EU FQS**. The work brings together consumer, producer, and territorial perspectives to form a holistic assessment.

Supporting European consultations on EU FQS

The research conducted by the Strength2Food project took place in the context of, and supports, the **public consultation** launched in 2019 by the European Commission (EC) on EU FQS, and the new EC priority on strengthening Geographical Indications (GIs).

In view of **supporting the EC's process to evaluate and improve the effectiveness of FQS**, Professor Matthew Gorton (Newcastle University, UK), Dr Barbara Tocco (Newcastle University, UK), and Professor Filippo Arfini (University of Parma, IT) presented the key research findings of Strength2Food project to representatives of DG Agriculture and Rural Development of the EC and the Research Executive Agency (REA) during an **expert meeting** held in Brussels in January 2020 with **AREPO**.

The European Union protects more than 300 names of specific food, wine, and agricultural products under one of its FQS, including Protected Designation of Origin (PDO), Protected Geographical Indication (PGI), and traditional Specialities Guaranteed (TSG).



www.strength2food.eu

The project **Strength2Food** has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 678024. This document reflects only the views of the authors and the Agency cannot be held responsible for any use, which may be made of the information contained therein.

This factsheet summarizes the data presented at the meeting and provides an overview of the project's main findings on EU FQS's performance at the level of consumers, producers and sustainability assessment.

EU FQS and consumers

Quantitative research conducted by the Strength2Food project via two pan-European consumer surveys provides key **cross-country data for a better understanding of consumers' perceptions and valuation of quality schemes**.

Overall, the research highlights a **still generally weak knowledge and understanding of the actual meaning and functioning of FQS**, with significant differences across countries and quality labels. The main results are:

- Consumers' knowledge of FQS does not seem to be particularly high, with persistent confusion regarding labelling, certification and assurance schemes;
- Consumers' recognition of the different EU FQS labels is still weak: a higher level of recognition is observed for the EU organic label, while slightly poorer for PDO/PGI, and much lower for TSG;
- Lower consumers' familiarity is observed with EU certifications when compared to national or regional ones, or to supermarkets' own branding and logos (e.g. organic);
- Considerable variations exist across countries: for instance, France and Italy exhibit higher levels of knowledge, recognition, valuation and confidence; this is associated with a wider development of EU FQS in these countries and with consumers' stronger interest towards products' and processes' specific attributes.

When consumers recognise a label, they are more likely to report that they use it when deciding what to buy. Even though recognition does not always correspond to factual knowledge, **it is a necessary precursor for consumers' introduction of FQS labels in their food choices**.

Promotional campaigns implemented at the EU level have played a crucial role in this field, contributing to increased public awareness and understanding



regarding EU FQS. However, specific efforts are needed in order to **improve communication and marketing strategies linked to EU FQS** so as to better achieve their original mandate to inform consumers' behaviour.

The existing logos for PDO/PGI/TSG and the EU's Organic Green leaf logos do not score highly in terms of their effectiveness in acting as communication tools for consumers. Specifically:

- The logos are perceived as unclear, uninteresting or hard to understand; furthermore, the writing on the packaging of products - explaining the label's meaning - are insufficiently clear or visible;
- The overall confusion registered between PDO, PGI and TSG does not only concern their meaning but is also associated with a low perceived distinctiveness of their visual clues and patterns.

Such insights contribute to highlight the key role of promotional campaigns at the EU level in order to better inform consumers' food choices. However, these need to be associated with the development of **clearer and more effective communication and marketing actions** to increase consumers' overall knowledge, recognition, valuation and use of EU FQS.

EU FQS and producers

Econometric analyses conducted by Strength2Food project adds to the understanding of **producers' current engagement in FQS chains and of their impact on farm performance, price transmission and trade patterns**.

Farmers' engagement in EU FQS is influenced by a wide variety of factors. The following elements have been identified as the most common **barriers and challenges** reported by producers to their engagement in EU FQS:

- difficult bureaucratic procedures;
- high registration costs;
- stringent requirements of specification;
- risk of fraud and falsification;
- limited marketing promotion;
- limited consumers' awareness, leading to overall market uncertainty.

On the other side, the following **incentives** have been identified as key determinants encouraging producers' engagement in EU FQS:

Pull factors:

- market opportunities (in terms of sales and margins);
- product differentiation;
- quality assurance promotion;
- product recognition and identity;
- IP protection, reputation and prestige;

Push and external factors:

- dissatisfaction with existing arrangements;
- EU policy support;
- encouragement from national authorities;
- producers' cooperation and consortia.

For those producers who decide to engage in EU FQS, the analysis conducted by Strength2Food shows EU FQS's overall potential to deliver **substantial benefits to farms and producers**.

From a socio-economic point of view, EU FQS are demonstrated to positively affect **producers' extensive and intensive margins** and to **reduce price volatility**. By enhancing the overall quality and added value of a product, FQS allow in fact the producer to offer unique and differentiated products of a higher quality at a higher price. As a result, producers can benefit, not only from a **strengthened position in the value chain** and stronger enforcement of their rights, but also from an **improved competitiveness and trade performance**, both within domestic and international markets.

The benefits of FQS are in fact not restricted to European markets and appear to be particularly significant from an **international trade perspective**. In this framework, **EU quality policy provides an interesting export-promotion mechanism through which the EU can compete on quality rather than price**. FQS can lead to substantial increases in the trade flows, volumes and export unit values. Econometric analysis suggests that asymmetric price dynamics are more significantly present in conventional (non-FQS) chains as compared to EU FQS chains.

The evidence, however, reveals that the effective impacts and benefits of EU FQS for producers **vary enormously across consortia, quality products and**



contexts. Greater benefits are notably observed within well-established consortia and FQS, as compared to nascent, peripheral or small-scale systems. Generally, the establishment of FQS in Eastern Europe has a mixed record of achievement, with some success stories but also failures. Many have struggled to generate a substantial price premium for producers.

EU FQS and rural territories

An economic, social and environmental assessment conducted by the Strength2Food project, analyses the contribution of 27 different FQS (including PDO, PGI and organic products) to rural economies and territorial cohesion, thus demonstrating their impacts, not only on producers, but also on their associated territories and communities.

From a socio-economic perspective, FQS notably contribute to **job creation at the local level**, as well as to the generation of **socio-economic public goods**, with positive externalities for value chains and rural areas.

From a cultural perspective, FQS play a substantial role in the **promotion, preservation and development of cultural heritage**, including through the maintenance of specific know-how and the preservation of gastronomic traditions in local areas.

From an environmental perspective, FQS are demonstrated to produce positive impacts on the **preservation and protection of natural resources** and, indirectly, on the capacity to contribute to the **local environment and landscapes**. Among all FQS, organic FQS seem to provide the strongest contribution to the generation of environmental public goods.

Finally, **FQS from less developed regions and emerging economies**, such as Vietnam and Thailand, can positively affect the **sustainability and food security** of their associated areas and food chains.

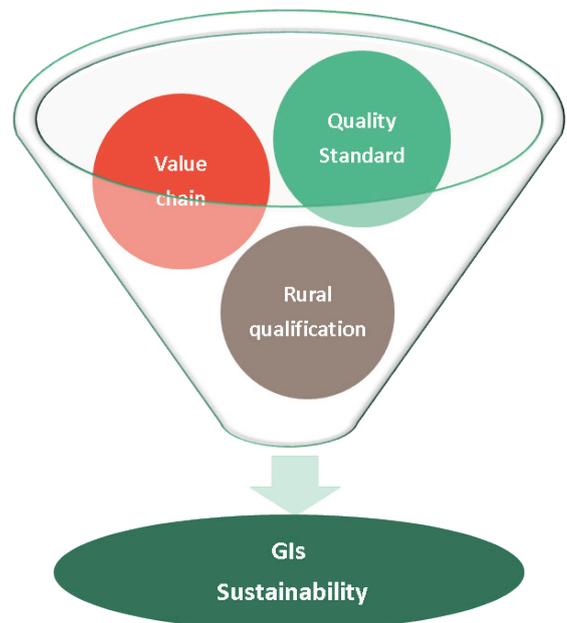
All abovementioned elements need to be taken into consideration when assessing the social, environmental and economic sustainability of different FQS.

Assessing the sustainability of EU FQS: methodological challenges

Given its multi-dimensional structure, assessing the sustainability of EU FQS from an economic, social and environmental perspective requires a **holistic and multi-indicator approach**. In this context, the project provides a key contribution to the **construction of an innovative methodology and conceptual framework to assess the sustainability of different FQS**.

The assessment of FQS sustainability needs to combine its **three main dimensions** – i.e. environmental, economic and social:

- the **environmental sustainability of FQS** refers to the bio-spherical implications of the quality standards defined by the product specification;
- the **economic sustainability of FQS** refers to value chain effectiveness and to its capacity to deliver added value to producers;
- the **social sustainability of FQS**, applied mainly to rural areas and production systems, refers to the ability to provide unique quality features and to manage local resources.





In addition to this, the assessment of FQS sustainability needs to involve an in-depth analysis of the impacts on the different **stakeholders and levels composing its value chain**. These include direct and indirect stakeholders related to the FQS-associated territories (e.g. producers, processors, distributors, consumers) but also the **wider value chain stakeholders system** detached from the geographical-territorial level (e.g. public authorities, other economic activities, internal and external input suppliers, local, domestic and global market destinations).

In order to assess each of these dimensions, the Strength2Food project identified specific **sustainability indicators** that can be combined in a holistic and innovative way, to capture economic resilience, environmental integrity, social well-being and good governance generated in relation to the FQS.

The results from the social, economic and environmental assessment of EU FQS demonstrate that **FQS products are generally more sustainable than non-designated equivalent reference products**. Furthermore, through its innovative approach, the research provides a toolkit framework for future assessments of other FQS and changes over time.

Conclusions

The research conducted within the H2020 project Strength2Food draws an interesting and rounded picture of EU FQS, and help to evaluate their performance, effectiveness, efficiency, relevance and consistency from several perspectives. In this framework, the studies conducted show that **the overall understanding, knowledge, and recognition of EU FQS should be strengthened**. In this context, continued financing of promotional campaigns at the EU level is crucial but needs to be accompanied by improved communication and marketing strategies targeting consumers. From the point of view of producers, the studies show that EU FQS affect

positively farm and trade performances, while delivering substantial economic, social and economic benefits to associated territories, communities and food chains. Overall, FQS products are demonstrated to be more sustainable than non-designated equivalent reference products, although there are still opportunities to improve relevant legislation and achieve better results for producers and consumers.



The benefits produced by EU FQS, however, vary substantially across countries, quality products and types of consortia, thus leaving some **unrealized potential and key priorities for intervention**. These and other evidence-based data, recommendations, challenges and lessons arising from the project will form the basis of a forthcoming publication designed to support policymakers, experts and relevant stakeholders in addressing such issues.

