

# How to improve sales of food quality schemes?

## The challenge

Poland is one of the largest EU countries in terms of population and the size of the agricultural sector. However, the participation of agri-food producers in Food Quality Schemes (FQS) is limited. Although in the years 2007-2020 the total number of certified producers has experienced growth, in some product categories (e.g. fresh fruits and vegetables) the number of certified farmers has noticeably decreased.

GIJHARS, the competent authority supervising the quality of agricultural and food products in Poland, implemented a pilot action in the framework of the Strength2Food project, aimed at formulating a set of recommendations to support the growth of the market of FQS products in Poland, which could also help other countries in facing a similar challenge.

## The pilot action

Conducted by GIJHARS and the Warsaw University of Life Sciences (SGGW), the pilot initiative started with a **research activity** to identify the main challenges encountered by **consumers and producers of FQS products**.

Consumers' survey aimed at exploring **levels of recognition of PDO, PGI, and TSG** labels and awareness of brands of FQS products on the Polish market. Producers' survey focused on several aspects of the registration and **certification processes and functioning of FQS producers** in the food market.

Additional information for the analysis was obtained through interviews and consultations with representatives of governmental administration responsible for the functioning of the FQS system in Poland. The research also considered how **fraud and falsification** of certified products could be reduced, through implementation of the effective control mechanism and applying novel technologies in DNA genetic testing. Based on these findings, a set of recommendations and an action plan were produced. Recommendations were implemented by GIJHARS in the second stage of the pilot action and their effectiveness was evaluated.

## Key recommendations

- Support producers in the process of developing applications for FQSs
- Construct a national system for monitoring FQS distribution and reporting counterfeits
- Create an “umbrella” association of certified producers acting on behalf of all the participants of the system
- Increase the production scale to strengthen market position
- Arrange common labels and packaging for FQS products
- Set up joint sales and distribution mechanisms

## Main findings

The pilot's results highlighted several problems disrupting the functioning of the Polish FQS market. On one hand, most products are characterized by **low added value** (i.e. fruit and vegetables, honey) and this makes them difficult to distinguish on the market and therefore easily exposed to counterfeit. On the other hand, there are also PDO and PGI products with greater added value (i.e. cheeses and sausages), but the **lack of collective action** from producers' groups reduces the possibilities of more effective promotion and distribution. Furthermore, especially for PDO products, a **low number of certified producers** and a **small scale of production** constrain the use of effective marketing strategies, hindering producers' ability to gain more visibility for their produce. As a consequence, Polish FQS producers are not able to create more **profitable market niches**, often selling their certified products at regular market prices, without the expected price premium.

A further significant problem signalled by producers of PDO, PGI, and TSG products is the indirect and illicit use of the protected names by **counterfeit products**, which exploit the reputation of registered names by imitating or suggesting a connection with the FQS.

## Recommendations for policy makers

- **Supporting producers in the process of developing applications for FQSs**

Most producers experience difficulties in preparing the application for FQS because of a lack of adequate knowledge and necessary skills, especially in countries that joined the European Union more recently, such as Poland. There is therefore a need for more support with training as well as guidelines for producers in the process of developing applications and specifications from public administration or/and independent organizations.

- **Constructing a national system for monitoring FQS distribution and reporting counterfeits**

A built-in mechanism of reporting frauds and illegal use of the reputation of the registered name could help to prevent fraud in the distribution chain. To ensure an effective control system, a permanent and professional control body should be built, constituted, and managed by trained and competent staff.

- **Increasing the competence of inspectors from controlling bodies**

The effectiveness of actions aimed at protecting registered names as PDO, PGI, TSG depends on the knowledge and experience of the employees of control bodies. For this, systematic and on-going training for the staff in the controlling bodies should be carried out.

## Recommendations for producers and producers' organizations

- **Create an “umbrella” association of certified producers**

Considering the very low bargaining power of individual, small-scale producers, and their relatively poor economic stand, it is important to provide more support for their market-related activities. An “umbrella” association of certified producers could carry out several functions: building consumers' awareness and promoting FQS labels in Poland; providing training for the producers; supporting the development of supply chains; linking producers with potential buyers; encouraging producers to develop joint (group) sales to avoid internal competition; strengthening producers' position in supply chains; searching for potential sources of funding for investments; and helping with writing applications.

- **Using digital channels to create consumer awareness**

The research identified a discrepancy between the way consumers learn about FQS (mainly via the internet) and the way producers try to promote FQS (traditional channels such as media). In order to address this issue, it is recommended to increase producers' engagement with digital channels, to better connect with consumers, and promote awareness of FQS.

- **Set up joint sales and distribution mechanisms**

Joint sales and distribution are also recommended in order to avoid producer-producer competition and to strengthen bargaining position in the distribution chain. Joint transportation and sales would possibly allow for savings in time and costs allocated to individual transportation and decrease dependence on intermediaries.

- **Increase the production scale to strengthen market position**

Taking into account that most FQS products are registered and produced by small groups or even by single producers, increasing the scale of production and attracting new farmers to join existing certificates is the main path towards strengthening the market position of FQS producers. This is important also from the perspective of the effectiveness of promotional activities, which may be considered reasonable only if the promotion is followed by an adequate offer.

- **Arrange common labels and packaging for FQS products**

Lack of uniform packaging with a visible identification of the certified product and its origin may be considered as one of the key obstacles in the effective promotion and sales of certified products. To increase recognition of specific qualitative characteristics of FQS products, whenever possible, producers should arrange common labels and packaging, in order to make their product distinguishable on the market.

## More info

Kamińska I., Majewski E., Malak-Rawlikowska A., Obydź D., Arfini F., (2021) “Report evaluating the pilot initiative on improving food quality schemes sales in Poland” Strength2Food, Deliverable n. 9.3.

<https://www.strength2food.eu/2021/02/08/report-evaluating-the-pilot-initiative-on-improving-food-quality-schemes-sales-in-poland/>



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Strength2Food is a five-year, €6.9 million project to improve the effectiveness of EU food quality schemes (FQS), public sector food procurement (PSFP) and to stimulate Short Food Supply Chains (SFSC). Lessons from the research have been applied and verified in 6 pilot initiatives that brought together academic and non-academic partners.



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