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Territorial marketing as strategic tool for development of agrifood chains : The case of Sud-de-France and Morocco

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1. Project background and justification

The here proposed applied interdisciplinary project researches and develops a strategic marketing concept for value-added territorial products⁴². It focuses on innovation strategies for competitive agrifood SMEs leading to rural sustainable development and exchanges best networking practices between regions in Morocco and Europe. This approach fits very well with the ambition stated in the AgTrain PhD program (www.agtrain.eu), namely 'contributing to the development of the agricultural sector to achieve equitable and pro-poor economic growth and increase food security...'. The latter does not only refer to food availability, but also to arranging access to nutritious and healthy food, wherefore new forms of governance become important.

Herein, SMEs play a crucial role, but are often neglected. However, their product diversity reflects the cultural richness and fascinating history of the Mediterranean area. Global competition puts pressure on positions of SMEs, either leading to successful innovations or bankruptcy due to time lacking for required innovations. Furthermore, consumers tend to give up the traditional Mediterranean diet in favor of modern western industrial food even though the Mediterranean diet is globally considered as the healthiest one. These tendencies may lead to a loss of cultural heritage in Mediterranean food domains; the 2010-UNESCO label for the Mediterranean diet may counteract this⁴³.

Territorial marketing for origin-linked products is a tool to make healthy food available for consumers. A comparison between various regions and their place brands is relevant (e.g. *Produit en Bretagne*, *Echt Schwarzwald...*). A new way to support traditional products is observed in France; here, publicly funded marketing campaigns have been started for products labeled as Sud-de-France with new organizations like *Transfer LR*, *Invest Sud de France* and *Sud de France Development*. The label encompasses all agricultural products and quality tourism from Languedoc Roussillon. As strong, clearly identifiable brand, it tries to reinforce the position of SMEs in national and international commercial negotiations. Using its geographical origin as strength, it aims to preserve the cultural identification and natural environment of the Languedoc Roussillon. The overall goal is to create added value and employment, to contribute to sustainable development of the region. As such, it seems to present a useful economic development tool, which the regional government supports with extensive promotional measures, such as billboard campaigns, radio and TV advertising, participation in trade fairs and organizing international business forums⁴⁴.

How does such a collective place branding strategy arise and become viable? What is the impact of place brands on the performance of regional companies and on local development? How do regional brands affect local cooperation? An option for research is the Sud-de-France umbrella brand; one can consider an even more extensive Mediterranean brand. Important in

⁴² Products of origin-linked quality can increase food security, in as much as they contribute to rural development and the preservation of food diversity...www.foodquality-origin.org (FAO); also www.origin-food.org (EU): Geographical indications (GIs) for agri-food products are a major asset of the European model of agriculture, acting not only as tool for protecting consumers' interests and reinforcing confidence in high-quality and typical products, but also as legal and commercial basis for the development of rural areas, preservation of cultural heritage as well as promotion of SMEs.

⁴³ Rastoin (2009).

⁴⁴ <http://www.sud-de-france.com/en/the-brand>

these cases are the benefit (local development, sales) / cost (marketing, innovation) ratios for local governments and SMEs and their competitive advantages via differentiation.

In this context, Morocco is an interesting case. It is chosen because of its international cooperation (statut avancé within the EU since 2008) and recent initiative for local agricultural development (Plan Maroc Vert 2009-2020, investing € 10,5 bn.)⁴⁵ Also, the country has prepared to open up its economy (European Free Trade Association of 2012). Agriculture represents a strategic sector for socio-economic development of the country. It constitutes 19% of the national GDP (thereof 15% agriculture and 4% agrifood) and has an employment rate of about 43% of the total workforce⁴⁶. Particularly SMEs needs strong assistance, representing more than 90% of all companies but only contributing 20% of the total added value. Regarding territorial marketing, some trials have been carried out in different regions of the kingdom, but not yet with the expected outcome, due to organizational or socio-economic barriers⁴⁷. We expect to choose as target the province Chefchaouen, which is in the North and belongs to the Tanger-Tetouan region. Situated in the Rif Mountains, it is a popular tourist destination, famous for its nature, traditional handicrafts and Mediterranean Diet (listed in the UNESCO cultural heritage since 2010). The French Association Terroirs et Cultures is researching the Chefchaouen region – in cooperation with UNESCO, the French and Moroccan governments and various French agricultural research institutes – in order to support a sustainable development of this rural area, to preserve its social, cultural and natural diversity. Furthermore, a partnership business group (GIE: groupement d'intérêt économique) is existing, Les Femmes du Rif, producing and promoting biological olive oil.

2. Objectives

- To research and develop a territorial marketing

strategy for traditional food products in Morocco, using the Sud-de-France region for comparison and exchange of best practices.

- To contribute to a network theory with practical implications for agrifood SMEs and explore determinants of their innovation and cooperation capacity, both as basis for the territorial marketing strategy.

- To develop a place brand equity model and a method for evaluating the impact of place brands.

3. Research questions

How do public and private stakeholders create new institutional arrangements as basis for collective territorial marketing strategies leading to endogenous economic development ?

1. How do public-private partnerships influence the building and functioning of agrifood networks in Morocco and Sud-de-France ?

2. Which internal and external determinants shape the capacity to innovate and cooperate within a territory-based group of agrifood SMEs?

3. How can insights about network building (Q1) and innovation processes (Q2) contribute to new institutional arrangements for a collective territorial marketing strategy?

4. Methods

Paper 1: Comparative analysis of territory based coordination and cooperation among public and private stakeholders in the food sector

First, the socio-economic conditions and scheme 1 based on public vs. private funding and regional vs. global positioning will be analyzed in order to get insight in agrifood networks.

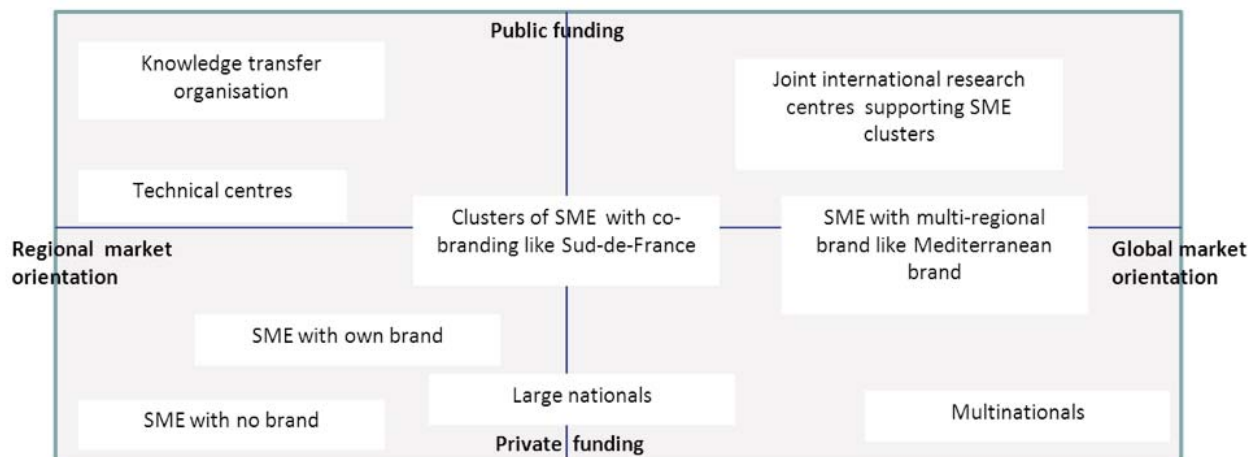
Scheme 1: Positioning of stakeholders

⁴⁵ www.auswaertiges-amt.de/DE/Aussenpolitik/Laender/Laenderinfos/Marokko/Aussenpolitik_node.html

⁴⁶ <http://data.un.org/CountryProfile.aspx?crName=MOROCCO>.

⁴⁷ E.g. the failure of Label Maroc is mainly due to absence of governmental communication and sensitization strategy, Hamimaz (2009).

An efficient coordination and cooperation between We will consider these paradoxes in order to learn



network participants is considered as one of the most important conditions for successful commercialization of territorial products⁴⁸. But in theory, there is still a lack of detailed economic explication and description of the formation and viability of such an organizational structure⁴⁹.

Participating in a business network offers at the same time opportunities and threats. Håkansson and Ford call this phenomenon 'the network paradox'⁵⁰. They give three examples. The first paradox consists in a company being simultaneously liberated and restricted. A firm acting in a network is no longer completely free in its decisions and cannot act isolated. On the one hand its resources may efficiently be combined with others e.g. leading to innovation ; on the other hand an investment may be restricted in a way that it does not seem apparently useful. The second paradox is about influencing and being influenced. In order to create a balance, a good understanding of the network and its participants is important. The third network paradox concerns the management of interactions. Control is important but can also be counter-productive. Networks should be based on trust, lead to a process of learning and above all be dynamic, enabling participants to change position.

more about viable and useful networks for a collective territorial marketing strategy. To reach our goal, we will start by analyzing the dynamics of the stakeholders to move in scheme 1. We will do this by an extensive literature review and structured interviews with key stakeholders. The business system theory will be used to define the specific context in which public-private partnerships arise. It provides us a way to explore and describe the following three principal components of a business system: what is the nature of doing business (I), what is the role of the state in the economy (II), and what is the state-business relation in the area (III)⁵¹?

Task 1.1 Researching cultural and socio-economic conditions in both regions by a **literature review**.

Task 1.2 Investigating scheme 1 in more detail for a specific agrifood chain including a **literature survey** on similar networks in other regions (e.g. South Germany, Dutch Food Valley ...) and discussions with colleagues at partner institutions.

Task 1.3 **Structured interviews** with key stakeholders in Morocco and Sud-de-France concerning their position in the scheme 1 (type of funding, type of brand, local vs. global orientation and partnerships with other stakeholders).

Task 1.4 Researching the dynamics of stakeholders in

48 Cf. Arfini et al. (2009) introduction p. XX and Ilbert et al. (2005), p. 40.

49 Cf. Lagrange and Valceschini (2007), p. 5.

50 Håkansson and Ford (2002).

51 Helmsing and Vellema. (2011a and b)

scheme 1 leading to publication 1 on 'contributions to an agrifood network theory and practical implications for development pathways in the selected examples'.

Paper 2 : Micro-analysis of the determinants for innovation and cooperation in grouped SMEs

In a second step, we will research how SMEs organize their **innovation and cooperation** within a specific geographically bounded economy.

The ability of companies to create and maintain relationships is generally considered as durable basis for innovation and thus a competitive advantage. Business networks are the locus of innovations because strong links to suppliers, customers, consultants, research institutions and governments are vital for knowledge creation and technology⁵². Some typical internal weaknesses of SMEs are scarce resources (capital, time, knowledge and skilled people), insufficient innovation and productivity, strong local orientation and focus on short term.

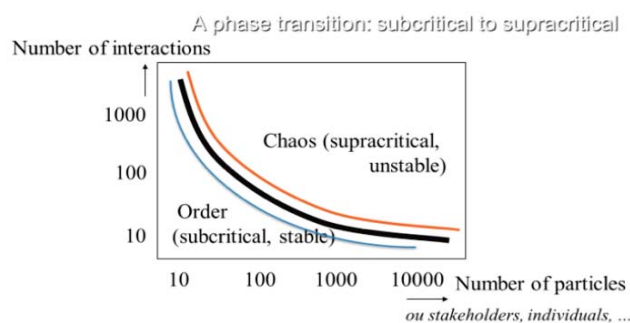
There are also specific cultural obstacles in Moroccan SMEs, like a strong concentration of decision power due to hierarchy (strong ownership management system), insufficient mentoring and absence of rigorous accountancy. In addition, external factors hinder a good performance of the SMEs, like poor networking, public promotion activities, slow and complex administration and fiscal policies, difficult market and credit access and inadequate labour law. There is also an unequal geographical repartition of SMEs in Morocco, most of them being in the central regions, especially Casablanca and its surroundings.

As scientific approach for analyzing innovation and cooperation processes, we propose to use the following scheme 2, which originally has been developed in physics for a thermodynamic system.

Scheme 2: Innovation and cooperation dynamics

system

Source: Kauffman (1995)



It describes a 'system' on basis of the number of particles (or stakeholders) and the interaction between those particles (or stakeholders). If both the number of particles and the number of interactions is high, then the system is chaotic. If both numbers are low, then the system is highly static (rigid), being in the 'order' state. If either the number of particles or the number of interactions is very low, then the system remains in the static state. However, at the interface the system is highly dynamic, represented by the black curve and its boundary conditions (i.e. internal and external determinants) represented by the blue and red curves.

We propose to study scheme 2 in terms of innovation and cooperation between SMEs for both targeted regions. We will use input from paper 1 regarding stakeholders and existing interactions between them. We will test the scheme via case studies in (grouped) SMEs by determining internal and external factors relevant for innovation and cooperation (participation in networks, available skills and resources, financial means, cultural characteristics, legal and administrative framework, regional support mechanisms, ...) The case studies will help to document in detail how processes evolve, how choice making takes place, and to learn about the organizational dynamics in a firm (cluster of firms). New stakeholders and new interactions may

⁵² Ritter et al. (2004), p. 2. Note: hereby we take into account the 'network paradox'

change a static production process into an innovative operation.

Task 2.1 Analyzing existing innovation and cooperation of SMEs in the targeted regions by **qualitative case studies**.

Task 2.2 Researching internal and external determinants for innovation and cooperation (partnerships, internal resources, governance, culture, investments ...) at the interface of order and chaos (scheme 2).

Task 2.3 Preparing publication 2 on 'innovation and cooperation in grouped agrifood SMEs with consequences for competitiveness, economic growth and new employment'.

Paper 3 : A collective territorial marketing strategy based on new institutional arrangements

With insights from paper 1 and 2, we formulate a hypothesis on new institutional arrangements for private and public stakeholders (SMEs, local government, retail groups, research centers...) *Institutional arrangements are the policies, systems and processes that organizations use to legislate, plan and manage their activities*⁵³.

We expect that new institutional arrangements are needed for a successful **collective territorial marketing strategy**, leading to endogenous sustainable development⁵⁴. These arrangements may consist e.g. on a joint stakeholder agreement to facilitate the processing and marketing of products. As comparison we take the Sud-de-France case, but we presume that we need to adapt the existing territorial marketing concept to specific Moroccan circumstances. Some elements are presented in the following SWOT analysis (p. 62), which is based on literature⁵⁵ and needs to be researched for Chefchaouen. It facilitates the stakeholder's decision process and provides input for the strategic marketing plan. Therefore, consumer perception of territorial products and their brand construction, image and equity (3.1.) will also be researched.

Task 3.1 Defining relevant societal drivers and trends on the market (consumer perception and demands concerning value-added regional products, brand construction, image and equity) by a detailed SWOT-analysis, literature review and qualitative market survey (e.g. store checks).

Task 3.2 Linking cooperation of SMEs in networks with innovation process determinants to formulate a hypothesis on new institutional arrangements.

Task 3.3 Using input from paper 1, 2 and tasks 3.1, 3.2 to develop 'a collective territorial marketing strategy for traditional food products of SME clusters and the impact on regional sustainable development': publication 3; (key issues: situation analysis and objectives, defining a marketing strategy, marketing mix, recommendations for implementation and control).

5. Expected outcomes

Researching and developing a territorial marketing strategy for traditional food products in Morocco, with Sud-de-France for comparison, may allow coming up with recommendations for innovations in both areas, valuable public-private partnerships, suggestions for new clusters and enterprises – creating employment – and novel socio-cultural insights for (international and local) trading. Consequently, the potential impact on sustainable endogenous development in regions can be large.

Deliverables :

- Three publications
- Thesis
- Recommendations for farmers, SMEs and regional policy makers towards alternative regional marketing strategies in Mediterranean areas.

⁵³ http://www.undp.org/capacity/institut_arrangemt.shtml

⁵⁴ Vellema and van Wijk (2010)

⁵⁵ Hamimaz (2009)

The SWOT analysis

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Growing consumer market with concern for territorial products (mainly Beldi, olive and argan oil) ; particularly urban consumers demanding food quality and security guaranteed by official certification. • Some producers being aware of measurable and perceptible product characteristics and starting with product valorization and differentiation (ex: Les femmes du Rif). • Growing organization of some isolated chains (wine, olive and argan oil) leading to international cooperation and product differentiation. • Development of the national wholesale distribution system, open for products with a strong identity. • Legal framework given for quality signs since 2008 (recognition of the geographical origin of products) 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Consumer's ignorance of economic and cultural values of some local products. • Competitiveness of informal sale, being more appreciated by rural populations. • Preference of auto-consumption in rural areas being a barrier for (inter)national commercialization of territorial products. • In general weak organization of chains, producers mistrusting organization structures. • Insufficient promotion strategies for SME (clusters) by the Moroccan government. • Initiatives for development of local products by the ministry of agriculture (Plan Maroc vert) are not yet sufficiently supported by other ministries (economy, tourism, culture...) and coordinated with wholesalers.
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Increase of (inter-)national and tourist awareness and demands for typical Moroccan products. • Options for differentiation and innovation as global competitive advantage. • Reinforcement of cultural identity. • Exploit SIAM, the biggest North-African agricultural trade fair taking place in Morocco since 2005. • Learn from other territorial marketing initiatives. • Use good image of healthy Mediterranean diet. • Possibility to increase attractiveness for FDI, however fitting in locally developed strategy. 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Pressure on SMEs due to globalization. • Competitiveness of other Mediterranean labels (Italy, Spain, Greece...). • Climate changes (drought, desertification). • Urbanization and decomposition of collective social structures in favor of individualism as threat for the traditional food systems. • International commercialization and speculations leading to overpricing and restrictions for local producers / populations.

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