



Geographical Indications :

Outlook on the European and Thai systems and overview of EU gatekeepers perceptions towards GI fruit and coffee products proceeding from Thailand

This report was written as part of the project:

PRo-GIs: Intellectual Property Right extension & Geographical Indication protection for the benefit of EU-Thai trade

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Bioagricoop Scrl (Italy)



Thai Italian Chamber of Commerce (Thailand)

In collaboration with:

Alma Mater Studiorum - University of Bologna (Italy)



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Foreword

It is widely recognized that the importance of marketing and trade in quality food products is growing, both in developed and developing countries. Recent economic literature recognizes that, among other high quality food products, local and traditional food specialties may represent a starting point in enhancing the value of food production in less developed countries, allowing them to gain access to lucrative markets or to provide higher value products to domestic markets, and thus promoting economic and social development. There is increasing demand for products that are differentiated on the basis of unique quality characteristics related to sensory, cultural, functional, and ethical attributes, in addition to other factors, that are desirable for some consumers (Canavari et al., 2010).

This study deals with Geographical Indications (GIs), both as a market device regulated internationally and in domestic markets in different ways, and as a tool to value-enhance high quality food products, which possess very specific and potentially interesting special features. The value of these products is not limited to the fact that their origin in a particular geographical area is indicated and guaranteed. Indeed, it also derives from those special features being intimately linked with the place of origin itself, and with the cultural identities of the place's inhabitants. In any given region the world over, people accumulate knowledge and know-how, develop traditions over many generations, and make products not just as an output of a production process, but as an element of their culture and identity. Because of this inextricable link between regional culture and foodways, we may consider these products *food specialties* with *Local Origin and Cultural Identity* (Ranaboldo, 2009) or LOCI products.

GIs are a form of intellectual property, thus requiring regulation and enforcement of protection in order to be used as a value-enhancement tool. The EC-ASEAN intellectual property rights cooperation programme (ECAP-II) represents one of the many food-related alternatives the European Union (EU) has been involved in with regards to Thailand. In this framework, the promotion of GIs for food products has been one of the key activities (Hamburger, 2010).

However, since food quality has been defined as “everything a consumer would find desirable in a food product” (Grunert, 2005), GIs can be considered quality

food products only to the extent that they are desired and sought after by at least some segment of domestic or foreign consumers. This implies that provision of quality for a supplier involves meeting the needs, wants and expectations of customers. An important message we might derive from this statement is that no value can be created through the legal protection of intellectual property, without providing market opportunities for the object of protection.

For these reasons, the study performed by the research team who produced this report includes an analysis of the regulatory framework for GIs, a review of recent literature, and qualitative research on market opportunities for this category of food products.

The executive summary provides a complete overview of the motivations, approach and results of the study. What I want to stress here is that this study is worth more than the information it contains.

This publication is the result of a close collaboration between the partners of the Pro_GIs project and some members of the BEAN-QUORUM network, motivated by common interest in the research topic at large and in the specific subject of the study. It was prepared while trying to maintain both European and Asian perspectives on the production, trade and consumption of high quality food.

Within the framework of the Pro_GIs project a research activity was planned with the aim to explore the potential for Thai GIs products to be profitably marketed in one of the most interesting markets for high quality and value-enhanced food products with Geographical Indications.

A state-of-the-art study of the current climate of GIs regulation, value-enhancement and the overall market situation, as well as the implications of GIs implementation for traders, was foreseen as one of the final goals of this project.

Value-enhancement of quality food products (QFP) was also one of the key points that were at the basis of the 2004 proposal for the creation of a European-Asian network within the framework of the Asia-Link Programme. The Asia-Link Programme – a programme dedicated to higher education networking between Europe and Asia - was launched at the beginning of 2002 as an initiative by the European Union (EU) to foster regional and multilateral networking between higher education institutions in EU Member States and South Asia, Southeast Asia, and China.

The academic international networking project "BEAN-QUORUM: Building a European-Asian Network for Quality, Organic, and Unique food Marketing" was conducted in the period 2005-2008 and was a co-operation initiative aimed at creating a network of Asian and European higher education institutions interested

in marketing issues regarding quality food and organic food products. One of the main features of this networking project was that it required the direct involvement and participation of practitioners and operators from the food industry. As the main result of this project, a network of European and Asian partners has been established and information on its structure and current members is available at <http://www.bean-quorum.net/www.bean-quorum.net>. A relevant part of the activities within the project were performed in Thailand or involved Thai partners, since Thammasat University was one of the project's academic partners. Bioagrigo-op as well is currently a member of the BEAN-QUORUM network and collaboration with academic partners spans many fields of activity.

Through both project activities and synergies with other initiatives, the network so far has allowed the establishment of several multilateral connections among the partners and has enabled many researchers to seize the opportunity to participate in collaborative research projects. In addition, many industry operators have acquired access to useful knowledge in marketing-related issues, and several students have gotten the benefit of study abroad opportunities. One of the latter is the International Master's Program in Horticultural Sciences (IMaHS), jointly offered by the Alma Mater Studiorum University of Bologna (UNIBO), the Technical University of Munich (TUM), and the University of Natural Resources and Applied Life Sciences, Vienna (BOKU). This master's degree is currently supported by the EU through a grant provided by the Erasmus Mundus Programme, which is aimed at fostering incoming mobility from non-EU countries and at improving the attractiveness of the EU Higher Education system. Rungsaran Wongprawmas, a Thai national and former master's student who is one of the authors of this publication, was awarded an Erasmus Mundus grant to enroll in the IMaHS course and completed her studies at Bologna, Munich, and Vienna. She graduated with distinction upon producing a master's thesis based on a qualitative research on attitudes of European gatekeepers towards Thai GI fruit and coffee products. The thesis was prepared under the joint supervision of myself at UNIBO and Professor Rainer Haas at BOKU.

The execution of the Pro_GIs project final study by Bioagrigo-op and the Thai-Italian Chamber of Commerce, with the implementation of a complementary research activity conducted by a master's student within the BEAN-QUORUM network, is an example of how networking may mobilize resources, enhance opportunities for its members and foster a transfer of knowledge.

Several months ago, after a short discussion about the research objective, the break-down of work and the assignment of responsibilities for the completion of

specific tasks, a detailed research plan was agreed upon, with the understanding that in most of the activities involved each actor would have to use its own resources. The authors of this report agreed that this opportunity to pool their resources and knowledge, and collaborate on a summary report together, represented a unique chance to multiply the effects and outcomes deriving from different initiatives that were separately supported by the EU, by different funding sources. I maintain that the final result of this joint effort has a high value not only because of its interesting content. Indeed, it also demonstrates that networking can have positive effects far beyond the boundaries of a specific networking project, if it is based on mutual understanding and on a commitment to achieve better results through collaboration.

Hopefully, it will be considered a good example of successful networking and it will be followed by more joint initiatives aimed at both strengthening the links among the network partners, and at further enlarging the scope of the network.

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Executive summary

Introduction

In 1992, at the urging of most active producer associations, the European Union adopted a comprehensive and efficient regulatory system for Geographical Indications (GIs) to protect superior local origin products and cultural identity in Europe.

In contrast, GIs development in Thailand started under the WTO's TRIPs Agreement, to establish certain mechanisms for value enhancement and to protect products with a good reputation. This was done as a response to consumer demand and in an effort to position export products in a lucrative global market. Since the EU is one of the biggest markets for GIs products, Thailand, through the DIP (Department of Intellectual Property, Ministry of Commerce), is now attempting to further extend Thai GIs' protection and value by applying for product registration according to EC Reg. 510/2006.

Due to the underdeveloped international legal framework, there is no universally accepted definition for "Geographical Indications" and significant differences still exist between EU and Thai regulatory systems. It is important for both the EU and Thailand to understand these differences in order to overcome them and foster mutually beneficial trade opportunities for food and agricultural products

There is an enormous lack of knowledge among EU gatekeepers and consumers towards foreign GIs entering the EU market, which leads to questions such as: might GIs be an advantage for countries outside the EU, like Thailand, in their effort to get listed by EU gatekeepers? Might GIs certification be an important factor which consumers take into consideration when purchasing fruit and coffee products? By conducting extensive research on European gatekeepers, the present study provides partially encouraging results and underlines the importance of information and promotion activities addressed to both European gatekeepers and consumers.

Although this study focuses mainly on the marketing aspects of geographical indications and EU-Thai trade opportunities, it is important to remember that GIs are not exclusively trade or legal tools used to protect products or penetrate markets. In many countries GIs represent a potential for developing rural areas.

Thailand however still needs to explore how to combine market-oriented approaches with altruism and regional development based on local resources.

Comparison of the European and Thai systems and the state of the art of GIs production

In Europe, the geographical indications regulatory system for agricultural and agri-food production was introduced in 1992 by EC Regulation No. 2081/1992. It was subsequently amended and implemented with the approval of the EC Reg. N. 510/2006.

The last two decades of EU policy on GIs has resulted in the highest number of registered geographical indication names in the world with more than 6000 registrations (approximately 5200 are wine and spirits).

In September 2010 Italy showed the highest number of registered GIs (221), followed by France(179), Spain (140), Portugal (116), Greece (87), etc. An analysis of the geographic distribution of registrations shows as the Mediterranean countries together hold almost 80% of total EU GIs.

EU food and agricultural GIs products are divided into two categories: PDOs (Protected Designation of Origin)and PGIs (Protected Geographical Indication). Analyzing the categories to which the registered products belong, among PDOs the highest percentage belongs to cheeses (31%), followed by fats and oils (19.5%, mostly extra virgin olive oil), then fresh and processed vegetables and cereals (18.3%). Considering IGPs, in terms of percentage out of the total number of registrations, fresh and processed fruit comes in first, then vegetables and cereals (29.1%), fresh meat (21.2%), and other meat products (17%).

In terms of value in the market, London Economics (2008) calculated the contribution of PDOs/PGIs to the turnover of the agri-food sector and found that Italy earned a profit of 4.9 billion euro in 2006. The market share of PDO and PGI products, excluding wine, in Italy, France, Spain and Germany were between 1% and 5.5% depending on the country and year (London Economics, 2008). Even though the contribution of EU typical agricultural food products to the total turnover of the agricultural sector is small, it has proven to be significant. This implies that there might be more room for PDOs and PGIs products in the EU market.

It should be noted that registering a product as GI does not mean merely a higher selling price; in some cases, it means increasing market share by eroding the share of unauthorized or fraudulent sellers. Moreover, GIs certification has been shown to have positive welfare effects on participating regions, suggesting that GIs could also contribute to the overall sustainability and success of represented areas.

Furthermore, the EC Reg. N. 510/2006 allows products from non-EU countries to register under it. As result, several third country applications are in line from China, India, Thailand, Vietnam and Switzerland.

In Thailand, the government officially launched the framework law to recognize and protect Geographical Indications in 2003: “the Geographical Indication Act of B.E. 2546 (2003)” followed by “Thai Geographical Indication Logo Approval B.E. 2008” under the charge of Department of Intellectual Property, Ministry of Commerce.

As of June 2010, Thailand had registered 35 GI products, 29 of which were from Thailand, 5 from the EU and one from Peru.

As for the types of GIs, the following categories have been identified: fruit (23%), with a prevalence of pineapple (4) and pomelo (2); handicrafts (23%), including silk fabrics (4), pottery and other handicrafts; rice (20%), with 7 GIs all from Thailand; alcohol (17%), including wine (one from Thailand) and spirits (all of foreign origin); coffee (6%) processed food (6%) and fish (3%)

Despite the fact that Thai regulations do not require products to subject to third party inspection and certification procedures, it is remarkable to note that a certain number of Thai registered GIs are under external control by accredited certification bodies (ten products as of June 2010).

Besides the already registered GI products in Thailand, 34 other products have applied and are currently undergoing the process of evaluation, showing an interesting trend in product application to Thai regulations on geographical indication.

Major differences between the European and Thai GI protection system

Some significant differences exist between the Thai and EU GI systems, summarized as follow:

- According to Thai law, potential GI products are “items that can be traded, exchanged or transferred, which are natural, agricultural, craft or industry products”. Therefore, natural and handicraft products may become GIs according to the Thai regulation, while this is not true under EU regulations. However, an interesting perspective exists for Thai agricultural goods used to produce important handicrafts such as silk, cotton and other fabrics. EC Reg. 510/2006 gives the possibility to protect agricultural products which are not foodstuffs under Annex II. Cotton and silk are not yet included in the European list but a formal request asking for their inclusion will be taken into serious consideration due to the fact that cotton and silk yarns are agriculture products not unlike wool or scotch flax which are included in this list. It is then desirable that Thai authorities, represented by the Queen Sirikit Department of Sericulture and together with other stakeholders, take steps to protect and value-enhance such world famous products by petitioning for their recognition in the European market.
- According to EU regulations, only producer or processor associations who deal directly with a product may submit an application for its registration (Article 5 of EC Reg. N. 510/2006), or in exceptional circumstances, a

single natural or legal person (Article 2 EC Reg. N. 1898/2006). Meanwhile, according to Thai regulations various actors (government bodies, administrations and public companies, producers, product processors and traders as well as their associations, consumer groups and their associations) can submit an application.

The rationale for this is that normally, local Thai governments play an important role in promotion of regional products and enforce the national policy. In addition, the associations of producers and processors in Thailand play only a very marginal role due to an insufficient level of organization and technical expertise. Consequently, the development and recognition process of GIs in Thailand has a 'top down' approach, in contrary with the EU, where the associations of producers and processors of GIs products are highly active, both in the production process and the recognition of designations.

- The Thai GIs legal system does not require external control systems or verification of compliance with specification by accredited bodies, which are crucial elements of the EU regulations (art. 11).

In accordance with EU regulations, external control has to be performed by public or private bodies, which must be accredited in accordance with the European standards EN 45011 or ISO/IEC Guide 65. Despite the fact that Thai regulations do not require subjecting products to third party inspection and certification procedures, there are a considerable number of Thai GIs products under external control by accredited certification bodies (ISO 65): Tung Kula Rong-Hai *Thai Hom Mali* rice, Chiangrai *Phulae* pineapple, Phurue Plateau wine, Doi Chaang and Doi Tung coffee, Nakornchaisri pomelo, Surin *Hom Mali* rice, Phuket pineapple, Phetchabun sweet tamarine and Chinat Khaotangkwa pomelo.

Overview of EU gatekeepers perceptions towards GIs fruit and coffee products from Thailand

Thailand is one of the many countries interested in using GIs to help its products be recognized as high quality and penetrate the lucrative European market. Therefore, in the initial stage of introducing Thai GIs products to the market, it was deemed important to explore the attitudes of European gatekeepers who have the power to select products entering the market. In this study, the perception of sixteen gatekeepers from Austria, Italy and Switzerland toward Thai GIs fruit and coffee products were explored using in-depth personal interviews. Heuristic content analysis and concept mapping were used to analyze data and show the results.

Perception toward Thai Geographical Indications products: fruits and coffee

Regarding Geographical Indications labeling, it appears that European consumers and gatekeepers have an awareness of the concept mainly as it relates to local or European products, since GIs products strongly link to territory and traditional local culture (in addition, a certain confusion still exists between Geographical Indications claims associated with products from third countries and country of origin labels, or “Product of.....”). European consumers have already developed positive perceptions toward these products and the GIs label can therefore be used as a differentiation tool. However, when dealing with Thai GIs products, we found mixed opinions: most of the gatekeepers thought that the GIs label may not be able to add value to Thai fruit and coffee products because consumers do not have enough information about or experience with these products. On the contrary, other gatekeepers maintain that the use of a well-known quality label such as European public brands for GIs could represent an advantage for Thai GIs products because of confidence and trust that European consumers ascribe to them. Nevertheless, all respondents highlighted that better information provision and communication are crucial steps that must be undertaken to build awareness of Thai GIs products among EU consumers and gatekeepers.

Some gatekeepers and marketing researchers thought that the GIs label might be useful as a mediator of trust to assure the quality and food safety of Thai products. Although GIs certification is not a food safety guarantee, they argued that it could be seen such in the eyes of the public. This is due to the fact that gatekeepers and consumers tend to be more sensitive to imported food than domestic products, due to food scares and general unfamiliarity; hence, they tend to look for any sort of certification and may regard this as a sign of food safety and quality. Gatekeepers also mentioned that traceability systems are crucial for products entering the EU market.

One respondent opined that the GIs label would not be useful for Thai products because he ascribes more value to his quality private brand than to GIs certification. This implies that the GIs label, which is a quality label, might be a competitor with quality private brands (retailer brands), and hence, large retailers may have less of an inclination to stock products with other quality labels in their stores. This could be especially true for coffee, but it might not be a case for Thai fruits since they are on the whole totally different from fruits in the EU market. Due to the increasing role of large retailers and private brands in the EU market, this opinion should be considered and tested in further research.

Potential advantages and barriers for Thai Geographical Indications products: fruits and coffee

Information and promotion campaigns are a necessary support to Thai GIs product registration efforts, since European consumers and gatekeepers are unfamiliar with these products and cannot distinguish the differences between them and other similar products in terms of quality and taste.

Furthermore, the interviewees underlined the following conditions required for the success of Thai GIs products in the European market:

- 1) they should be specialty products with outstanding quality, representing the best of Thailand's food tradition,
- 2) exporters should provide correct information and the stories behind products, including descriptions of landscape, production area, and production and work conditions, and
- 3) exporters should provide food safety certification according to EU regulations.

Moreover, communication is the key to success for Thai GIs products.

Some of the interviewees suggested that *Organic* and *Fair Trade* labels, in combination with the Thai GIs label might be useful to enhance the competitiveness of products, but it could be costly and difficult to combine the certification systems together. It is also important to synchronize the Thai GIs label with the European one (mutual recognition) to maintain consistency in labeling. We believe that some of the suggested strategies listed above may be unfeasible in the short term and combination with other quality labels must rely on clear consumer understanding of the separate values and product attributes communicated by each label.

Potential channels of distribution were another important issue discussed by respondents. There were three main channels suggested by the gatekeepers: specialty shops, large retailers, and restaurants/spas. They explained that specialty shops are a good distribution channel because they are run by experts with experience with similar products. These experts can better explain product information and methods of preparation and consumption to consumers than supermarkets can. The limitations of this channel include the fact that it will be only a niche market and will therefore only reach a small consumer base, but it is possible that these consumers will make up for their small numbers with a larger intention to purchase with regard to Thai GIs products. Large national and international retailers are thought to be a more promising channel for Thai GIs products, since this channel can move high volumes of products, has wider access to mass consumers, and employs better marketing strategies. However, producers and operators interested in distributing products through this channel may face

difficulty in maintaining bargaining power, since premium prices and stricter regulations are required. Thai restaurants and spas were also mentioned as channels through which to display and perhaps provide a first impression of Thai products to European consumers.

Besides the difficulty to successfully achieve registration in the EU, which will grant the possibility of using the European GIs logo, the other main challenge for Thai GI products is represented by consumers' attachment to their own local food and culinary traditions. This last challenge is especially hard in Mediterranean countries like Italy, where there is a well defined and renowned national food culture and, as a consequence, a limited demand for tropical and exotic fruit, which in fact are just a market niche.

Factors influencing purchasing decisions of European gatekeepers: fruits and coffee

There are eight major factors which influence European gatekeepers' decisions to purchase imported food products: quality, price, food safety, environmental aspect, social aspect, business relationship, consumer awareness and preference, and competitors. These factors are illustrated in the conceptual map analyzing representative gatekeepers' views. However, it seems that the elements of trust and reliability are the most prominent with regard to food product importation decisions. In light of this, country image might influence the psychic distance between customers and exporters. Additionally, cultural distance may hinder the successful market penetration of Thai products, as they may be perceived by European consumers as simply too strange, alien and unfamiliar to be desirable.

Marketing strategies for Thai Geographical Indications products

There are numbers of potential marketing strategies suggested by gatekeepers that could be used to introduce Thai GIs products:

- information provision through public relations and communication;
- showing the region of origin of products and telling the stories behind them;
- assuring product safety and guaranteeing quality;
- demonstrating products and letting consumers try them;
- developing export platforms for Thai cuisine and fruits;
- starting with pilot products which are typical, high quality, and without environmental and social problems;
- differentiating Thai GIs products from other products by quality, healthiness, and packaging;
- offering promotions to gatekeepers; and finally,
- selecting the proper distributors through which to channel Thai GIs products.

It could also be beneficial to study marketing strategies used by both successful and failed products in the EU market, in order to learn from their example.

Conclusion and recommendations

Thai GIs products might be interesting for European gatekeepers, but it should be highlighted that GIs products attributes alone might not be enough to ensure their success without the consistent support of information providing and promotional endeavors. Other attributes of both products and suppliers also have an impact on the purchasing decisions of gatekeepers as well. The respondents mentioned that the key factors influencing their decisions to purchase imported fruit and coffee products are: quality, price, food safety, business relationship, competitors, consumer awareness and preference, environmental aspects, and social aspects. Therefore, these factors should be recognized and efforts must be made to integrate them into the production of Thai GIs products.

Geographical Indications product registration should not be considered the ultimate arrival point for Thai products in the European market, but rather the first step to communicating the high quality and added value characterized by GIs products. Information provision, promotion and proper marketing strategies should be designed and implemented to stimulate the interest of gatekeepers, and among consumers at large, an understanding and appreciation of the diverse array of unique and high-quality products bearing the Thai Geographical Indications label.

**Geographical Indications: outlook on the European
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1. Introduction

Worldwide, especially for agro-food products, a growing interest by consumers towards the concepts of quality, safety, eco-sustainable production processes, social factors and propensity for local traditions, has been raised over the years. (Krisoff, Bohman and Caswell, 2002; Anders S., 2009; Ilberry e Kneafsey, 2000).

Given the strongly evolving consumers preference that is simultaneously seeking diversity and the assurance of value and quality, considerable opportunities are linked to products characterized by a strong bond with the territory of origin and local culture: among them Geographical Indications (GIs). (Giovannucci et al, 2009).

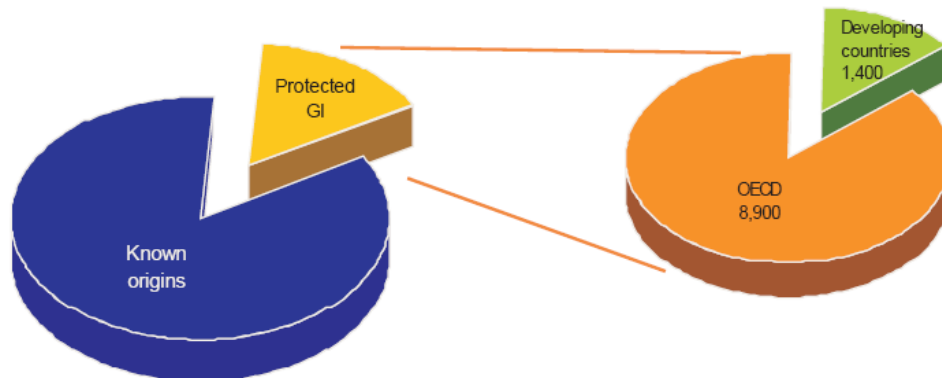
Authenticity, which refers to the truthfulness of origins, attributions, commitments, is one of the main values transmitted by GI products and one of the attribute mostly appreciated by consumers today.

Around 10.000 GI products are protected around the world. Most of them come from the most industrialized countries such as member of Organization for Economic Co-operation and Development (OECD).

At global level United States and European Union are the biggest market for GI products even their protection and marketing systems have evolved to be radically different. Worldwide the estimated value for sales of GI products is over US\$ 50 billion (Giovannucci et al., 2009).

Many other products which present steady links with their place of origin, are already appreciated and recognized by the market even if not yet protected: by means of a graph, *Giovanucci et al.* represents the untapped opportunities which may exist with product-origin combinations to the number of currently registered GI products (Figure 1).

Figure 1. Share of protected GIs over products with known origin and its distribution among OECD and developing countries



Source: Giovannucci et al, 2009.

Despite GIs are asserting themselves as quality and authentic products on international markets, due to a frail global framework, there is no universally accepted definition for geographical indications. While GIs can be broadly defined as an indication applicable to goods whose quality, reputation or other characteristics are directly attributable to the territory of origin and local culture, the term GI continues to be used with different nuances, both as part of the various international agreements which provide for that intellectual property right, and as part of the different national regulations. In light of this, non-uniqueness of the concept, GIs could be properly considered as *a nomadic intellectual property in search of identity* (Nair e Kumar, 2005).

As there is no universal method of defining, recognizing and protecting GIs, nor a common international law, the granting of legal protection for GIs lies within the jurisdiction of separate domestic laws and the regulations of individual countries. Looking at world level, domestic mechanisms vary considerably, therefore different marks, appellations, or designations need to be registered in all relevant countries in order to protect the GI they represent. Different countries and regions have different system for GIs protection which include GIs specific laws or *sui generis* systems, those that use trademark system or other legal or administrative means, and finally those that do not formally recognize or protect GIs. Out of 167 countries which are protecting geographical indications as a form of intellectual property, 111 have implemented a *sui generis* regulation and 56 prefer implement trademark systems. (Giovannucci et. al., 2009).

Building on concepts and experience which can be dated back to 19th century, since 1992, the European Union adopted the more comprehensive and efficient regulatory system worldwide for GI legal recognition and protection (related to food staff and agricultural products, excluding wine and spirits): EC Reg.

2081/1992. It has been recently replaced by EC Reg. 510/2006 and following integrations and modifications.

On the other side of the ocean, led by the evidence of consumers preferences, new market opportunities and TRIPS Agreement, Thailand developed the concept of GI according to the implementation of Articles 22-24 of the TRIPs Agreement, WTO (Jaovisidha, 2003). Thai government had officially launched the framework law to recognize and protect Geographical Indications in 2003: “the Geographical Indication Act of B.E. 2546 (2003)” followed by “Thai Geographical Indication Logo Approval B.E. 2008” under the charge of Department of Intellectual Property (DIP), Ministry of Commerce, Thailand.

A big difference exists between EU and Thailand GI systems development: while European producers organizations has taken a primary responsibility in establishing and developing the system assisted by public sector which in addition is to provide the legal framework that is still actively contributing with public policies to support their efforts, Thai public authorities are playing a central role in promoting GI strategies followed by producers and their organization. EU history of geographical indication is characterized by a bottom up approach with a great commitment of producers. EU regulatory system has been primarily created as a mean for protecting already renown productions, agriculture and cultural diversity and not as a “*generic promotional and marketing brand*” (Nomisma and P. Palomba, 2009); Contrariwise, Thailand shows a top-down or vertical approach with a focus on decentralized local government acting as engine for standardization, control and innovation in food sector. Furthermore while EU is extending GIs benefits from producers to a wider part of society incorporating equitable rural development initiatives, Thailand still need to practice how to combine market oriented approaches with truism and territorial development based on local resources.

Thirty-five GI products are currently registered in Thailand (including local and foreign products, wine, spirits and handicrafts, DIP, June 2010) compared to the over 6000 GIs in the EU (including wine and spirits - they account for about 85% of protected GIs – foreign products but excluding handicrafts). EU is the world’s leading GIs holder.

Despite the big difference in terms of pure numbers, the registration trend in both EU and Thailand is extremely encouraging. Over time, interest on GI is gradually increasing and became more common, not only among consumers but also among the EU and non-EU producers, attracted by the potential economic benefits. EU market has been identified as a reference destination for quality Asian products. Around fifteen Asian GIs request for registration under EC Reg. 510/2006. Thailand is playing an active role in the process with two GI products applied for registration (Doi Chaang and Doi Tung coffees) and one under publication (Khao Hom Mali Thung Kula Rong-Hai rice). Among Asian countries, China leads in

terms of requests for product registration under EC Reg. 510/2006 (10 products submitted of which 9 applied and one under publication) followed by Thailand, India and Vietnam. At global level, Asian countries demonstrate the highest interest for European GI system applied to food and agriculture products contributing to the idea to create a unique international register for these products. The EU operators interest in Thai quality market is also considerable taking into account that 17% of the already registered GIs come from abroad (France, Italy, Peru, etc) and five out of six foreign GIs registered according to Thai Law come from Europe.

Even this study will mainly focus on marketing aspects of geographical indications and EU-Thai trade opportunities, it is important to remember here that GIs are not exclusively trade or legal tools to protect products or penetrate markets. GIs have another important significance: *“They exist in a broader context as an integral form of rural development that can powerfully advance commercial and economic interests while fostering local values such as environmental stewardship, culture and tradition”*. (Giovannucci et al , 2009)

In many countries has become widespread the awareness that the GIs represent a potential leverage for developing rural areas¹ - favourite production areas for traditional products, often characterized by fragile economies.

The relatively recent process of globalization produced in most of the countries, asymmetric impacts on local economies and societies, people and territories: advantages to some has been produced to the detriment of others, who often are based in more isolated rural traditional systems rich in local traditions and with strong cultural identities. Decentralized production affecting direct and indirect local employment, rural emigration, loss of competitiveness and profitability of local production, loss of traditional know-how and culture, biodiversity depletion, negative environmental impact, are among the most alarming effects, which exacerbate the conditions of the most disadvantaged and vulnerable groups and the rural society. Rural development and poverty reduction policies showed so far a limited impact on these traditional systems. However, more recently, EU experience linked to GI development and other spot-like pilot experiences around the world aiming at create a virtuous cycle among territorial identity, local heritage and access to resources, represent an exception. Important results have been obtained in Latin American by linking local cultural heritage to territory.

¹ In Asia, Africa, and in particular in South America there is an increasing interest of governments and other stakeholders towards this tool as a development item. Recently, the Declaration of Antalya in 2008, signed by the Mediterranean countries, identified in the GIs the most tool effective for the enhancement of production of rural areas in developing countries.

Some important experiences² have demonstrated that local origin products with cultural identity and among them geographical indications can be the starting point to empower people, society and enable government to deliver new answer to old rural development problems.

Concrete experience, in the EU, has shown so far numerous cases of success of GIs. Several common benefits have been identified:

- a. lead to increases in sales and products higher final selling price;
- b. ensure that all the supply chain operators directly benefit from the added value of the product (in particular to the usually weakest link in the chain: the farmers);
- c. guarantee to producers a level of legal protection from unfair competition at an affordable cost³ (this is crucial in light of the fact that the agricultural systems of many European countries are often characterized by a predominance of small size companies, especially in the sector of typical products);
- d. stimulate the development of producing areas;
- e. promote the growth of tourism and related services;
- f. reducing the rural exodus;
- g. preserve the culture and local traditions.

International experiences have also highlighted cases of failure. Such failures are often related to abuses in the request for indications, in many cases carried out to upgrade products that do not fit the quality requirements or that are not sufficiently well known. The proliferation of GI for products without the requirements for legal protection is likely to weaken «*this system of legal protection, not yet sufficiently effective outside the EU, and often too weak also on the domestic market*» (Palomba and Nomisma P., 2009).

From a comparison between the successes and failures of European GIs, it is clear that there are a number of pre-conditions for the creation of benefits related to GIs, which many countries outside the EU should bear in mind. These preconditions include the following ones:

- a. The product must be already known and in need of legal protection

² See for instance the project “Territories with Cultural Identity (Phase 1 and 2)”, RIMISP, at <http://www.rimisp.org/seccion.php?seccion=486>

³ The other industrial property rights generally involve higher use costs than the GI.

- b. The product must possess adequate quality standards and be available in certain quantity.
- c. An adequate number of customers in the target market must be interest in the product (certification and public brand could play an important role)
- d. Producers organizations must be active for the development and management of GIs (control, information, promotion, define and implement market strategies, etc - to receive the legal protection is a starting point for define and implement active marketing strategies -)

Looking at the domestic and international strategies of several countries, it is easy to distinguish between two main different marketing strategies associated to geographical indications: while a *defensive strategy* is associated to the well known products (Parmiggiano Reggiano, Champain, etc) and legal protection against imitation is primary function sought, an *aggressive strategy* could be found for products not well appreciated on the market and willing to create product “identity” and in some cases a passport for export. EU and especially third countries are extremely exposed to the risk of an abuse of aggressive strategies and competent government authorities should be in charge to protect GIs systems from these risks.

On the latter, there are questions about what could be the perception of European distribution operators or gatekeepers towards third country proceeding GI products. As currently in Europe, only one foreign GI product has been formally recognized (Cafe de Colombia), there is an enormous lack of knowledge towards the attitude of the EU gatekeepers towards foreign GIs coming into EU.

In international trade Gatekeepers, , play a key role in food distribution channels, since they decide the range of imported products available for consumers. They are viewed as “expert consumers uniquely qualified to assess product quality and desirability” (Sternquist, 1993; Knight and Gao, 2005). A relatively small number of gatekeepers make food buying decisions on behalf of food importing and distribution companies that supply millions of end consumers.

In international market, consumers are likely to have little knowledge on foreign products, in contrary, gatekeepers have accessed to technical information, knowledge and experiences. Traceability, sufficient quantities and long term relationship are mentioned as the most prominent attributes involved with European retailer decision criteria (Skytte and Blunch, 2001). Extrinsic cues (e.g. price, brand, country of origin, and other specific quality attributes) are also used as key factors in evaluating foreign food products (Gao and Knight, 2007; Huliyeti et al., 2008). However, in case of country of origin, it appeared that the European food channel members relate more to factors involving confidence and

trust in the integrity of regulatory systems and suppliers than they do to image of country of origin (Knight et al., 2007). Other relevant factors which are the barriers to entry are: psychic distance, custom regulations, other trade barriers, and communication between business partners (Lindqvist, 1991; Huiyiyeti et al.,2008).

Basicly, there is a lack of research on perception of gatekeepers toward quality food products, including GIs from Thailand, which leads to questions such as: May GI is an advantage for countries outside the EU like Thailand to get listed from EU gatekeepers? May GIs certification be an important attribute, which consumers take into consideration when purchasing fruit and coffee products? The research results summarized in chapter 5 are an effort to answer these questions focusing on the gatekeepers' perception toward Thai GIs fruits and coffee .More in depth, chapter 5 aims at: (1) explore how European gatekeepers perceive GIs Fruit and Coffee products from Thailand, (2) explore the potential and barriers for GIs Fruit and Coffee products from Thailand in the European markets and (3) explore the key factors that influence purchasing decision of European gatekeepers. Aside from these main aims, the study also pointed out the strengths and weaknesses of Thai fruit and coffee products and Thai exporters in the EU market as well as possible marketing strategies to introduce the products.

2. Geographical Indications regulatory systems

2.1 International level

In contrast to trademarks and licenses, under which the level of protection is virtually unique worldwide, for Geographical Indications on the contrary there has always been great differences from country to country under the different regulatory systems (Source: WIPO SCT/8/4, SCT/8/5, SCT/9/4 and SCT/10/4).

Internationally, the Geographical Indications are regulated at the level of various international agreements administered by WIPO (World Intellectual Property Organization) which basically identifies two types: the simple "Geographical Indication" and "Designation of origin" (appellation of origin), a type of GI with stricter requirements.

"Trade-Related Aspects of Intellectual Property Rights" of 1994 (TRIPS Agreement) contains a section that specifically relates to the protection of GIs (Part II, Section 3) where art. 22.1 sets forth the following definition of geographical indications:

"Geographical indications are, for the purposes of this agreement, indications which identify a good as originating in the territory of a Member [of the World Trade Organization], or a region or locality in that territory, where a given quality, reputation or other characteristics of the good is essentially attributable to its geographical origin"

The term "Protected Designation of Origin" is instead defined in 1958 Lisbon Agreement for the "Protection of Appellations of Origin and their International Registration" (Lisbon Agreement) establishing an international system for the protection of designations of origin already protected under national legislation of the State Parties joining the Agreement. The protection at the international level, exclusively among the signatories of the Agreement, provides for the compulsory registration of products internationally.

Article 2 of the Lisbon Agreement defines the Denomination of Origin as follows:

"Appellation of origin" means the geographical name of a country, region, or locality which serve to designate a product originated therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment including natural and human factors".

The Lisbon agreement therefore excludes from the protection some Indications different from geographical names, which may however fall under the TRIPS Agreement.

Examples of designations of origin registered under the Lisbon Agreement are "Bordeaux" for wine or "Tequila" for alcohol or "Jaffa" for citrus.

2.2 GIs protection in the European Union

The concept of legal protection for geographical indications was born in Europe, and has an ancient tradition. Regulatory systems aimed at protecting traditional products with a strong link with the geographical component in fact existed in several European countries long before the birth of the EEC, and the first places were related to wine and other alcoholic beverages.

France and Italy have been pioneers in such direction, the first one with the adoption of protection standards for wine production and then with the introduction by the decree of July 30, 1935 of the concept of “*Appellation d’Origine Contrôlée*” (AOC) ⁴, initially applicable to alcohol only and then subsequently extended to dairy products and other agricultural products. Italy, however, developed the system of "Designation of Origin" (DOC) wines as early as 1924 with the enactment of Royal Decree-Law No. 497 of March 7, 1924.

At EU level, the wine industry was the first to be regulated for the protection of Geographical Indication with the introduction, beginning in the 1970s as part of the Common Market Organization (CMO), of special rules requiring Member States to notify to the European Commission of their GI wines.

Later in the sector of agricultural and agro-food production were regulated, and finally that of spirits. Handicrafts products are thus not covered by the EU regulatory system for the protection of geographical indication - in contrast to the laws of other states and of WTO rules -.

It is here provided a quick outlook on these regulatory systems for the protection of GIs in the European Community, while in the following paragraphs it will be provided more detailed information on the development of standards specifically concerning with food production and processing.

2.2.1 Wines

The reference standard that currently governs the GI in the wine industry is the EC Reg. N. 479/2008 of the Council on the common market in wine (OJ L 148, 6.6.2008, p. 1) that has led some major changes to EU quality wines including the following.

⁴ The *Appellation d’ Origine contrôlée*, which has inspired the EU definition of the PDO, identifies a product originating in a region or a specific location and characteristics are related only to the geographical area of origin.

Standardization with the designation system used for agricultural and agri-food products of the Regulations 510/2006. It changed from the designation "quality wines produced in specified regions (V.Q.P.R.D) and Typical Geographic Indication (IGT)⁵ respectively to the Protected Designation of Origin (PDO) and the Protected Designation of Origin (IGP), for a more effective communication to the consumer through a unique labelling system.

Alignment of the bureaucratic recognition process for the new designations with the one foreseen for agricultural and agri-food products – it is first foreseen a procedure for national assessment (in the past it essentially corresponded to all decision making) followed by the subsequent examination by the European Commission. The procedure is longer than in the past but provides greater guarantees on the actual products quality.

2.2.2 Spirit drinks

The EU regulatory system for the GIs in the spirits industry was launched in 2008 with the enactment of EC Reg. N. 110/2008 concerning the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89 (OJ L 39, 13.2.2008, p. 16).

Art. 15 of Reg. 110/2008 stipulates that "for purposes of this Regulation, a geographical indication is an indication which identifies a spirit as originating in the territory of a country or a region or locality in that territory, where a given

⁵ Art. 34 of EC Reg N. 479/2008 defines, for the purposes of regulation, both the concept of "protected designation of origin" and "geographical indication"

By "**designation of origin**" it is defined *"the name of a region, a specific place or, in exceptional cases, a country used to describe a product that meets the following requirements: its quality and its characteristics are essentially or exclusively due to a particular geographical environment with its inherent natural and human components; the grapes from which it is obtained come exclusively from this geographical area, its production takes place in such geographical area, and the vine varieties belong to the species Vitis vinifera and other species of the Vitis genus"*.

Until the recent reform of the wine CMO in 2008 and then on the basis of EEC Regulation No. 1493/1999, the system of protection of quality wines presented a different encoding than for agricultural products and foodstuffs, which included:

- Table wines with geographical indication (as stated in art. 50, "geographical indications" is an indication that serves to identify a good as originating in the territory of a third member of the World Trade Organization or in a region or locality within that territory, where a given quality, reputation or other characteristic of the product is essentially attributable to that geographical origin);
- The quality wines produced in specified regions, V.Q.P.R.D. (defined in Title VI of Reg. 1493/1999, which included several specific categories such as: the quality liqueur wines produced in specified regions, "v.l.q.p.r.d."; the quality sparkling wines produced in specified regions "v.s.q.p.r.d."; sparkling quality wines products in specific regions , "v.f.q.p.r.d.").

quality, reputation or other characteristic of the spirit is essentially attributable to its geographical origin".

2.2.3 Agricultural and agri-food products.

With regard to agricultural and agri-food productions, the first regulatory system of reference governing the GIs was introduced in 1992 by EEC Regulation No. 2081/1992, and was subsequently amended in 1997 and 2003 in order to make some adjustments.

The reform itself, however, was implemented with the approval of the EC Reg. N. 510/2006 and its application - the EC Reg. N. 1898/2006⁶ - to implement on one hand some change proposals arising from the community, and on the other to adjust to the resolution expressed by the World Trade Organization (WTO) dictated by the complaints from the United States and Australia against the GI protection system in Europe.

So the EU legislation, unlike that of other countries, excludes that handicraft products that can be registered as geographical indication.

2.2.4 The law evolution and state of the art for the agri-food and agricultural production

Between the late 80s and early 90s, the completion of the process of creating a single market in the EU led to an awareness of the urgency of protecting producers of typical food from unfair foreign competition and to safeguard consumers and the reputation of European productions.

The realization that these goals could be achieved only through the creation of a homogeneous regulatory system in Europe was raised by several states and stakeholders; the European Commission in its Communication to the Council and European Parliament on "the future of rural areas" of 1988 [COM (88) 501 final]⁷ reached the following conclusions:

«Because of stagnating demand and the need to bring surpluses under control the future of rural production can no longer be seen in quantitative terms (.). The continued production and the promotion of high-quality products could become of substantial importance in particular to less-favoured and remote areas. Most distributors report that consumer demand for non-factory and regional products is increasing steadily.

⁶ GUCE of 31.03.2006.

⁷ The considerations set out below are contained in document COM (88) 501 final, in the section "Policy on Product Quality: rural society holds a strong card" (Supplement to the Bulletin of the European Communities 4 / 88, p. 45).

The determination to protect agricultural and food products of identifiable geographical origin, their mode of production and their special qualities has led to the appearance of controlled origin designations or labels in the Member States. This movement has been piecemeal but has in general pleased both producers, who obtain higher prices in return for a concentration on quality, and consumers, who can buy high-quality products of guaranteed production method and origin. Commission intends to promote a Community policy on product quality. It clearly indicated this option in 1985 in its Green Paper on a future for Community agriculture (COM(85) 333 final) and in its communication on completion of the internal market in foodstuffs (COM(85) 603 final). National practices on labelling and origin designations vary at present and a Community approach is required. Approval and mutual recognition procedures should be set that would prevent misuse and the pointless proliferation of labels of no precise signification (...). Labels and origin designations must serve to highlight the special characteristics of certain products and protect them against unfair practices and imitations.

On this basis the Commission will shortly be suggesting a general framework for the use of labels permitting recognition of products:

(...)

(ii) Originating in areas known for their traditional production (poultry, drinks, meat of particular breeds); a label such as 'European upland product' could be used to promote the extensive production methods still predominant in these areas; (...) »[COM (88) 501 final]

The indications of origin were therefore designed within the EU as a crucial tool for rural development policy, which gained increasing importance over time within the EU, starting from the fact that rural areas (often upland and less favourite areas) represented the major part of the Territory of the Community.

While the structural limits of these areas were often such as to make impossible the development of an agriculture focused on "commodities", at the same time the presence of resources associated with the culinary traditions and local culture, with the landscape and environmental factors made it possible the development of alternative solutions. The range of quality typical food, of which Europe was particularly rich, and the strong growth of the consumer demand, were conceived as a leverage for the development of vast potential, and thus to be protected. It was thus enacted the EEC Regulation No. 2081/1992 (now repealed by EC Reg. N. 510/2006) which established the first voluntary system of certification and registration in the EU for agricultural products and food PDO and PGI. This system was welcomed extremely well, over the period of application of Regulation (from 24.07.1992 to 30.03.2006) over 700 products were registered, none of which however coming from outside the EU. Over the years, however, the

legislative framework so established proved less and less efficient, especially in light of a series of changes within the EU (especially the EU enlargement process) and globally. It was so initiated the revision of the European system for GIs protection, which led, through a complex legislative process, to the abrogation of the EEC Regulation No. 2081/1992 by the EC Reg No 510/2006. Its definition is inspired by the guiding principles below.

a. Make the procedure for recognition of PDO and PGI fully compatible with World Trade Organization rules.

The United States and Australia objected to various aspects of the PDO or PGI protection system of the EU; firstly, the fact that to record a non-European GI products in the EU it was necessary to do so according to the European protection system, which provided compliance with strict pre-condition, or otherwise the application process would have been deemed invalid. In particular, it was envisaged that the third country willing to register disposes of a system of GI protection equivalent to the European as to:

- The effectiveness of the screening of the applications for registration to verify product requirements;
- The system of controls on products from third parties;
- The legal protection of GI. (Kur and Cocks, 2007).

These pre-conditions were the so-called "principle of reciprocity and equivalence" listed at the art. 12 et seq of the EEC Regulation No. 2081/1992.

It was further questioned the fact that the EEC Regulation No. 2081/1992 would not provide a sufficient level of protection for trademarks similar or identical in name to the geographical indication, allowing both to coexist if the former was already in existence⁸.

The WTO resolved the dispute through the instrument of international arbitration, entrusting the resolution of U.S. and Australian disputes to a single panel. The latter expressed an opinion only in part favourable to the EU. It established that the coexistence of trademarks and GI determined by EC Reg No 2082/1992 were consistent with the rules of international trade⁹; however, the regulation for GI registration in the EU determined a more difficult access to protection by non-

⁸ WT/DS290 - "Request for consultation by Australia on the protection of trademarks and the registration and protection of geographical indications for agricultural products and foodstuffs in the European Communities.

⁹ Panel Report, European Communities – Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs”, WT/DS174/R, 15 March 2005.

European products rather than that of European products, thereby infringing the rules of international trade. In particular, the WTO Dispute Settlement Body concluded that the EEC Regulation No. 2082/1992 was contrary to Article 3.1 of the TRIPS Agreement¹⁰ (Agreement on Trade Related Aspects of Intellectual Property Rights) and to Article III: 4 of GATT (General Agreement on Tariffs and Trade) of 1947, which do not allow for WTO Member countries to apply a treatment for the protection of intellectual property, less favourable to imported products than for those of national origin.

Substantially with this view, the WTO ordered the EU to review by the 3.04.2006 Reg. 2081/1992 to improve certain aspects in particular:

- eliminate the restriction that requires to countries outside the Community to demonstrate that the country of origin provides identical guarantees, an equivalent control system and an equivalent right of objection to those of the EC, so as to apply to the European PDO and PGI system in a product (principle of reciprocity or equivalence) ;
- allow third country operators to formulate opposition to the PDO and PGI requests for registration directly to the European Commission and not just through the administration of their State;
- allow third countries applicants who wish to register a Geographical Indication also the EU, to submit an application directly to Brussels and not necessarily by the administration of their country.

b. Simplifying and streamlining the procedure for PDO or PGI recognition.

The recognition process provided by EEC Regulation 2081/1992 was structured in such a way as to lead to long timings, resulting in serious delays in registrations. The process of EU enlargement, which led to the entry of twelve new Member States only between 2004 and 2007, would have resulted in an additional burden of procedures to the services of the European Commission for examining the applications for the registration of new PDO and PGI. The new regulation has therefore gone in the direction of streamlining and shortening the approval procedure and allowing for greater coordination between the EU institutions and national authorities.

c. The chance to request the deletion of a PDO or PGI by any person or entity that has a legitimate interest

This was first only entitled the European Commission.

¹⁰ Section 3 of the TRIPS Agreement is fully dedicated to the protection of geographical indications, which are therefore recognized as intellectual property rights.

d. The introduction of stricter specifications to the control system and to the guarantees of consumer GI recognition

The Reg. 510/2006 introduced even stricter specifications concerning the official controls system on PDOs and PGIs, by requiring an adjustment to the EC Reg. N. 882/2004 on official controls aimed at verifying the compliance with feed and food-, animal health- and animal welfare laws. It was then introduced an obligation for the product of European origin certificated and registered as a PDO or PGI to put on the label the terms "protected designation of origin" or "protected geographical indication" or alternatively the associated Community logos (Figure 2).

Figure 2. EU Public brands PDO, PGI



Source: European Commission quality policy webpage

2.2.5 Details related to the concepts of PDO and PGI

The current EU system of protection for PDO and PGI disciplines carefully the following aspects.

Art. 2 of EC Reg. N. 510/2006 provides the following definitions of PDO and PGI for agricultural and agri-food products.

Protected Designation of Origin (PDO) means the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff originating in that region, specific place or country, the quality or characteristics of which are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors, and the production, processing and preparation of which take place in the defined geographical area”.

The raw materials - a term that under Reg. 510/2006 refers only to live animals, meat and milk - may come from a geographical area wider than the processing one, or even different, provided that: the production area of raw materials is limited; there are special conditions for the production of raw materials and there

is a supervision system aimed at ensuring compliance with these conditions. The conditioning of an agricultural or agri-food product and the operations related to its presentation (e.g., slicing or grating), unlike the processing can usually take place outside the defined geographical area; however, if the consortium decides that they must be necessarily carried out within the area of production instead, that choice must be properly motivated.

Protected Geographical Indication (PGI) means the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff: originating in that region, specific place or country, and which possesses a specific quality, reputation or other characteristics attributable to that geographical origin, and the production and/or processing and/or preparation of which take place in the defined geographical area, such as specified in paragraph 2 of art. 2 of Reg. 510/2006, appellations of origin and geographical indications should not necessarily be geographical names, but they may simply be traditional denominations, provided that they meet the other requirements specified in their definitions. There is hence a difference with the concept of designation of origin protected by the Agreement of Lisbon, while the Geographical Indication one coincides with the TRIPs Agreement.

The differences between PDO and PGI are therefore essentially two:

- PDOs have a set of unique characteristics, linked the area of production, while PGIs may have a single feature, among many, recognizable as typical of the area.
- For PDOs the entire production cycle takes place exclusively in the area described, while for PGIs the link with the geographical area of origin of the product may refer to the raw materials creation or to their processing.

a. Products that can be registered as PDO and PGI.

Can be recorded as PDO and PGI: the agricultural products listed in Annex I of the EU Treaty and in Annex II of Reg. 510/2006; Foodstuffs listed in Annex I of Reg. 510/2006.

In particular, Annex I to the EC Reg. N. 510/2006 includes the following foods: beers, beverages made from plant extracts, bakery products, pastry, confectionery or biscuits, gums and resins, mustard paste and pasta.

In Annex II of EC Reg. No 510/2006 are indicated, as agricultural products, hay, essential oils, cork, cochineal (raw product of animal origin), flowers and ornamental plants, wool, wicker and groomed linen.

The list of agricultural and food products allowed to be registered as a GI (i.e. Annex I and II Reg. 510/2006) can be modified according to the procedure under Article. 15 of EC Reg. N. 510/2006.

b. Preconditions for registration of designations

Among the specific conditions for PDO or PGI registration, there are the following ones.

The appellations of origin that have become generic cannot be registered, that is the names of agricultural products or foodstuff that were originally connected with the name of the place or region from which the product initially came, and then became common names of agricultural product or foodstuff (Regulation 510/2006, art. 3, par. 1).

Only a name used in commerce or in common language can be recorded to designate a specific agricultural product or foodstuff. The name must be recorded in the language normally used to describe the product in the production area and in original handwriting, if it is not in Latin characters, the recording must also be done in Latin characters (Reg. 1898/2006, Art. 3 par. 1).

For similar products may not be registered homonyms names of plant varieties and animal breeds if it is proved, under the objection procedure, that for these varieties or breeds existed, prior to the application and outside the area source of potential GI, a commercial production that could generate confusion in the consumer between registered GI and breed or variety.

c. Production specifications

Article 4 of Regulation 510/2006 states that to be eligible for an appellation of origin or geographical indication a product must comply with a production specification that includes at least the following elements:

The name of the agricultural or food product including the designation of geographical origin or the geographical indication;

The description of the agricultural or food product including the raw materials, if applicable, or the major chemical, physical, microbiological or organoleptic characteristics of the agricultural or food product; The specific characteristics / quality of the product is mainly due to its geographical origin (in the case of PGIs it can only be the reputation of the product)¹¹ The geographical area, including natural and anthropogenic factors¹²

Explanation of the ways in which the geographical environment influence the quality, characteristics of the product or its reputation¹³

¹¹ Art. 7, par. 2 e 3 of Reg. EC n. 1898/2006.

¹² Ibidem.

¹³ Ibidem.

A description of the method of production and, where appropriate, the methods and information concerning the packaging, in case the applicant consortium states that it should take place in the defined geographical area to safeguard quality and ensure the source or control over the product; The name and the address of the authority/bodies who verify the compliance with the specifications;
Specific regulations concerning the agricultural or agri-food product labelling;
The evidence that show that the agricultural product originates from the defined geographical area;

Any additional requirements to be met, even in light of the other obligations binding under Community law (HACCP, labelling, etc.)..

Art. 5, par. 3 EC Reg. N. 1898/2006 also provides that, in case of animal products protected by an appellation of origin, it must be presented a detailed regulations on the origin and quality of feed fed, and such feeds will have to come as far as possible from the geographical area of origin.

The specification must moreover identify the procedures that operators must follow to ensure traceability from supplier to the receiver for all product lots, raw materials, animal's food, and for all the other elements that according to the specification should come from the defined geographical area (Article 6 of Reg. 1898/2006).

The PDOs and PGIs protection system in the EC does not provide for prohibitions regarding the use of genetically modified organisms in the production process; specific requirements may be imposed by the product specifications (GMOs ban, ban on use of silage in cattle feed, etc. ..)

d. Requirements of natural and legal persons able to submit registrations

The application for registration may only be submitted by an association (Article 5 of EC Reg. N. 510/2006) for the products it produces or processes. The term "association" refers to any organization of producers or processors¹⁴ - regardless of their legal form or composition - that deal with the same food product.

A natural or legal person may be treated as an association if both the following conditions are fulfilled (Article 2 of Reg. 1898/2006):

The person is the sole producer within the designed geographical area interested in submitting the application;

¹⁴ Also other players can be part of the organization.

The geographical area has characteristics significantly different from the neighbouring areas, or the characteristics of the product differ from the products of the neighbouring areas.

The Community system contains no additional rules concerning the characteristics of the associations (e.g. in relation to the representativeness of the reference product in terms of impact on total production, incorporation mode or Statutes specifications), which can however be defined by the member or third party State interested in the registration.

In the special case of a designation that refers to a trans-border geographical area, or a traditional designation linked to a trans-border geographical area, the application for registration may be submitted jointly by several associations (this is the so-called cross-border demand).

e. Modes for submitting the registration

As specified in Article. 5 EC Reg. N. 510/2006, the registration process has some differences depending on whether the designation for which registration is sought relates to a geographical area of a EU Member State (a) third country (b), or whether it is a cross-border demand (Article 12 of Reg. 1898/2006).

a. In the case of designation referring to an EU Member State, the application for registration should be sent to the Member State in whose territory the geographical area is located. The application must include at least the elements listed in Article. 5 par. 3 EC Reg. N. 510/2006, that is:

- the name and address of the applicant;
- the single document ¹⁵ of Article. 11 of EC Reg. N. 1898/2006, prepared according to Annex I of that Regulation, is a summary of the following elements:
 - key aspects of the specification (PDO or PGI name, product description, product type to be displayed on the basis of Annex II of EC Regulation No 510/2006; country of origin, raw materials used in the case of processed products; in the case of products of animal origin, any limitations on the quality or origin of the food used for livestock; packaging and labelling standards; short definition of the geographical area¹⁶);
 - Specificity of the geographical area of origin in terms of human factors;

¹⁵ The single document was introduced by 2006 legislation reform for purposes of simplification.

¹⁶ Villages falling in the district, districts, provinces or regions.

- Description of the link between the product (i.e. the quality of the product, its characteristics, or a feature, characteristic or reputation) and the geographical origin¹⁷.
- The verbal of the Association Board where it is decided to submit the application for registration;
- The production specification.

Once received the application, the Member State shall initiate the preliminary investigation to verify the legitimacy of the request and of the requesting party, its completeness in terms of documentation submitted and its appropriateness (specification, socio-economic data, presence of possible factors which would impede the registration¹⁸). The investigation, whose process is freely decided by the Member State, shall include in any case - as provided for in art. 5 par. 5 - a national objection procedure ensuring adequate publication of the application and providing a reasonable period of time during which any person or entity resident in the Member State and having a legitimate interest may object to the registration. Motivations for opposition may be the failure to comply with the requirements for registration art. 2 and 3 of EC Reg. N. 510/2006.

The Member State shall determine the admissibility of the application and, if so, transmit to the European Commission the documents received from the applicant submitting the registration as in paragraphs a.1 and a.2 jointly to:

- The declaration of the Member State which confirms that the application for registration meets the conditions referred to in this Regulation;
- Reference to the publication of the specification.

That begins the examination phase by the European Commission.

b. In the case of third country designation, the application for registration must be submitted by the applicant directly to the European Commission or through the authorities of third country (art. 5, par. 9, Reg. 510/2006). The application includes the same documentation specified in paragraph A, plus the evidence that the name is protected in the third country.

The documents specified for the registration request must be submitted in one of the official languages of the EU or accompanied by a certified translation into one of those languages (art. 5, par. 10, Reg. 510/2006).

¹⁷ This link must be justified by the description of the product or method of production.

¹⁸ Such as the presence of a similar product approved in the same area of origin or in a surrounding area.

f. Investigation of the application by the European Commission

The European Commission once received the request, reviews it to check whether it complies with the requirements of EC Reg. N. 510/2006 and N. 1898/2006 and decides about the registration within 12 months after receiving the application. In the event the EC decides in favour of the registration, it publishes the single document and the publication reference of the specification in the Official Journal of the European Community (OJEC).

g. European Community opposition procedure

In addition to the national opposition procedure, there is another procedure at Community level (Article 7 of the EC Reg. N. 510/2006) which provides that within six months after the publication in the OJEC of the single document by the Commission, any natural or legal person who has a legitimate interest may oppose to the registration in different ways, depending on the country of residence of those who submit the application. If it is an EU Member State, the application may be submitted via the national authority of reference, in case of a third country, it may also be submitted directly to the European Commission.

Oppositions are admissible by the Commission only in the following cases:

- There is failure to comply with the requirements prescribed for PDO and PGI in art. 2 of Reg. 510/2006;
- There is one of the other criteria listed in “Registration Conditions”;
- The registration of the designation would jeopardize, even in part, the existence of a homonym designation, brand or products that have legally been on the market for at least five years before the publication date of the OJEC;
- The designation is generic and the reasons for this is reported. In case of admissibility of the opposition, the Commission invites the parties to enter a consultation phase. If such confrontation does not lead to an agreement about the revision of the specification or single document within a period of six months, the Commission adopts a decision in accordance with the procedure referred to in art. 15, par. 2 and publishes it in the OJEC.

h. GI official control system

The control system on PDO and PGI required by Community legislation is structured as stated in art. 10 and 11 of EC Reg. N. 510/2006. It provides for official controls on products prior to placing them on the market, aimed at releasing the PDO and PGI certifications once verified the compliance with the specifications of producers and traders (art. 11 par. 2 of Reg. 510 / 2006). The responsibility of such controls, which include audits, inspections and sampling for

analysis, may be entrusted to public authorities designated by Member States (or by the third country in case of non-EC product) or to one or more certification bodies. These certification bodies / authorities designated for the controls must be formally approved by the Member States or third countries depending on the origin of the product,, and they must:

- provide guarantees of impartiality and objectivity, have trained personnel and appropriate resources to carry out their functions;
- comply with the provisions of art. 2 of Reg. 882/2004 (on official controls performed to ensure compliance with regulations governing food and feed law, animal health and animal welfare), in the case of the controls made on EU products;
- comply with the European standard EN 45011 or ISO/CEI Guide 65 (General requirements for bodies operating with product certification systems) and be accredited in terms of these regulations starting from 1.05.2010.

The list of PDO and PGI certification bodies in accordance with Reg. 510/2006, approved by Member States or third country, is published and updated periodically by the European Commission. The control costs for the verification of compliance with specifications must be covered by the same operators of PDO and PGI distribution channels.

i. Transitional protection of the designation at national level

Starting from the date of application to the European Commission, the Member State under its sole responsibility may grant a temporary protection to the designation; it has effects only at national level and must not impede inter-community or international trade.

The EC Reg. 628/2008, published in the EU Official Journal (Euoj) on July 3, 2008 and entered into force on 10 July 2008, has modified the layout of the logos that show the nature of food quality (PDO or PGI). The reason for this change, outlined in the introduction of the regulation, lies in the fact that the previous symbols for designations of origin and protected geographical indications were very similar, having the same shape, colour and design, and differing only in the logo writing (protected designation of origin and protected geographical indication). To resolve this problem, the EU has resorted to the use of different colours for the symbols for these two logos; however, in order to avoid creating possible financial disadvantage for producers and stakeholders due to the colour change, it was introduced a transitional period, which lasts until 1 May 2010, during which it can be used the old symbols in packaging and labels.

2.3 GIs protection in Thailand

There are two main reference laws on Thai Geographical Indication: the framework law, the BE 2546 (2003) - "Act on Protection of Geographical Indication" of 20.10.2003 and the Regulation "Department of Intellectual Property's Regulation for Thai GI Logo Approval BE 2008 of 2.05.2008".

2.3.1 The Act on Protection of GI

The B.E. 2546(2003) –“Act on Protection of GI” entrusts the responsibility of implementing the national system for the protection of GI (including the setting of GI registration fees) to the General Director of the Department of Intellectual Property (DIP) of the Thai Ministry of Commerce, or to another person designated by the Minister. The law is structured as follows.

In Chapter I - "General Provisions" comes the following definition of GI:

"A Geographical Indication is the name, emblem or any other tool that is used to describe or represent the geographical origin, and which identifies goods which originates from this region whose quality, reputation or other characteristics are attributable to that origin."

The definition of "geographic origin" essentially coincides with that of European legislation that is: a country, zone, region or district, including the sea, lakes, waterways, mountains or other areas.

According to Thai law can become GIs "items that can be traded, exchanged or transferred, which are natural, agricultural, craft or industry products".

In Chapter II "GI Registration", in Section N. 5, it is stated that an application for registration may be filed for any good, provided that the designation is not contrary to public order, morality or to national politics, and provided that - as set in the EU regulation - it is not a generic name commonly used to indicate a product category. Foreign countries' GIs are also admitted to registration, provided they have already been registered under the laws of the country of origin, and that they have been used continuously until the submission date of application for registration in Thailand (section 6).

The application for registration may be submitted by the following actors:

- Government agencies, public agencies, state enterprises, local governments or other organizations which are public law legal entities with specific responsibilities for the geographical area of origin of goods;
- Individuals, groups or entities involved in the marketing of those goods for which the GI registration is sought, and domiciled in the geographical origin of the goods;

- Groups of consumers (or their associations) of the goods for which registration is sought.

He who submits the application for registration of the GI is not of Thai origin must be in possession of certain requirements:

1. have the nationality of a country that has adhered to organizations or agreements among countries for the protection of GIs to which adhered also Thailand;
2. Have their domicile or headquarters in Thailand or in countries with the requirements of paragraph 1.
3. As to what stated at point 1, please note that Thailand has joined the WTO, being a member and signatory of the TRIPS Agreement of January 1995, and to the Convention and the World Intellectual Property Organization since 1989.

The application registration must contain a clear identification of the issues that concern the quality, reputation or other characteristics of the product, the geographic origin and other details specified by ministerial regulations (Section 10). The administrative procedure for processing the application for registration provides the verification of its compliance with the statutory requirements by the responsible Office, possibly with the technical assistance of an expert on the product category, or requesting further details to those who filed the registration. That office will then forward a summary report within 120 days of receipt of the application to the DIP General Director.

In the case the report indicates a non-compliance of the request for registration with the regulations [Sections 5-10 of the BE 2546 (2003)], the DIP General Director shall notify to the competent office the refusal to register the product as GI within 30 days of receipt of the report, and within 15 days from the expression of that denial, he must then submit to the applicant a written notice that informs him of the rejection, specifying the reasons.

The applicant for registration is entitled, within 90 days of receipt of the application rejection notice, to an opposition appeal against the registration to the Geographical Indication Board ¹⁹ (hereinafter called the Committee). That appeal must be submitted in accordance with what is prescribed by ministerial regulations.

Within 15 days from the date of decision on the appeal, the Committee should send a written notice on the acceptance or rejection of the appeal stating the

¹⁹ In the regulation it is indicated as "Board".

reasons. If the applicant disagrees with the decision of the Registration Committee on the appeal, he may proceed with legal action within 90 days of receipt of notice, otherwise the decision of the Board becomes final (section 14).

If, however, the application for registration complies with Sections 5-10 of the BE 2546 (2003) and the DIP General Director endorses the registration with or without conditions, he must submit an order for the publication of the registration as GI under the ministerial regulations (Section 15).

Within 90 days from the date of publication, it is possible to present an opposition to the registration by those who have an interest, following the procedures prescribed by ministerial regulations (Section 16), and such opposition will then be notified to the registration applicant within 15 days after its submission (Section 17).

The omission, by the applicant for the GI registration, of the submission of counter-comments in opposition, must be intended instead as a waiver of registration.

The registration applicant, within 90 days of receiving notice of opposition, can present his counter-observations to the relevant Office, who in turn will transmit copies to be opposed.

In case those counter-observations are presented in the time and according to the manner prescribed, the decision procedure follows the procedure specified in Section 12.

The DIP General Director, within 15 days from the date of its final decision on the opposition against the registration and on the counter-observations from the applicant, gives notification to both parties in writing. Both parties may appeal within 90 days after receiving notification of that decision, addressing the GI board. If however the final decision of the Committee does not meet the agreement of both parties, within 90 days of notification of the decision, each of them may take legal action. Otherwise, the final decision of the Committee becomes final (Section 18).

In cases where no objections are presented to the registration, or if they still lead to a favourable opinion on the registration by the DIP General Director, by the Committee or by the Court, the DIP General Director must proceed with the registration of GI within 15 days after endorsement notification or after the deadline for submitting objections (if they are not received) [Section 19].

In case the designation is actually registered, its legal protection should result from the day on which it was submitted the application for registration (section 20), thus having therefore retrospective effect.

Chapter III provides for the modification or revocation of Geographical Indication. Where it took little mistakes or inaccuracies in the details of registration, and they are detected by the applicant for registration or the Office responsible for its review, the DIP General Director can proceed with the correction of these inaccuracies (Section 21).

If it is found that the application for registration or the registration itself, present aspects contrary to the laws or contain details that deviate from what was the reality at the time of the acceptance of the application for registration, the responsible Office or the person concerned may request to the DIP General Director to report the issue to the Board to evaluate the registration modification or revocation. The registration modification and revocation must be conducted in accordance with the provisions of the ministerial regulations. Within 15 days of the decision on whether to revoke or amend the GI registration, the Committee should formally notify its decision to the registration applicant and publish the amendment and / or withdrawal in accordance with the Ministerial Regulations provisions (Section 22).

If after registration it is confirmed that a specific GI has become generic or that it is contrary to national politics, public order requirements or morality (i.e. the rules under Section 5 of BE 2546 (2003), the responsible Office or anyone interested can request the DIP General Director to submit the issue to the Committee for the purpose of withdrawing or amending the registration. Except the cases in which the decision to change or revoke a GI taken by the Committee result from the failure to observe the two conditions as described in Section 5, he who has a legitimate interest and do not agree with the Committee's decision may, within 90 days of notification of that decision, commit a legal action. Contrariwise the Committee's decision is final.

Chapter IV concerns the use and suspension of GIs.

Section 25 defines the people who may use the registered GI and the conditions of use: it includes all of the producers and traders of the goods affected by the designation, situated in its area of origin, provided that the use of the registered GI comply with the conditions set by the DIP General Director (Section 25).

In the case of non-compliance with the conditions established for the use of GI by producers or traders, the DIP General Director should send a written warning with an invitation to meet the standards within a specific period of time. Where such a warning is not observed without justification, the DIP General Director may

impose the suspension of the use of registration to the offender subject, for a period not exceeding two years from the date of receipt of the suspension notification. Within 90 days after receiving the suspension notice, those affected by it may appeal to the Committee against the decision of the DIP General Director. If the stakeholders do not agree with the Committee's decision, within 90 days from the notification they may oppose through legal action. Otherwise the Committee's decision becomes final (Section 26).

The following use of a GI is illegal:

1. Provide incorrect or misleading information about the production area of the good if it does not match with the area of origin of the GI;
2. Any use that leads to confusion or misunderstanding regarding the geographical origin, quality, reputation of the good, or any other characteristic that also cause damage to other traders.

However, if these actions take place before the date of registration of the GI, they should be considered lawful.

Chapter V deals with GIs protection for specific types of goods identified as such by ministerial regulation. These goods shall have similar characteristics to those of a GI, but they are not produced in the area of origin of the GI. For such goods, the use of Geographical Indication must always be accompanied by expressions such as "type" or "style" and in the label it must be clearly indicated the geographical origin, which differs from that of the GI. Otherwise, the use of the designation is to be considered illegal except in cases where the user of the designation, afterwards registered as GI, has used it continuously for at least ten years from a date earlier than 15/04/1994 or he has used it for goods produced before that date (Section 28).

Chapter VI concerns the "GI Committee". The Committee is composed of the Permanent Secretary of Commerce, the head, the Permanent Secretary for Agriculture and Cooperatives, the General Secretary of the Judicial Council, the President of the National Order of Lawyers, and no more than 14 other members chosen by the government among people who have distinguished themselves in the legislative, scientific, political science, agriculture, economics, liberal arts, history, geography and archeology and of which six operate in the private sector, including consumers organizations. The DIP General Director should be both member and Secretary of the Committee (Section 30).

The Committee's tasks also include the following ones (Section 31):

- Provide recommendations and advice to the Minister in regulating the GIs;

- The decision-making powers on appeals relating to GI;
- Order the modification or revocation of a GI;
- Assess any other issues relating to GI.

Council members chosen among the persons who excelled in specific areas should be appointed for four years and may be renamed but no more than twice consecutively (Section 32). Decisions are taken by the Council by majority vote and through meetings at which participate at least half of the members (Section 36).

Chapter VII concerns the application of administrative sanctions in case of illegal GI use. For offences under Section 27 of the BE 2546 (2003) it is foreseen an administrative penalty by a fine not exceeding to 200,000 bath (Section 39). For offenses described in Section 28 – that is the use for goods identified as "specific goods" of the GI designation not preceded by words such as "Type" or "style" and the lack of the specification of a geographical origin different from that of the GI product - there will be a fine of up to 200,000 bath.

Administrative penalties up to 5,000 bath are provided for those who fail to provide the Committee with the documents requested for carrying out its functions (Section 41).

Criminal penalties would be against natural persons (director, managers, etc..) who have the legal representation of the entities who have committed crimes in the use of GIs (Section 43).

The framework law also contains detailed expenditure related to the exercise of GI protection.

- Submission of application for registration of GI: 1,000 Bath;
- Opposition to registration of GI: 1,000 Bath
- Appeal against the decision of the DIP General Director: 1,000 Bath;
- Request for amendment or cancellation of a GI: 200 bath;
- Presentation of other instances: 200 Bath.

2.3.2 The DIP regulation and the Thai GI logo.

The Department of Intellectual Property's (DIP) Regulation for Thai GI Logo Approval B.E. 2008 establishes and defines an official logo (Figure 3) for the products under the GI system in Thailand. It is white and gold, the shape resembles that of a typical Thai rice bowl, commonly known as "Buddha's rice bowl shape" and carries the inscription in English "Thai Geographical Indication" with the corresponding translation in Thai "สิ่งบ่งชี้ทางภูมิศาสตร์ไทย" and the in GI

symbol using a decorative font. It is not explicitly specified the standard measures for the size of the logo.

Figure 3. GI Thai Public brand



Source: Regulation “Department of Intellectual Property’s Regulation for Thai GI Logo Approval B.E. 2008”.

The use of the logo must be formally approved by the DIP General Director or his representative (art. 2). In defining the requirements possessed by the parties who would use the logo, the regulation is not entirely clear. In the first paragraph of Article 1, which is specified that they must be producers or other operators (processors or retailers) of goods registered as a GI in Thailand, for which it has been developed by the provincial administration, the producer or the operator - an operational manual and a control plan. It is unclear however whether the manual and control plan refer to an internal or external control system, and still it is unclear - it is not specified - who should carry some form of official monitoring on the content of these control instruments (DIP, others authority or any third party?). In the second paragraph of Article 1, it is also specified that the parties entitled to use the GI logo must possess an additional requirement that is to apply that officially approved operating manual in carrying out its activities of production, processing and marketing (no further reference is made on the monitoring plan). In conclusion, the terms for use of the logo are unclear, since the Regulation does not provide a definition of "operating manual", "Control Plan" and "Thai GI member" mentioned in the requirements. In Art 2, third paragraph, it is stated that the DIP Trademark Office, within 30 days after releasing the authorization to use the logo to the operator / manufacturer must produce, by giving public dissemination, a list containing the individual names of all individuals authorized the use of the logo.

Article 3 (“control measures”) states:

- In par. 9.1 that the use of the logo by qualified parties would be permitted solely for GI products effectively obtained according to the operational

manual adopted by the "applicant member" (a term for which it is not provided a definition, and therefore remains confused).

- That the persons authorized to use the GI logo (par. 9.2) should produce labels complying with the model specifically defined and approved by the DIP for the authorized person (it is assumed that the DIP inspects the shape / size / color matrix used for the production of labels containing the GI logo);
- The compulsory use of the GI logo directly applied to the product or inside the label.
- Any entity which has been revoked to use the logo, within 30 days of the notification should return to the DIP the authorization document previously notified (par. 11.3).
- The permission to use the GI logo lasts two years (par. 11.3).

In the event that the DIP notices that the GI logo used does not comply with the provisions of paragraph 9, it may summon those who obtained the permission to request clarification. However, where these explanations are not satisfactory, the DIP has the right to proceed with the revocation of the authorization to use the logo to those who were previously approved (par. 11.1). The parties who had received the permission to use the GI logo from the DIP, should there be the cancellation of the GI, will be immediately revoked the use of the logo (par. 11.2).

In essence, the Thai GI protection system is significantly different to the European one, as follows:

1. Natural and handicraft products may become GIs according to the Thai legal system, contrariwise to the provisions of EC Reg. 510/2006, which do not include them.
2. While in the European regulatory system only producers or processors associations who deal with product registration may submit an application for registration (Article 5 of EC Reg. N. 510/2006), or in exceptional circumstances a single natural or legal person (Article . 2 EC Reg. N. 1898/2006), according to the Thai legal system (Section 8 of BE 2546/2003) the entities qualified to submit the application for GI registration in Thailand are many (bodies, administrations and public companies, producers, product processors and traders as well as their associations, consumer groups and their associations).

Outside regulatory issues, usually in Thailand (as well as ASEAN countries) local government (e.g. Tambon, chamber of commerce, etc) are still playing a primary role in standardization, control and GI request for registration due

to the fact that producers association are weak and have limited know how on relevant procedure for protection and promotion of their products

3. The Thai GI legal system does not provide official controls and external verification of compliance with the specifications of the registered designation, that are instead core elements of European legislation.

The use of the logo for the GIs is required by Community system but not in Thailand.

3. PDO and PGI development in the EU

3.1 Registration trends

Among more than 6000 Geographical Indications currently protected in EU (approximately 5200 are wine and spirits), in September 2009, there were 847 PDO and PGI records (461 PDO and 386 PGI) registered according to EC Reg. N. 510/2006. They were all related to products originating in the EU, except the Cafe de Colombia.

In September 2010 Italy showed the highest number of registered GI (221), followed by France (179), Spain (140), Portugal (116), Greece (87), etc.. An analysis of the geographic distribution of registrations shows as the Mediterranean countries together hold almost 80% of the total EU GIs.(Figure 4)

Figure 4. GIs distribution in the EU, by country of origin



Source: Bioagricoop analysis on EC data (DOOR –September 2010).

Analyzing the categories to which the registered products belong, among the PDO it can be detected the higher number of cheese (31%), fats and oils (19.5%, mostly

extra virgin olive oil) and fresh and processed vegetables and cereals (18.3%) (Table 1). Considering the IGP instead, in terms of percentage over the total number of registrations it prevails fresh and processed fruit, vegetables and cereals (29.1%), fresh meat (21.2%) and meat products (17%) (Table 2).

Table 1. Percentage of different product categories on registered PDO (September 2009)

Product category	% on total PDO
Class 1.3. Cheese	31.0
Class 1.5. Oils and fats (butter, margarine, oil, etc.).	19.5
Class 1.6. Fresh or processed fruit, vegetables and cereals	18.3
Class 1.2. Meat products (cooked, salted, smoked, etc.).	5.7
Class 1.1. Fresh meat (and offal)	5.5
Class 2.2. Natural mineral waters and spring waters (suspended) (1)	5.1
Class 1.8. Other products of Annex I to the Treaty (spices, etc.).	3.8
Class 1.4. Other products of animal origin (eggs, honey, dairy products except butter, etc.).	3.8
Class 2.4. Bread, pastry, confectionery, biscuits	0.8
Class 2.2. Natural mineral waters and spring waters (suspended) (1)	0.6

Source: Bioagricoop processing on European Commission data (data base DOOR).

Table 2. Percentage of different product categories over the registered PGI in the EU (September 2009)

Product category	% on total PGI
Class 1.6. Fresh or processed fruit, vegetables and cereals	29.1
Class 1.1. Fresh meat (and offal)	21.2
Class 1.2. Meat products (cooked, salted, smoked, etc.).	17.0
Class 2.4. Bread, pastry, confectionery, biscuits	8.1
Class 2.4. Bread, pastry, confectionery, biscuits	8.1
Class 2.1. Beers	5.2
Class 1.3. Cheese	4.0
Class 1.5. Oils and fats (butter, margarine, oil, etc.).	3.5
Class 1.8. Other products of Annex I to the Treaty (spices, etc.).	2.0
Class 1.4. Other products of animal origin (eggs, honey, dairy products except butter, etc.).	1.5

Source: Bioagricoop on European Commission data (data base DOOR).

Analyzing the types of GIs registered by country it can be detected a strong diffusion of PDO; it is the case of Greece (only 26% of registrations are PGI),

Italy (35% of registrations it is represented by PGI) and Spain (43% of registrations are PGI). This situation is reversed for the Federal Republic of Germany, where 56% of registrations are PGI, and for France, where the same data is 53%. These trends are partially linked to the product categories prevalent in each country (as shown, often among fresh produces such as meat or vegetables it prevails PGIs), but in some case it could also be considered indicative of the attitude towards a more or less guaranteed quality certification system, because, in the case of the PDO, the entire production process - including the origin of raw materials, processing and any change must take place in the area of origin. This does not necessarily translate into higher quality, but in some cases may offer more guarantees, especially about the quality of raw materials, often heavily influenced by the soil and climate.

Countries that continue to show greater drive in willingness to adhere to community quality systems are also those with the higher number of registrations already approved. It is quite clear that Italy, France, Spain, Germany are by far the most dynamic countries.

The New EU Member States also show a special excitement in making applications for registration in the stage. The survey conducted by London Economics as part of a study funded by the European Commission (London Economics, 2008), pointed out that, among the factors that influence most the adherence of new member countries to PDO and PGI quality schemes, are included not only the size of the agricultural sector, but also the level of encouragement and support given to those that require the registration, the different food culture, and the date of accession to the EU.

The entry into force of EC Regulation N. 510/2006 for the first time led to the submission of applications for registration of non-EU countries products, a clue that proves that the changes implemented in the GI protection system of the Community are actually oriented at promoting the access non-EU countries²⁰. In this sense stands out for dynamism China (10 GIs submitted of which 9 applied and 1 under publication) followed by Thailand (3 GIs submitted of which 2 applied and 1 under publication), India (2 GIs submitted of which 1 applied and 1 under publication), Switzerland (1 GI submitted which is currently under evaluation), Turkey (1 GI submitted which is currently under evaluation) , and Vietnam (1 GI submitted which is currently under evaluation) (Table 3, Figure 5, Table 4).

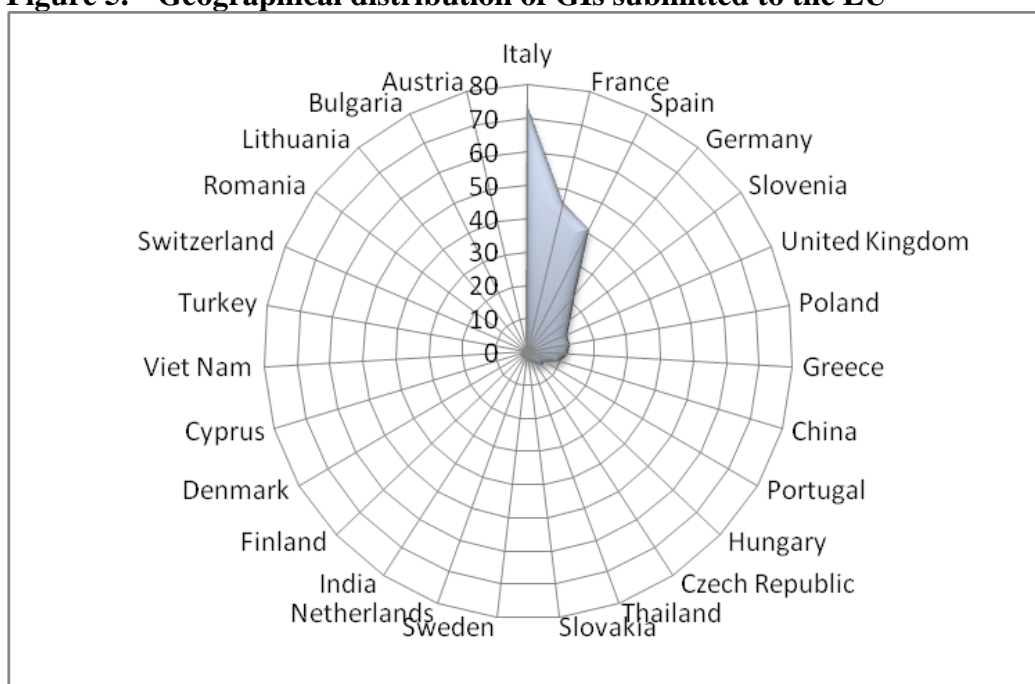
²⁰ Inequality of access to the EU protection system, with the discrimination of third countries, was one of the objects of their action in the WTO against the EU from the USA and Australia Product Applied.

Table 3. List of countries and number of applied and published GIs in the EU

Country	GIs applications	GIs under publication	Total
Italy	37	37	74
France	33	13	46
Spain	33	8	41
Germany	15	7	22
Slovenia	13	3	16
United Kingdom	9	4	13
Poland	6	7	13
Greece	8	4	12
China	9	1	10
Portugal	6		6
Hungary	3	3	6
Czech Republic	2	2	4
Thailand	2	1	3
Slovakia		3	3
Sweden		2	2
Netherlands		2	2
India	1	1	2
Finland		2	2
Denmark	2		2
Cyprus	2		2
Viet Nam	1		1
Turkey	1		1
Switzerland	1		1
Romania		1	1
Lithuania	1		1
Bulgaria		1	1
Austria		1	1
Total	185	103	288

Source: Bioagricoop on European Commission data (data base DOOR, September 2010).

Figure 5. Geographical distribution of GIs submitted to the EU



Source: Bioagricoop on European Commission data (data base DOOR, September 2010).

Considering the "basket" of PDO and PGI products produced by leading producing European countries, it can be noted a prevalence of the following product categories in terms of turnover:

- For Spain in 2007, it is cheese (191.62 million €) fresh meat (142.05 million €), ham (€ 129.45 million) extra virgin olive oil (87.53 million €), vegetables (86.64 million €) and fruit (81.96 million €);
- For Italy in 2006, it is cheese in (4.860 million €), meat products (3.699 million €), fruit (492 million €), extra virgin olive oil (897 million €).

Table 4. Consumption turnover for different categories of Italian PDO and PGI products and relative percentage

PDO or PGI Products	Consumer Sales (2006) in million €	Percentage %
Cheese	4,860	52.83
Meat Products	3,699	40.21
Fruits and vegetables products	492	5.35
Extra virgin olive oil	97	1.05
Other	52	0.57
PDO and PGI total	9,200	100

Source: Bioagricoop processing on Socio-Economic Quality Observatory data.

3.2 Distribution channels

Until less than a decade ago, the products with the Community quality label - excluding the case of wines and great PDOs - had as preference sales channel the specialized gastronomy, whose share of revenue for the typical products detached with large margin other distribution channels (Palomba, 2009). This situation has undergone a radical transformation in a short time, as in all EU countries and especially in those with a more radiated traditional of GIs (Italy, France, Spain), the large-scale distribution (GDO)²¹ has now assumed a leading role in driving sales of PDO / PGI products, not only domestically but also in the case of exports. The specialized retail resists, especially where GDO fails to establish itself (rural and touristic areas, and with low population density) or where however it provides a valuable service for the local tourism, as a real showcase of the gastronomic heritage of an area.

The opening of the gates of the GDO to Community labelled local products has facilitated the access to the consumer, who, as it is known, in most European countries buys most of its food through this sales channel²². Besides, GDO has also contributed to the daily consumption of PDO and PGI products, which was first generally relegated to special occasions. Even the catering sector – even in consideration of its lower impact on sales – pays more and more attention to the

²¹ GDO includes hypermarkets, supermarkets, mini supermarkets, the convenience stores, discount stores, etc.

²² In the EU, GDO makes about 70% of sales turnover for food products sold directly to the final consumer.

products with the Community label, in line with consumer expectations; this phenomenon is not limited to high level restaurants, but although in a very marginal way, has also affected some leading fast food chains. It's the case, for example, of McDonald's, which is introducing in its menu typical ingredients, Italian in particular (Parmigiano-Reggiano and Alto Adige IGP Speck) with feedback sales beyond the most optimistic predictions²³.

Meaningful data shows this trend for the main PDO / PGI producing countries, are displayed as follows. Unfortunately the outputs of recent surveys were not available for all food sectors.

3.2.1 Distribution of GIs in Italy

In Italy now almost 60-70%²⁴ of total Italian PDO and PGI products are sold through large-scale distribution, which increases its shares from year to year. For example, from 2005 to 2006 the traditional retail has lost 3% of sales, expressed in terms of turnover, while the contrary GDO earned a +2% (Della Casa et al., 2008).

Looking in detail to individual PDO / PGI sectors, it can be reported what follows for the year 2006:

- For cheese, the big supermarket chains in Italy produces 51% of the total turnover, the traditional retail 11%, 7% catering, direct sales and 4%, while as much as 22% of sales value depends on Export;
- For meat and meat products, the GDO carries 51% of the turnover, the exports 19%, the traditional retail 17%, catering 8%, direct sales 2%;
- For extra virgin olive oil, the big supermarket chains make 48% of the total turnover, exports 38%, direct sales 9%, catering 4%, the traditional retail 1%;
- For fruit, vegetables and cereals, the GDO makes 37% of the turnover, the traditional retail 36%, and the exports 27%.

3.2.2 Distribution of GIs in France

The data for "Appellation d'Origine protégés" (PDO) cheese - the French equivalent of the Italian DOP - covering the period 2004-2008 show that, while the big supermarket chains²⁵ reached a absolute importance as distribution channel

²³ During 2009 in the outlets of ten European countries will be offered the hamburger with Parmigiano-Reggiano, after a boom in sales on the Italian market. Also during 2009, even Speck Alto Adige IGP will be introduced on the menu of Italian stores.

²⁴ Ibid previous note.

²⁵ Again, we consider as GDO hypermarkets, supermarkets, hard discounters, on the convenience stores.

(87% in 2008 against 95.7% for non AOP cheese), its sales share is sinking, in line with what occurs in conventional cheese, but with a even more marked trend. In the last three years (2004-2008), large-scale distribution sales decreased in the DOP dairy sector by 2.3% (against 0.8% of conventional cheese); while sales in hard discount (+0.8%) and mini supermarkets (+0.4%) are growing, it is instead significantly going down for supermarkets and hypermarkets (-3.5% in the last five years) with a loss of 2,8% from 2007 to 2008. It is rising on the contrary the specialized traditional retail (+1.3%) and direct sales (+1.2%) (CNAOL, 2008).

The assumption by the large-scale distribution of a leading role in PDO and PGI sales it is closely linked to the development of private label products (MDD) also in the sector of typical food. It's the case, for example, of Carrefour's brand "Reflets de France", created for traditional French products, which was followed by "De Nuestra Tierra" for the Spanish and finally "Land of Italy"²⁶ for the Italians'; this one last includes over 200 products from over 110 different companies. Or again, for the chains Monoprix and Casino - present with their retail outlets in France alone - respectively of the brands "Gourmets" and "Saveurs d'ailleurs". Italian chains Conad and Coop Italy have also created the single lines "Sapori e dintorni" and "Fior Fiore". Under the British gdo, are worth mentioning the brands "Extra Special" of the Asda group, "Taste the Difference" by Sainsbury's and "The Best" of the Morrisons' chain.

3.3 Information and promotion

The European Union supports and encourages promotion / information on EU produced agricultural products and foods, both in the internal market and in third countries through the EC Regulation No 3 / 2008²⁷. It provides incentives in the funds allocation to some types of products which include also PDOs and PGIs²⁸.

Promotional measures eligible for Community legislation include, in the case of PDO and PGI, the development of information campaigns on the system of protection for wines, agricultural products and food, as well as the organization of

²⁶ The Carrefour label "Terre d'Italia" is the first "basket" brand for the typical made in Italy products.

²⁷ The EC Regulation 3 / 2008 repealed the EC Reg N. 2702/1999 which was related to the information and promotion of agricultural products and foodstuffs on the domestic market, and the EC Reg N. 2826/2000 on support to the same activities in third countries.

²⁸ Among other products which are given priority in EU support for promotional and information activities there are also organic and traditional specialty guaranteed (TSG). The TSG is also a Community logo intended to protect the "specificity" of a product linked to the production method or composition, provided that either one or the other are linked to the tradition of a given geographical area, then regardless the fact that they are actually produced in this area.

promotional events, among which the participation to trade fairs is included. As determined by the Reg. 3 / 2008, promotional messages of activities eligible for Community financial support should be structured to highlight the intrinsic qualities and characteristics of Community products in terms of product health, specific production methods, health and nutritional aspects, labeling, enforcement of animal welfare and environmental sustainability of the production process. In EU funded campaigns the reference to the specific area of origin of products can be detected only in the case of PDO and PGI.

For the programs presented annually to the European Commission the request for financial assistance under Reg 3 / 2008, in general the Community contribution is equal to 50% of eligible expenses. Proposing bodies must share the costs by at least 20% (e.g in the case of Italy is 30%), and the rest is paid by the Member State.

In 2008, concerning the EU call on support to promotional activities in third countries (Table 5 and Table 6), 11 programs of three years have been approved across the EU for a total budget of € 35.63 million, 17.81 of which funded by European Union Commission.

Table 5. Regulation (EC) No. 501/2008: Promotion in Third countries - 2009 series – programmes approved on PDO-PGI products

Member State	Proposing organization	Products	Target Country	Total duration (years)	Total Budget (€)
Greece	EAS Rethymnon	PDO-PGI-TSG	Middle east	3	1,223,993
Italy	Asiago Cheese consortium+ Speck Alto Adige consortium	PDO-PGI-	North America	2	918,297

Source: Bioagricoop on Europa Press Releases Rapid (<http://europa.eu/rapid/>) data; 30 November 2009.

Table 6. Regulation (EC) No. 501/2008: Promotion on the internal market - 2010 series – Programmes approved on PDO and PGI products

Member State	Proposing organization	Products	Target Country	Total duration (years)	Total Budget (€)
France + Spain	Fraise du perigord + PDC Prodecasa	PDO-PGI-TSG	France and Spain	3	2.406.600
Germany	LVBM Werbe.GmbH	PDO – PGI - TSG	Germany	3	1.100.000
Greece	KIN PDO/PGI producers	PDO – PGI - TSG	Greece, Germany, France	3	2.460.001
Italy	Consortium San Daniele and Grana Padano	PDO – PGI - TSG	Italy, UK	3	3.960.406

Source: Bioagricoop on Europa Press Releases Rapid (<http://europa.eu/rapid/>) data - 1 July, 2010

Besides private/public information and promotional programmes, GIs lodgers and producers organization are investing in products image and consumers awareness relaying on their promotional strategies and available budget. On average the investment in communication correspond to 0.5-2% of the total turnover at consumption.

3.4 Market performance

The contribution on the total turnover of the agricultural sector of EU typical agricultural food products is small but significant. According to a survey carried out by London Economics on behalf of the European Commission, the share of PDO and PGI products, excluding wine, varies roughly in Italy, France, Spain and Germany between 1% and 5,5% depending on the country and the year. It is afterwards reported a short analysis of the market performance of PDO and PGI products for Italy and France. It is emphasized that the economic data on GI local products mainly come from non systematic investigations characterized by strong methodological differences which make it difficult any comparisons.

3.4.1 GIs market in Italy

In Italy, in 2008, the production value of PDO and PGI has exceeded 5.2 billion euros, while consumption value, which was almost double (source: Nomisma) represents approximately 5% of the of the food sector national turnover.

3.4.2 GIs market in France

The PDO / PGI system generates higher prices for 14 of the 18 PDO / PGI products subject of case studies, with price increases ranging from 5 to 300%. However in 10 cases out of 18, even the production costs of PDO / PGI are higher than those of comparable products, and the additional cost varies from 3 to 150%. In the other 8 cases the cost is equivalent or only slightly higher. The higher costs stem from higher costs of production, certification and participation in producer groups association.

Because of the higher cost, a higher price for PDO / PGI does not necessarily mean a higher profit margin. However, in 12 cases the profit is higher than that of comparable products and varies from 2 to 150%. In 4 cases the profit is equivalent.

A relation indubitably exists between registration of GI and improved prices. Several research demonstrate that GIs registration lead to higher selling prices (e.g French Government statistics show that on national scale, a growth of almost 7% per year is expected over a four year period for GIs recently registered products). Tuscany olive oil receives a 20% premium over similar quality oil as in France GI cheese sell on average at a price approximately 30% higher than cheese in general (Giovannucci et al, 2009). But registering a product as GI does not mean only higher selling price. In some cases it meant increasing selling share by eroding unauthorized or fraudulent sellers share (when the production is limited and the demand is higher than the production capacity it could result into price increase as well) or welfare effects on the related territories suggesting that GIs could also contribute to the overall sustainability of the territory.

4. Outlook on Thai Geographical Indications

4.1 Registration trends

In Thailand, in accordance with the available data (DIP, 30th June 2010), there are 35 products registered as geographical indications. The highest number of GI registrations occurred in 2006 (Table 7).

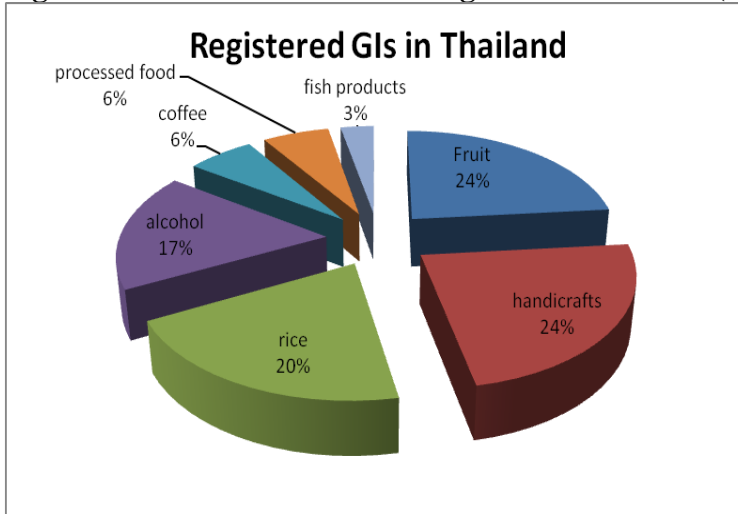
Table 7. GI registered products in Thailand by year and country of origin

Year	2005	2006	2007	2008	2009 &2010*	Total
Country of origin						
Thailand	2	10	6	1	10	29
Europe	0	1	2	0	2	5
Other countries	1	0	0	0	0	1
Total number of registrations	3	11	8	1	12	35

Source: elaborated by Bioagricoop on DIP e ECAP data ; *until 30th June 2010

As for the types of GIs, the following categories have been identified: fruit (23%), with a prevalence of pineapple (4) and pomelo (2); handicrafts (23%), including silk fabrics (4), pottery and other handicrafts; rice (20%), with 7 GIs all from Thailand; alcohol (17%), including wine (one from Thailand) and spirits (all of foreign origin); coffees (6%) processed food (6%) and fish (3%) (Figure 6)

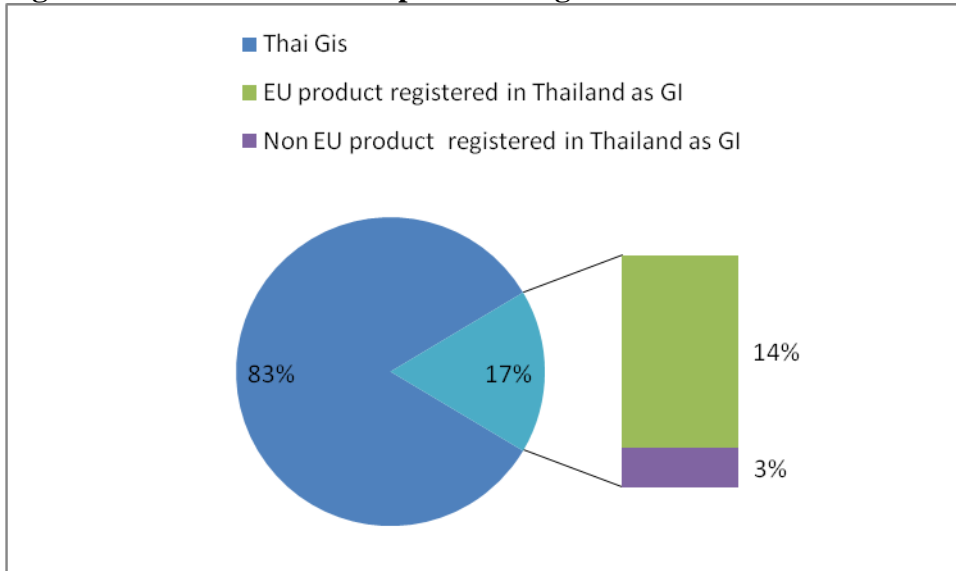
Figure 6. Share of different categories of Thai GIs (June 2010)



Source: elaborated by Bioagricoop on DIP e ECAP data.

With respect to European GIs registered according to Thai regulation (Figure 7), two of them come from France: Cognac (spirit, 2006) and Champagne (wine, 2007); two from Italy: Brunello di Montalcino (wine, 2007) and Prosciutto di Parma (processed meat, 2009) and one from Scotland : Scotch Whisky (spirit, 2009). Here after is reported the entire list of products registered in Thailand as GI (Table 8).

Figure 7. Thai vs non-Thai products registered in Thailand as GI



Source: elaborated by Bioagricoop on DIP e ECAP data.

Table 8. Full list of Thai GIs as at 30 June 2010

Product No.	Registration date as GI in Thailand	Product English name	Province/ Country	Applied Date
1	14 October 2005	PISCO	PERU	27 August 2004
2	14 October 2005	Nakonchaisri Pomelo	Nakorn Pathom	29 September 2004
3	14 October 2005	Phetchabun Sweet Tamarind	Petchabun	2 February 2005
4	2 May 2006	Trang Roast Pork	Trang	27 June 2005
5	2 May 2006	Doi Tung Coffee	Chiangrai	2005
6	2 May 2006	Phurua Plateau Wine	Loei	25 August 2005
7	28 June 2006	Chainat Khaotangkwa Pomelo	Chainat	8 June 2005
8	28 June 2006	Sriracha Pineapple	Chonburi	15 August 2005
9	28 June 2006	(Champagne)	Champagne/France	12 October 2005
10	28 June 2006	Surat thani Oyster	Suratthani	13 January 2006
11	28 June 2006	Sangyod Maung Phatthalung Rice	Phatthalung	14 March 2006
12	29 December 2006	Chiangrai Phulae Pineapple	Chiangrai	8 November 2005
13	29 December 2006	NangLae Pineapple	Chiangrai	8 November 2005
14	29 December 2006	Sakon Dhavapi Haang Golden Aromatic Rice	Sakon Nakorn	26 July 2006
15	24 October 2007	Mae Jaem Teen Jok Fabric	Chiangmai	4 August 2005
16	24 October 2007	(BRUNELLO DI MONTALCINO)	Tuscany/Italy	8 May 2006
17	24 October 2007	(COGNAC)	Cognac/France	29 May 2006
18	24 October 2007	Doi Chaang Coffee	Chiangrai	28 July 2006

19	24 October 2007	Chaiya Salted Eggs	Suratthani	1 November 2006
20	24 October 2007	Lamphun Brocade Thai Silk	Lampun	14 March 2007
21	24 October 2007	Praewa Kalasin Thai Silk	Kalasin	16 May 2007
22	24 October 2007	Thung Kula Rong- Hai Thai Hom Mali Rice	Roi et, Yasothon, Surin, Mahasarakham, Srisaket	28 April 2006
23	3 June 2008	Surin Hom Mali Rice	Surin	31 January 2005
24	3 February 2009	Khao Jek Chuey Sao Hai	Saraburi	5 February 2007
25	3 February 2009	Khao Leuang Patew Chumphon	Chumphon	26 September 2007
26	10 June 2009	Kaowong Kalasin Sticky rice	Kalasin	16 May 2007
27	10 June 2009	(PROSCIUTTO DI PARMA)	Emilia-Romagna / Italy	21 July 2009
28	10 June 2009	Bor Sang Umbrella	Chiangmai	1 June 2006
29	10 June 2009	Ban Chiang Pottery	Udon Thani	10 August 2007
30	10 June 2009	Chiang mai Celadon	Chiangmai	31 August 2007
31	27 November 2009	Phuket Pineapple	Phuket	26 October 2007
32	27 November 2009	(Scotch Whisky)	Scotland/United Kingdom	13 July 2007
33	30 June 2010	Phanat Nikhom Basketry	Chon Buri	28 August 2005
34	30 June 2010	Phet Rose Apple	Phetchaburi	17 April 2008

35	30 June 2010	Chonnabot Mudmee Thai Silk	Khonken	14 January 2009
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Source: DIP, Ministry of commerce, Thailand.

Despite Thai regulation does not require to subject products to third party inspection and certification procedures, it is remarkable to establish that a certain number of Thai registered GIs are under external control by accredited certification bodies (ISO 65).

As it is emerged in the previous pages, Verification of compliance with specification is mandatory for EU Regulation and not requested by Thai laws (therefore it could be considered as voluntary procedure). In accordance with EU Regulation the external control has to be performed by public or private bodies which must be accredited in accordance with the European standards EN 45011 or ISO/IEC Guide 65 (general requirements for bodies operating products certification systems.).

There are currently ten Thai GI products which are under third party inspection and control system in accordance with EU requirements. Here after (Table 9) a detailed list is reported.

Table 9. List of Thai GIs subject to third party inspection and control system

GI product	Association/Group	Certification Body	Certification supported by
Tung Kula Rong-Hai Thai Hom Mali Rice	Roi Ed province, Srisaket Province, Surin Province, Yasothorn Province and Mahasarakham Province	Bioagricert, Co., Ltd	DIP
Chiangrai Phulae Pineapple	Muang Chiangrai Pineapple Grower Small & Micro Community Enterprise	Bioagricert, Co., Ltd	DIP/ PRO_GIs project
Phurue Plateau Wine	C.P.K.International Co.,Ltd.	Bioagricert, Co., Ltd	Private funds
Doi Chang Coffee	The Network of Ban Doi Chang Coffee Growers Small & Micro Community Enterprise	Bioagricert, Co., Ltd	Private funds/ (application to EU funded by PRO_GIs project)
Doi Tung Coffee	Mae Fah Luang Foundation Under Royal Patronage	Bioagricert, Co., Ltd	DIP
Nakornchaisri Pomelo	Nakornchaisri Pomelo Small & Micro Community Enterprise	Bioagricert, Co., Ltd	DIP
Surin Hom Mali Rice	Agricultural Marketing Cooperative Surin Limited, Organic Agriculture Project of Surin Limited, Prasart Agriculture Cooperative Limited	Bioagricert, Co., Ltd	PRO_GIs project
Phuket Pineapple	Phuket Pineapple Growers Small & Micro Community Enterprise	Bioagricert, Co., Ltd	PRO_GIs project
Phetchabun Sweet Tamarine		SGS (Thailand) Co., Ltd.	DIP
Chinat Khaotangkwa Pomelo		SGS (Thailand) Co., Ltd.	

Source: Bioagricoop 2010

The main reason that has motivated GI associations to require for external certification relies on their willingness to apply for registration in Europe. Any product which is approaching the application to EU needs to satisfy the requirements specified in Article 11 of EC Reg 510/2006 Verification of

Compliance with Specifications and therefore need to be subjected to accredited third party inspection and control system. Three Thai GI products have been already submitted to EU competent authority searching for registration they are: Doi Chaang Coffee, Doi Tung Coffee and Khao Hom Mali Thung Kula Rong-Hai Rice (Table 10).

Table 10. Thai products submitted for registration in the EU

Thai GIs name	Type of products; PDO/PGI	Date of submission/ publication	Status
Doi Chaang coffee,	Class 1.8. other products of Annex I of the Treaty (spices etc.) PGI	27/05/2010	Applied
Doi Tung coffee	Class 1.8. other products of Annex I of the Treaty (spices etc.) PGI	27/05/2010	Applied
Khao Hom Mali Thung Kula Rong-Hai rice	Class 1.6. Fruit, vegetables and cereals fresh or processed; PGI	20/11/2008 29/06/2010	Under publication

Source: Bioagricoop from DOOR primary data

So far, external certification has been mainly funded by DIP, PPro_GIs project or indirectly (capacity building activities, awareness campaign, etc) through other EC funds – (e.g ECAP programs) which means in both cases public fund (noteworthy example are given by Doi Chaang Coffee, and Phurue Plateau wine which have been fully supported by own producers/association resources). This sounds reasonable considering the start up phase that Thailand is currently living and the scarce producer organization resources. Both EC and Thai government are willing to strengthen the potential market which exists for quality products and GIs in particular; this obviously includes the attempt to enhance the level of protection for well known products respectively in Thailand and European Union. That fact that Thai government authorities/producers have started to pay attention to the implementation of procedure to guarantee compliance with specification, is a very good signal in two senses:

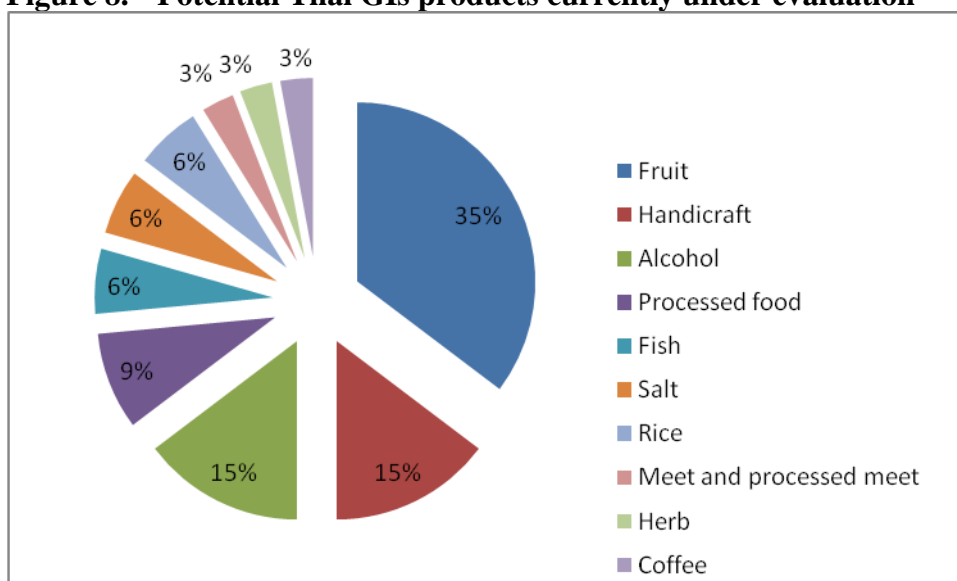
- a. Contribute to smooth out the differences that exist between EU and Thai regulations and therefore reduce the difficulties which are facing especially Thai producers willing to enter into EU quality market (remind that an EU producer willing to register a EU GI in Thailand, has simply to present its

request for registration and some translations in support due to the fact that EU regulation is stricter than Thai regulation)

- b. Even most importantly to create consciousness about the importance to plan and implement control systems in the interest of producers first and the market and consumers later. A mature external control system has to rely on a strong internal control system. In some cases it is even impossible (not economically sustainable) to certify certain products which are not internally controlled by enabled inspectors, due to the high number of production and/or processing units to be checked (in case of existence of a reliable internal control system, external inspectors could check only a part –square root - of the production units instead of all of them, saving time and therefore reducing certification costs).. Internal control system is the first step to ensure the traceability and control of all unique product characteristics summarized in the product specification. In a certain sense internal control and inspection is the first ring of the controls chain and it is still so weak in Thailand. Due to the likeness of the principles which rule external control and internal control systems (the principles are similar) professional certifiers in charge of ensuring external verification of compliance with products specifications, are transmitting good practices, on field examples and strengthening the current producers organization capacity to implement reliable procedures.

Altogether, 34 products have applied and are still under the process of evaluation (Figure 8). They are grouped by the following categories: Fruit (35%) including coconuts, lychee, mango, pomelo, banana, lime, orange, wampee (*Clausena lansium*) and durian; handicrafts (15%) including but not been restricted to cotton fabric, pottery, pearl,; alcohol (15%) including wine from EU and USA and spirits from south and central America, (this category is entirely composed by foreign products searching for Thai protection , they represent the whole of the foreign products applications currently under evaluation for registration in Thailand); processed food (9%); fish (6%) including shrimps and mackerel; salt (6%); rice (6%); meat and processed meat (3%), herb (3%) and coffee (3%).

Figure 8. Potential Thai GIs products currently under evaluation



Source: elaborated by Bioagricoop on DIP data

It is clear how handicraft products are representative for Thai GIs (24% of the currently registered GIs and 15% of the potential GIs currently under evaluation) unfortunately they cannot be registered and protected in EU because the EC legal framework do not include handicraft products (only food staff and agriculture products). This situation is destined to continue until when EC will decide to integrate or move the responsibility of GIs products from DG AGRI to another DG able to manage handicraft products as well. Despite a strong demand by third countries to implement this radical change, this big change is likely to take time.

An interesting perspective exists however for Thai agriculture products which are used to produce important handicraft such as silk and cotton spun and fabric. EC Reg. 510/2006 gives the possibility to protect agriculture products which are not food staff under Annex II. Cotton and silk are not yet included in the European list but a formal request asking for their inclusion will be taken into serious consideration due to the fact that cotton or silk yarns are agriculture products such as wool or scutched flaw which are already included. It is then desirable that Thai authorities together with other stakeholders already committed, will have the strength to enable all producers concerned in collaboration with Queen Sirikit Department of Sericulture and other representatives to move forward to protect and value enhanced such a worldwide famous products.

4.2 Distribution channels, information, promotion and market performances.

Very few information is available at this regard for Thai GIs products.

At first, Thai consumers are not well informed about GIs product characteristic, value and quality attributes even the global trend related to the search for authentic and quality product is rapidly growing in Thailand as well. Public and/or private information and promotional campaign on GIs products in Thailand are almost absent.

The issue of Regulation for Thai GI logo (2008) set the base for the use of a public brand which will help consumers to identify and recognize GI products in the market. In domestic market, the use of Thai public logo is still limited (an exception is represented by Doi Tung Coffee) and should be supported by strong information and promotion campaign targeting consumers. Certain confusion could surge while dealing and coexisting with *One Tambon One Products –OTOP Products-* which basically refers also to the geographical origin and local heritage. There are not specific distribution channels for Thai GIs due to the fact that they are not yet valorised as such in domestic market. Well-known alternatives can be surmised also in the case of Thailand: especially shop, big retails, etc. An interesting possibility to explore is represented by addressing international demand in Thailand through international hotels, specialty airport shops, etc. In certain circumstances, due to the limited product availability and production volume (e.g Phuket pineapple) these channels may take up the entire production. Some products such as Doi Tung Coffee are already having a good domestic market promotion through “traditional” brand (DoiTung ®) and marketing strategies which include franchising shop in Bangkok and other Thai cities, rural tourism projects, etc. For other products such as Thai GIs rice, fruit, etc, international markets represent the current perspective.

Again information, promotion and proper marketing strategies should be designed and implemented to stimulate gatekeepers and final consumers to understand and appreciate products bearing geographical indications.

Product registrations have not to be considered as the arrival point but on the contrary the first step to transmit the high quality and value available purchasing GI products.

5. Overview of EU gatekeepers' perceptions towards Thai GIs fruit and coffee products

5.1 Methodology and Data

The introduction of Thai GIs into the EU market is still in the initial stages and this therefore is a new topic with few previous studies. Because of this, the exploratory research design, which is able to obtain background information on specific issues, was employed in order to define and clarify problems, gather explanations, and gain insight into topics of interest (Hair et al., 2003). A qualitative approach was selected to study a particular topic in depth since this approach allows us to deal with complexity and the rich diversities of gatekeeper perceptions (Myers, 2009). This approach provides diversified points of view and help emphasizing salient issues raised by participants, rather than giving conclusive answers to specific research questions. Therefore, it provides room to generate hypotheses for further research but not to test them. It should be noted that given the characteristics of a qualitative approach, the information obtained cannot be generalized to all food chain members and channels (Myers, 2009). Normally, a follow-up causal research approach based on quantitative data is required to test the hypotheses raised by exploratory research based on qualitative data.

Secondary data have been used to define the background and to describe the general context. A personal in-depth interviewing method was selected for data collection among other qualitative data collection techniques because it allows the researcher to gather information from key informants in various roles and situations (Myers, 2009). Although the 'focus group' technique is popular and widely used in exploratory research, because the target group of this study is gatekeepers in the fruit and coffee industries of Europe, it is not easy to organize these gatekeepers into focus groups because of low time availability (Aaker et al., 2007). Additionally, gatekeepers might not want to discuss their business with potential or actual competitors; hence, the personal interview technique is more appropriate for this study. The semi-structured interview technique was selected for this research because it provides the researcher with pre-formulated questions about the important issues that are expected to be discussed during the interview, but does not adhere strictly to them. During the conversation, the interviewer can

raise questions which he or she thinks are important and relevant to the topic of interest; this gives the respondent the opportunity to add salient issues as they emerge during the conversation (Myers, 2009).

Purposive non stochastic sampling was applied to recruit participants in this study since this research required information from key informants of European food distribution practitioners (importers, wholesalers, retailers, practitioners and experts from the food service industry) who already have experiences dealing with Thai or Asian products in Europe (Trochim, 2006). In addition, the snow-ball sampling procedure was also applied when the interviewee recommended other persons who might potentially be interviewed. Data analysis and extrapolation was performed via a heuristic analysis of the interview transcripts and the creation of conceptual maps. A heuristic content analysis was used to describe the phenomenon and present the most interesting elements arising from each interview. The result of the heuristic content analysis is presented in the form of semantic categories and the significant topics are highlighted through informants' verbatim quotes from the interview transcripts. A conceptual map is used to organize and represent the concept and correlation among factors influencing gatekeeper purchasing decisions (Novak and Cañas, 2008).

The research procedures are comprised of three main parts: (1) survey design, (2) field work, (3) data analysis and extrapolation.

5.1.1 Survey design

The survey is designed to gain information regarding EU gatekeepers' perceptions toward Thai GIs fruit and coffee. The target group is key informants of European food distribution practitioners who already have experience dealing with Thai or other Asian products in Europe. Exploratory research studies do not try to collect all representative samples but rather to retrieve information from persons who have knowledge and might be able to highlight the relevant problems or issues on a specific topic. The interview guidelines were also designed for a semi-structured interview in this step. The survey design section comprises two main subsections: (a) recruitment of interviewees and (b) interview guideline design.

a. Recruitment of interviewees

A possible European food distribution sectors list was created using a convenience sampling method on the basis that those listed are expert and professional practitioners in Thai or Asian fruit and coffee products. The researcher ensured the inclusion of different types of gatekeepers including importers, those representing specialty shops, retailer and wholesaler companies, and food marketing researchers. Sources of the list were personal contacts via the University of Bologna, Bioagricert Company, Thai Commerce in Vienna, Thai

Trade Center Milano and Thai Commerce in Frankfurt, specialty shops in Vienna and Bologna, and the Internet. The list included persons who interviewees recommend that might be consulted.

The complete list of selected potential key informants comprised 35 contacts in Italy, 16 in Austria, 15 in Germany, six in the Netherlands, three in Switzerland, two in the United Kingdom, two in Belgium and one in France. The potential informants were contacted by personal connections via email and telephone. The researcher explained the background of the research, aims, addressed terms of confidentiality, and asked for cooperation. After the enterprise agreed to give information, appointments were set up and interviewees were asked for permission to record the conversation. In the end, the participants who agreed to contribute to this research were from Austria (five persons), Italy (ten persons), and Switzerland (one person). Altogether, the 16 key informants who accepted to take part in this research represent a sufficiently large group of people for this type of research approach and they were expected to provide a sufficiently wide variety of information on the subject under investigation. However, given the limited geographical scope covered by the sample, the conclusions and hypotheses drawn by means of this research are most likely to be valid only in Austrian and Italian situations.

The characteristics of the interviewed companies were the following:

- Most of the key informants (81%) who decided to collaborate were importers and distributors of fruit and food products and the rest (19%) were researchers and experts on agri-food marketing and European fruit markets. Among researchers and experts, two were specialised in organic products only;
- About half of the importers and distributors distributed their products all over Austria and Italy, while the remaining distributed only in local areas – Vienna, Bologna and the Emilia-Romagna region;
- Almost half the importers and distributors were fruit and/or vegetable distributors, about one third were specialty shops, and the remaining were representatives of large retail companies, and;
- About two thirds were European nationals and about one third have Asian origins.

The details of sectors and activities of the interviewees are shown in Table 11. Most respondents dealt with fruits, vegetables, and other food products.

Table 11. Profile of key informants, companies, and organizations in the sample

ID	Company	Interviewee	Sector	Location	Activity
1	A	Communication head	Research institute	Frick, Switzerland	Researcher on organic food marketing and on Thai organic products. Experience as participant into a project for Market Development in Thailand in 2007
2	B	Executive Director	Research institute	Vienna, Austria	Researcher on organic market development and capacity building
3	C	Sales Manager	Specialty shop	Vienna, Austria	Importer/Distributor of Thai and Asian products
4	D	Manager	Specialty shop	Vienna, Austria	Importer/ Distributor of Thai and Asian products
5	E	Senior quality manager	Large retailer	Vienna, Austria	Large supermarket chain / retailer in Austria
6	F	Owner	Specialty shop	Vienna, Austria	Importer/ distributor of Thai and Asian products
7	G	Owner	Specialty shop	Bologna, Italy	Importer/ distributor of Thai and Asian products
8	H	Trade manager	Fruits distributor	Bologna, Italy	Major exotic fruit importer and Distributor in Italy
9	I	Marketing and quality manager	Wholesaler	Bologna, Italy	Major fruit and vegetables wholesaler market in Bologna
10	J	Administrator	Fruits and vegetables distributor	Bologna, Italy	Small fruit and vegetables Distributor in Bologna
11	K	Purchasing Manager of Fruits and Vegetables	Large retailer	Bologna, Italy	Large supermarket chain / retailer in Italy
12	L	Purchasing manager	Fruits and vegetables distributor	Bergamo, Italy	Main exotic fruit importer and Distributor in Italy
13	M	Marketing researcher	Agri-food marketing research institute	Bologna, Italy	Marketing researcher/ expert on fruit market and GI products
14	N	Purchasing Manager	Fruits and vegetables distributor	Milan, Italy	Exotic fruit importer and distributor in Italy
15	O	Purchasing Manager of Tropical Fruits	Integrated Supply Chain company	Bologna, Italy	Fruit and vegetable producer/importer/ distributor in Italy and exporter
16	P	Category Manager of Fruits	Large retailer	Bologna, Italy	Large supermarket chain / retailer in Italy

b. Interview guideline design

To conduct a semi-structured interview, interview guidelines were prepared in order to provide topics of interest and example questions in the scope of research objectives (Myers, 2009). In this research the key points have been defined as follows: how European gatekeepers perceive Thai GI products, what is the potential as well as barriers for such products, and what are the key factors that may influence purchasing decisions of European gatekeepers.

The interview guidelines were provided to support the interviewer to ensure that the conversation cover all objectives of the research. It was not necessary to direct the conversation sequentially according to the interview guideline. The conversations were rather continued fluently and flexibly according to the way respondents talked about the proposed topic. The interview guidelines are shown in Appendix I.

5.1.2 Field work

The personal interviews were administered during the period of March – June 2010 and took the form of semi-structured interviews, managed through interview guidelines (see Appendix I) that was sent to participants in advance. Interviews ranged 30-60 minutes and in most cases were conducted in English (seven interviews). The rest were conducted in Italian (five interviews) and Thai (four interviews). In total, sixteen food distribution practitioners were interviewed - five from Austria, ten from Italy, and one from Switzerland. Thirteen interviews were face-to-face and three were conducted by telephone. Thirteen interviewees agreed to the interview being tape-recorded. The interviewer aimed to establish rapport with the respondents so as to let them open up and speak out on the issues they found interesting. During the conversation the interviews were recorded (if this was permitted) and the interviewer took note of important information and observations.

5.1.3 Data analysis and extrapolation

Analysis was carried out in 5 steps:

- 1) **Report summary:** Summary reports of each interviews were written immediately after conversations. These reports comprised the characteristics of informants' businesses and the most relevant perceptions and ideas that emerged during conversation, together with specific comments.
- 2) **Validation of summary reports:** Summary reports were sent back to interviewees to ask for their feedback about the quality of the preliminary

analysis. Their comment and additional information were included into the complete version of interview summaries.

- 3) **Transcription:** Tape-recorded interviews were transcribed and eventually translated into English. Non-verbal communication was not considered in this step. Comments were coded on the transcripts using different text colours and marginal keywords in order to identify important themes and patterns (Coffey and Atkinson, 1996; Knight et al., 2007). Additional information, participants' quotes and comments from transcripts were used to perform a heuristic content analysis in the following step.
- 4) **Heuristic content analysis:** The information from the summary reports together with transcription were analysed through heuristic content analysis. The essential objective of a heuristic content analysis is to describe the phenomenon and present the most interesting elements arising from each interview in order to gain an extensive overview of informants' attitudes toward the topic. The researcher emphasized important elements by highlighting the direct quotes from participants. All key aspects and issues raised by key informants were highlighted in this analysis regardless of the number of informants with similar ideas.
- 5) **Conceptual map analysis:** A conceptual map of 'Factors influencing imported food products purchasing decisions of European gatekeepers' was created from the analysis and synthesis of relations among factors in order to describe the concepts mentioned and connections between them. The researcher used semantic categories or units obtained by the heuristic content analysis to create the concept words and used cross-links (lines) to show how each concept related to each other. In this way, the creation of a concept map helped the researcher create new knowledge regarding to the topic of interest. This conceptual map was used to explain the factors that affect (positively or negatively) the purchasing decision and the relation among them. This conceptual map was based on gatekeepers' perceptions.

5.2 Results

In the first part of this section we provide the general situation of Thai fruit and coffee in the European market which we gleaned from the interview. The following parts are the results of the heuristic content analysis of the survey presented in the form of semantic categories and organized corresponding to the structure of the interview guidelines. Significant and relevant topics were highlighted through informants' verbatim quotes. All different points of view of gatekeepers in each topic were raised as various possibilities of perception toward research questions. These allowed us to explore the core problem of this research and lead to hypotheses genesis for further research.

The results were categorized into 8 sections: (1) Thai fruits and coffee in the European market, (2) Perception toward Thai products: fruits and coffee, (3) Import-related issues: fruits and coffee, (4) Business relationships between European gatekeepers and Thai exporters, (5) Factors influencing the purchasing decisions of European gatekeepers: fruits and coffee, (6) Perceptions toward Thai Geographical Indications products: fruits and coffee, (7) Opportunities and Challenges of Thai Geographical Indications products: fruits and coffee, and (8) Marketing strategies for Thai Geographical Indications products.

5.2.1 Thai fruits and coffee in the European market

Thai products are imported primarily via sea and air by the Netherlands and Germany, then re-exported and distributed all over Europe. Some of them are exported from Thailand directly to Italy, Austria or Slovenia (the destination of these products being Austria). Fresh fruit and vegetables are transported by airplane to preserve product freshness but this results in higher operation cost, while products with a longer shelf life like tamarind and canned fruit are transported by ship. After Thai products arrive in the destination countries, they are distributed via supermarket chains, specialty shops and Thai and other ethnic restaurants.

a. Thai products in the market

a.1 Fruit

The main Thai fruit products on the European market are fresh fruit for supermarket chains, retailers and specialty shops, while canned fruit appears to be important primarily in specialty shops. Important produce include rambutan, mangoesteen, dragon fruit, mango (mainly of the *Nam Dok Mai* variety), lychee and tamarind. Specialty shops provide more diverse products than other distribution channels, for instance a variety of fresh fruits (e.g. longan, guava, young coconut and seasonal fruit), canned fruits (rambutan, litchi, longan, pineapple, jack fruit and palm seed) and dried fruits (banana chips, durian chips and baked jackfruit) in addition to the products mention above. However if we consider import value, supermarket chains have a greater share of total fruit import value than specialty shops.

In Austria, Nam Dok Mai mango, lychee, rambutan, mangoesteen, papaya, sweet tamarind, and dragon fruit are the main fresh fruit products. Canned fruit appears to have good opportunities in this market because prices are relatively low, it has a longer shelf life and because quality standards are easier to control. For the Italian market, fresh rambutan, mangoesteen, dragon fruit and lychee are important products. However, in Italy, Thai fruits are considered niche items and

are mainly sold for a very short period in December as exotic gifts to be given at Christmas time.

a.2 Coffee

Even though Thailand exports green bean coffee to Europe, this product is roasted, blended and sold under various brands, which do not refer to the country of origin. As a result, the researcher could not find Thai coffee on the Italian, Austrian, or Swiss markets except in specialty shops. However, the researcher obviously did not visit every supermarket or shop in these countries and it is therefore possible Thai coffee might be available through other channels. The main products available in Thai specialty shops are instant coffee and diet coffee. Thai coffee is sold primarily to Thai people since European consumers tend to prefer their own coffee, which is famous for its high quality and suitability for different methods of preparation.

Figure 9. Range of Thai fruit products offered in a specialty shop in Vienna, Austria



Figure 10. Thai fruits in a wholesale market in Bologna, Italy



Figure 11. Ranges of Thai fruits offered in exotic fruits shop in Bergamo, Italy



b. Distribution channels

There are three main channels for Thai fruits in the European market: (1) supermarket chains, (2) specialty shops and (3) Thai and ethnic restaurants.

European supermarket chains provide products for more general consumers who might have a limited knowledge of Thai or other exotic fruits; therefore, they focus solely on the most important products. Although their product range is often limited, supermarket chains held the biggest share of total import value. In addition, the increasing of power and role of supermarket chains in the European market in recent decades makes this channel promising for Thai products, hence, cooperation with big retailers is important and unavoidable.

The major distribution channel for Thai products in Austria is REWE Group in Merkur (the biggest channel) and Billa. Many supermarkets in Switzerland have Thai corners and Thai restaurants, and these are also important channels. Meanwhile, in Italy, the exotic fruit corners of international supermarket chains like Carrefour and Auchan are the main distribution channels for Thai fruits as well as exotic fruits from other countries.

Specialty shops run by Thai or Asian people provide a broader range of products since their proprietors are familiar with Thai products and are better able to manage and present such products. This channel targets consumers who might already have knowledge of Thai and other exotic products. Although specialty shops encompass a smaller portion of total import value, this channel is not without marketing potential since the typical consumer already possesses an awareness of Thai products. Therefore, appropriate marketing strategies should be developed toward this channel also.

When comparing between consumer habits at supermarket chains and specialty shops, those who typically shop at the latter tend to show more awareness of and intention to buy Thai products than those who shop at the former. This could be due to the fact that sales managers in specialty shops are better able to explain unfamiliar products to customers, whereas in supermarkets the products have to sell themselves.

There are only a small number of Thai restaurants in Austria and Italy, primarily in large cities like Vienna, Rome, Milan, and Bologna. Those restaurants that do exist are considered the primary channels through which knowledge of Thai cuisine and fruits is imparted to consumers and as such, might activate demand for Thai products in the market.

Gatekeepers from different channels may have dissimilar perceptions toward Thai products. It seems that specialty shops (Thai or Asian shops) are a more promising channel through which to introduce or sell Thai products since their proprietors have the knowledge and experience to better manage and present Thai products as well as explain or give more information to consumers. These shops offer products mostly to consumers who are already aware of the existence of Thai products and want to purchase them. However, supermarket chains and retailers are important as well because of their increasing role in the market and the fact that mass consumers usually purchase products through this channel. Great effort

has to be applied in these channels, especially in providing information and creating consumer awareness, but this will take a long time.

c. Real gatekeepers of Thai products

The food channel members known as gatekeepers operate in many tiers of the supply chain and may be importers, wholesalers, retailers or others. All are key players with the power to select products from a broad range of choices offered to market by suppliers. But in reality, individual gatekeepers have varying degrees of influence and the structure of the market differs in different countries. Therefore it is necessary for suppliers and exporters who wish to penetrate any given market to know who the real gatekeepers of that market are.

A marketing researcher who has experience with Austrian retailers mentioned that the real gatekeeper for Thai products (as well as other foreign products) in Austria is ‘the wholesaler’ since most retailers rely on wholesalers to choose products for their companies.

“They (retailers) have special wholesalers who actually screen products for the market. They are the gate for reaching the retailer. Unless you’re a big supermarket chain which might be interested in importing directly, most of them import through wholesalers...”
(Marketing researcher in Austria)

In Italy on the other hand, it appeared that the true gatekeeper for Thai products (and others) is ‘the importer’. A large Italian retailer said that the retailer trusts importers to choose products and provide them with information. A possible reason for this might be that the marketing of exotic products is a relatively small business, and since supermarket chains and other retailers may lack of the time and budget to foster this business, they prefer to invest more in well-known products.

“Three or four importers in Italy have all the market power on this business” (Distributor in Italy)

As part of this study, we contacted and interviewed all key exotic fruit importers in Italy; hence, we might consider information from Italy as exhaustive. On the other hand, it was impossible to contact the most relevant wholesalers in Austria; therefore, information about that country is less reliable.

d. Competitors of Thai products

In Europe, the main competitors of Thai products are local goods (domestic products and those from Mediterranean countries such as Spain, France, Italy, Greece and Turkey) and similar goods from tropical countries. Most exotic fruit in the EU market comes from South and Central America (particularly Argentina, Brazil, Chile, Costa Rica, Ecuador, Columbia, Mexico, and Nicaragua). Asian countries like China, India, Vietnam, Malaysia, Indonesia and Middle Eastern countries (primarily Israel) appear to be the significant competitors of Thailand since they have similar products.

5.2.2 Perception toward Thai products: fruits and coffee

When the interviewees were asked about their opinions of Thai products, several different viewpoints emerged. It appears that most gatekeepers have prior knowledge of and experience with Thai fruit, as contrasted with Thai coffee, which is generally unknown to them. This is possibly due to the fact that European consumers and gatekeepers have a long tradition of coffee consumption and prefer their own or coffee from South America. Moreover, the lack of availability of Thai coffee products in Europe is also another possibility. Therefore, most of the results shown in this section are related to Thai fruit.

Most of gatekeepers perceived Thai fruits as ‘**quality products**’ with ‘**good and unique taste**’. Some mentioned the ‘**freshness**’ of products due to transportation by air. Some expressed the opinion that Thai goods are ‘**natural and healthy products**’ and that this added value to such products. These beliefs were especially held by gatekeepers who had had experience dealing with Thai or exotic products, such as importers and distributors of exotic fruits or specialty shop representatives.

*“Nowadays consumers are more aware of natural products and healthy food which could be a good opportunity for Thai products since most Thai cuisine is natural and healthy. Most Thai fruits and vegetables are of high quality, good taste and are high in nutrients.”
(Importer and distributor, specialty shop in Vienna)*

However, some gatekeepers expressed less positive opinions, noting that Thailand is far from Europe (**physical distance**). Due to this distance, these gatekeepers have a problem with trust regarding **food safety** because they cannot visit and view the production conditions themselves (**traceability**). Besides, during the last few years some Thai products have been banned by the European Union because of high chemical residues, and food safety standards according to EU regulations is therefore an urgent issue for Thai products. The physical distance and air

transportation of products also poses problems regarding their **carbon footprint** as well. They mentioned that as consumers have become more aware of climate change, it has become harder for them to sell products shipped by airplane.

“Thailand needs to improve and provide high standard products especially with regard to food safety since EU regulation is very high”. (Importer and distributor, specialty shop in Vienna)

“Maybe the distance is another reason. But it’s not farther than Latin America or South Africa. If you think about environment and you think about transport so in the feeling it’s more far away. Many products from Latin America come by ship and the question is if it’s possible for Thailand to bring products by ship or only by airplane.” (Large retailer in Austria)

All interviewees said that there is a **lack of information** of Thai fruits available on the market. Consequently, European consumers have a **low awareness** on Thai products. In addition, Thai fruits are often totally different from European or Mediterranean fruits, so consumers and gatekeepers may not be familiar with these products in the first place. Although they might be willing to try Thai fruits, consumers most likely do not know where to buy or how to prepare and consume them, and as a result they may not buy or get the best taste from these products because of a **lack of knowledge and experience**. Therefore, **information explaining characteristics, nutrition and beneficial effects on health of products, when is the best time to consume, how to prepare and cook and how to consume products** should be provided with products.

“The problem is they don’t know this kind of fruit so they don’t have information. You have to work on this. ... [it is necessary to provide] good information about the characteristics of the fruits, the quality, the organoleptic characteristics, hygiene, healthiness.” (Importer and distributor in Italy)

Another issue related to physical distance is the fact that fruits are naturally **perishable products** and are therefore difficult to preserve during long distance transportation. **Better post-harvest technology, processing technology and cold chain** are required to prolong **shelf-life** and keep a **good appearance** of products before delivered to consumers.

“For me, the exotic fruits are considered weak in general. You have to do an experiment with the processing to give exotic fruits some days more of life.” (Importer and Distributor in Italy)

Furthermore, the researcher found that **continent image** has a great influence on the perception of gatekeepers, especially on those who do not have much experience with Thai or exotic products. An informant from a large retailer in Austria mentioned that products from Asia generally do not have a good image. Asian products have a reputation for environmental carelessness in production (for example the application of many chemical substances which results in high **chemical residues** on agricultural products) and bad **working conditions**. Consumers and gatekeepers might therefore avoid purchasing Thai products due this negative continent image. This issue is also a result of physical distance, trust and a lack of information.

“Asia does not have such a good picture because of workers’ conditions and the environment. I think it could be because of China. I don’t know if it’s true but in our minds China does not have good environmental conditions in production, and work conditions are also not good. Yes, I know it’s not fair, Thailand is not China. But somehow it is connected.” (Large retailer in Austria)

This may cause other serious effects on Thai products, for instance: (1) Consumers cannot differentiate Thai goods from those of China or other Asian countries, and therefore the image of China or Asia at large has a deleterious effect on the image of Thai products, and (2) if there’s no differentiation, there might be a lower chance of getting a segment in the specialty product market since consumers cannot distinguish certain products.

“As I said there are a lot of Austrians who have been to Thailand already and there will be more. There are people who love to eat Thai food, like to cook Thai food but I don’t think they will relate this cooking very much to the notion that they have to have ingredients that come from Thailand.” (Marketing researcher in Austria)

Regarding cost, most interviewees said that Thai fruits are considered to be of **higher price** than competitors or other similar products because of high **transportation cost**. For instance, mangoes from Thailand are three times more expensive than those from Brazil. Because of this, gatekeepers and consumers alike may be more likely to purchase other products which are similar and cheaper, especially in the current global economic climate. However, some

gatekeepers opined that Thai fruits have a **balance of quality and price**. They can pay more for better quality products but the price is still reasonable considering the quality.

“... In terms of problems with Thai products, the first thing is price. Directly, the logistic cost is very heavy. The second problem for me is the consumer doesn't know these products.”(Importer and Distributor in Italy)

5.2.3 Import-related issues: fruits and coffee

The interviewees also mentioned import-related issues for Thai products, which are important for suppliers to keep in mind and prepare for before entrance to the European market. The following topics concern gatekeepers' expectations toward fruit and coffee products entering the EU market and possible channels for Thai products in the market.

a. Expectations for imported fruit and coffee products

- **Food safety standard** e.g. Global GAP, IFS quality certification, etc. as a basic requirement. The EU has required that products entering the European market conform to the high EU safety standards. Products should have low amounts of chemical residue according to the standard.

“Certification, no pesticides, good work conditions and so on. I think these are the most important issues.” (Large retailer in Austria)

- **Information** regarding products is one of the most important issues considering exported goods from Thailand and other remote countries. Even as consumers became more aware of Thai products, they may still lack knowledge concerning how to use, prepare or consume them. Retailers have to provide information and offer help to customers; for instance information on the characteristics, nutritional value and health benefits of products, as well as how to prepare, cook and consume them. The stories behind goods regarding their production region, conditions, and so on are now an important element to inform and add value to products.

“For me [information] is the most important thing in our business. Because the final consumers don't know enough about the characteristics of the fruit. Good information about the characteristics

of the fruit, the quality, the organoleptic characteristics, hygiene, healthiness is very important.” (Importer and Distributor in Italy)

- **Environmental issues** such as climate change and so called ‘food miles’, which have become more important in consumers’ awareness, make it harder to sell products brought to the market by airplane, especially for Austrian consumers. The environmental impact of production is also taken into account by consumers’.

“For the European, I think it [environmental concerns] would be the key question because of climate change and carbon footprint. It will be important, I think it will become...harder to sell products which come with the airplane.” (Large retailer in Austria)

- **Social aspect and fair trade** – during the last few years ‘fair trade’ has become more important for consumers, in order to feel assured of good labor conditions in faraway countries.

“People start to say ok, we have products from country A, ok they are good. They have good worker conditions, they have a good environment. I don’t have to have a bad feeling if I’m buying it. It’s good for me because it tastes good, it’s good for the environment and the people there are happy, something like that.” (Large retailer in Austria)

- **Trustworthiness and good partnership** – this issue is one of the most important elements for business relationships and the long-run business success that can make the difference between having a chance to enter the market or not.

“To be in the business, you have to have a high standard and have to be a good partner.” (Large retailer in Austria)

- **Regularity of supply and quality.**

“I would like to make sure that supply is always available to meet my requirement. (Large retailer in Italy)”

b. Possible Channels for Thai products

The interviewees had several ideas for promising channels through which to introduce or sell Thai fruit and coffee abroad. Listed below are some of their suggestions:

- **Large international retailers** - for instance Tesco, Auchan, and Carrefour, which have many branches and outlets in Thailand and other Asian countries. These retailers have acquired knowledge and experience managing and selling Thai products; therefore, they could help exporters find the appropriate channels through which to export to other countries.
- **Open-minded markets – these include** the United Kingdom, the Netherlands, France and Germany - countries that colonized or have historically good relationships with Asian countries, and are therefore more accepting of other cultures or cuisines. In addition, these are not primarily producer countries and as such they have to buy many products from overseas. Lastly, these countries have high revolution in terms of products' services and convenience food. For these reasons, it would be a good start to enter these markets before extending to other countries in Europe.
- **Fair Trade label** – this label is very important for coffee imported from faraway countries. Most coffee from distant countries has a Fair Trade label and features the story of the coffee's origins. There has also been success marketing the banana with a Fair Trade label as well. Even with the recent economic crisis 5% of bananas in Italy are Fair Trade products. Hence, 'Fair Trade' might be a promising label for coffee and tropical fruit.
- **New brands** - previously tropical fruit was imported and sold via large well-known brands like Chiquita but nowadays there are more channels like supermarket chain brands ('private brands') or others. Since many European consumers rely on brands and also supply chains, selling goods with brands that are already established on the market or 'private brands' might enhance the competitiveness of the products. To create new brands will take time, more investment and consistent quality and standards.
- **Ethnic shops, ethnic restaurants and Thai spas** – this channel mainly caters to consumers who are already looking for certain kinds of products. Most managers in this channel have prior knowledge of the management, use, introduction and display of these products, which is important for items which are not well-known to consumers.

5.2.4 Business relationships between European gatekeepers and Thai exporters

A business relationship among suppliers or exporters and gatekeepers is one of the important issues affecting gatekeepers' decisions to cooperate with suppliers. All

gatekeepers interview indicated that they are looking for a ‘**good partnership**’ with a supplier who embodies ‘**trustworthiness**’, is ‘**reliable**’, ‘**cooperative**’ and gives ‘**good service**’. They explained that good a partnership derives from trust that the supplier will always be able to provide **constant quality** and **regularity quantity** of products they need (or agreed to by contract) within the correct timeframe (**timeliness**).

“To be in the business, you have to have a high standard and have to be a good partner...Trustworthiness and regularity of supply. The category manager is always under pressure to have enough products, so the worst thing is when the supplier calls and says I can’t deliver it today. He [the category manager] will get really angry. They often say to suppliers, “you are a good partner don’t leave me alone now” ... it works like that” (Large retailer in Austria)

The interviewees were asked what they thought about business relationships between them and Thai exporters. Most of them responded that Thai exporters are known as **professionals** in the international trade who are **reliable**, **cooperative**, **exhibit trustworthiness** and provide **good service**. On the other hand, **lack of communication and information** issues were cited as areas that need urgent improvement. However, there seem to be differences of opinion between big and small importers and distributors. Big companies commonly do business with big exporters who are more professional, and as a result, they have fewer problems. Conversely, small companies tend to contract with small exporters that might be unreliable in terms of quality, quantity and documentation provided, and thus, these companies may face more problems.

All gatekeepers who from big companies maintained that Thai exporters are **professional** and know how to deal with international business. In particular, Thai exporters were reckoned to be **reliable** and **trustworthy**, and can **handle quality products on time** because they have both **good quality products** and **good logistics**. Although there sometimes may be quality problems, the interviewees considered these typical of the fresh fruit trade. Moreover, they were reported as usually able to provide **complete documentation for customs and certification** required by customers and as always responsive to customers’ requirements.

“Thai exporters make very good partners. They are cooperative and try to provide solutions for the customer. They are always available to help with information, customs regulation, flight booking, promotion, and packages. They prefer to hand only standard quality to the customer, and as a result, there is only little claim on the quality of

Thai products comparing to others” (Importer and Distributor in Italy)

In contrast, small importers claimed that Thai exporters are **not reliable enough**; they do not send quality products according to contracts, especially when they run out of supply, and they will look for lower quality products which affect the **quality standard of products**, asserted many small importers. It was reported that **timeliness and regularity of supply** are problems from time to time too. One Italian gatekeeper said that Thai exporters sometimes **do not have knowledge or enough information about language** (in this case, Italian), **specific laws and regulations** (Italian law), or some **certification** requirements, and this results in difficulty with the importation of Thai products.

“Thai exporters are not well prepared on documentation and permit documents may be because they do not have much experience on exporting to Italy.” (Importer and Distributor, Specialty shop in Bologna)

“Nam Dok Mai mango is ripe mango but sometimes they send unripe mango which is unacceptable for customers; I have to throw it away.” (Importer and Distributor, Specialty shop in Vienna)

When it comes to information issues, nearly all of the gatekeepers interviewed agreed that Thai exporters do not provide enough information, except for one importer from Italy who said that Thai exporters usually provide information and documentation correctly. Pertinent information for Thai fruits includes: **characteristics, how to prepare and consume, and healthiness and nutrition of products**. Most interviewees considered this essential information that shapes consumer awareness and purchasing decisions and mentioned that as the major problem with Thai exporters, this issue has a great effect on the competitiveness of their products in the marketplace.

“Communication issues do not receive enough concern from Thai exporters. They don’t pay enough attention to communication and information. The story behind the products could be provided by Thai exporters to give added value to products.” (Marketing researcher in Switzerland)

“For me, it (information) is the most important thing in our business. Because the final consumers don’t know enough about the characteristics of the fruit. Good information about the characteristics of the fruit, the quality, the organoleptic characteristics, hygiene, and healthiness is very important.” (Importer and distributor in Italy).

In addition, researchers who are professionals in the food market suggested that exporters should provide information about ‘**story behind**’ products. They thought that it could give **added value** especially to exotic products like Thai fruits and coffee.

“People want to buy stories, the more heart breaking the story behind the products and the more far away, the better chance the product has to sell, that’s the fact.” (Marketing researcher in Austria)

‘**Cultural distance**’ is an issue that was not mentioned directly but seems to have a great effect on business relationships between gatekeepers and suppliers. Competitors who have closer cultural ties, such as European, Latin American, and Middle Eastern countries, have a better chance of creating good business relationships with each other. For example, Israel has a close working relationship with Austrian retailers, regardless of the fact that they are far away from each other physically. One of the reasons could be that Israel has a culture that is relatively similar to that of central Europe, and therefore cooperation may be easier than between Austria and other Asian countries.

“I think it’s from the history. I don’t know what the beginning was like, but most of the suppliers have a better connection to countries in Central and South America and I think now it’s not easy to change because they have been partners for a long time.” (Large retailer in Austria)

Cultural distance also affects **consumer awareness and preference** since European consumers have a greater awareness and knowledge of local European products, or products from Latin American countries with which they share a close relationship and cultural similarities. Strong food traditions in many countries resulted in high consumption of local, or at least European, products.

a.1 Suggestions for Thai exporters

Information provision – Thai exporters should provide more information, especially information regarding characteristics, quality, organoleptic

characteristics, how to eat, hygiene and healthiness aspects of products and the stories behind their products.

“Thai partners should invest more information and budget to communicate and promote Thai products on the Italian market to create a good business environment, since the consumer doesn’t know much about Thai fruit.” (Large retailer in Italy)

This information should be included on labels in English as well as the official language of the country, since much of the time in places like supermarkets, products have to sell themselves.

“Exporters should provide lists of ingredients and instructions on packages in Italian besides English. Otherwise, Thai products will not be able to enter the Italian market.” (Importer and Distributor, Specialty shop in Bologna)

Regularity of supply and quality standards – consistency in both supply and quality of products is very important to establish good business relationships and to improve the image of Thai products in the eyes of foreign importers as well as consumers.

“Trustworthiness and regularity of supply. The category manager is always under pressure to have enough products so the worst thing is when the supplier calls and says I can’t deliver it today. He [the category manager] will get really angry. They often say to suppliers, “you are a good partner, don’t leave me alone now...,” it works like that.” (Large retailer in Austria)

Establishment and strengthening of international relationships - better communication and networking between Thai and European partners is of paramount importance in order to build strong international bonds. In addition, Post-service for the client is also key.

“I think Thai people are rather innovative and creative. But it’s important to have post-service for the client too.” (Marketing researcher in Switzerland)

Domestic cooperation – Thai exporters and suppliers must cooperate with each other to stimulate business and strengthen the competitiveness of Thai products on the international market.

“Thai companies should gather together and set up a cooperation group for Thai fruit export so they can provide enough supply and have the proper budget to promote and communicate products.”
(Large retailer in Italy)

5.2.5 Factors influence purchasing decision of European gatekeepers: fruits and coffee

During conversation, the gatekeepers were asked to report which factors or elements are relevant when they select and purchase imported fruit and coffee products for their customers. There were 8 main factors mentioned by respondents: ‘**quality**’, ‘**price**’, ‘**food safety**’, ‘**business relationship**’, ‘**competitors**’, ‘**consumer awareness and preference**’, ‘**environmental aspect**’, and ‘**social aspect**’. An overview of the factors influence gatekeepers purchasing decision and illustrative quotations are presented in Table 12.

Table 12. Overview of the factors influence gatekeepers purchasing decision on foreign fruits and coffee and illustrative quotations

Factors	Illustrative quotations
Quality	<i>“Most important is quality. Price is for sure, then come the issues like pesticides and certification ...” (Large retailer in Austria)</i>
Price	<i>“Price is the most important factor because of the economic crisis. I have to sell product consumers can afford.” (Importer and distributor, specialty shop in Bologna)</i>
Food safety	<i>“Most important is quality. Price is for sure, then come the issues like pesticides and certification, like Global GAP certification, IFS quality certification, low pesticide residue. I think these are the most important issues.” (Large retailer in Austria)</i>
Business relationship	<i>“For the retailer, the market is full and there’re so many partners, so many suppliers to deliver the products. To get into this market, you have to have very high standards and good partners for many years...” (Large retailer in Austria)</i>
Competitors	<i>“Among suppliers with similar products, I will choose the one with the better offer.” (Importer and distributor, specialty shop in Bologna)</i>
Consumer awareness and preference	<i>“I think consumers’ needs are the most important thing. Before we import any products we have to check consumer preference and trends this year.” (Importer and distributor, specialty shop in Bologna)</i>
Environmental aspect	<i>“For the European, I think it [environmental impact] would be the key question because of climate change and carbon footprint... I think it will become more important and harder to sell products which are shipped by airplane.” (Large retailer in Austria)</i>
Social aspect	<i>“People start to say ok, we have products from country A, ok they are good. They have good worker conditions, they have good environmental policies. I don’t have to have a bad feeling if I’m buying it. It’s good for me because it tastes good, it’s good for the environment and the people there are happy, something like that.” (Large retailer in Austria)</i>

Source: Data from the survey

The first part of this section explained the details of each factor and the effect they have on the purchasing decisions of gatekeepers. The last part showed the conceptual map of factors influencing the purchasing decisions of European gatekeepers with regard to imported food products, which we formulated from the previous information about each factor and the possible relations among them.

a. Relevant Factors

a.1 Quality and Price

Above all factors, **quality** and **price** of products were mentioned by all interviewees as the most important factors for them in purchasing decisions related to imported fruit and coffee products. In addition, they all agreed that **the ratio of quality and price** should be optimum. The informants from big importer

companies generally said that they are able to pay more for better quality products, but only if the price is still reasonable.

“Most important is quality. Price is for sure, then come the issues like pesticides and certification ...” (Large retailer in Austria)

Some gatekeepers said that they think about **price** first because nowadays customers pay more attention to cost when purchasing products especially given the current global **economic crisis**. First and foremost, suppliers have to offer products which consumers can actually afford.

“Price is the most important thing because of the economic crisis. I have to sell products consumers can afford. Some years ago consumers thought more about the quality, appearance and packaging of products but now price is the most important factor for consumers. So, if I see two similar products, I will choose the one that is cheaper.” (Importer and Distributor, Specialty shop in Bologna)

While the price factor is simple to define, the quality factor is rather complicated. For the purpose of this research, **quality** was defined with many parameters. All of informants agreed that **good taste** is the most important quality parameter with regard to fruit. In Italy, all importers and distributors said that **appearance** is as important as taste because Italian consumers give significance to appearance as well as flavor. Appearance was defined in terms of **color**, **size** and **freshness**.

“Taste is for sure the most important part of the decision. If it does not taste good, it’s not interesting.” (Large retailer in Austria)

“Appearance, first of all...because Italian consumers used to buy by look. They look at the goods and if the goods are good looking, they want it. So first is appearance. Second is taste of course. And also the shelf life, the goods must always be very fresh as the regular.” (Importer and distributor in Italy)

Shelf life was also frequently mentioned as an important quality parameter. Since tropical fruits are perishable products, the shelf life of products that suppliers have to handle before delivering to customers is crucial. All the importers in Italy said that for them, tropical fruits are very weak (in the sense of being perishable) and have a short shelf life. Hence, Thai exporters need better **post-harvest**

technology, processing technologies, cold chain in transportation and storage to maintain the quality of products in term of freshness and shelf life.

“For us, the quality is the freshness, the standard of the size of products, the color of the products because sometimes the color of the products is important for us for the fruit in general. And also a good shelf life of the product.” (Importer and distributor in Italy)

Consistency of quality – appearance, size, taste and quantity were referred to by many gatekeepers in Italy as part of their expectations of quality in products. They preferred to have products with a certain quality level and in sufficient quantities because consumers get used to have fruits with homogeneity and consistency on the market.

In Italy but not elsewhere, respondents insisted that products should have **good packaging with clean, persistent, beautiful design, and clear EU language labeling**. They explained that packaging is important to differentiate products from others and to appeal to customers. Furthermore, packages must be clean and be able to preserve products. Labels on package should have a clear explanation in EU language (in this case, Italian) about the characteristics of the fruit, the quality, the organoleptic characteristics, hygiene and healthiness. This implies that **healthiness or nutrient** aspect of fruits is expected, particularly in tropical fruits.

“You need to have good packaging with labeling showing how to eat and what is the awareness in the healthy point...Fruits are not only good to see but also to eat. We have to inform the final consumer.” (Importer and distributor in Italy)

a.2 Food Safety

Food safety standards and less chemical residues were considered by all interviewees to be basic requirements to which all suppliers should conform. **Global GAP and the EU regulation on food safety standards** were noted as basic guarantors of the healthiness and safety of products that enter the EU market. In general, food safety relates to the issue of **trust** with foreign goods in particular. With food products from outside the EU, gatekeepers and consumers are more sensitive regarding safety issues because they do not have a clear idea of food production, processing, and the like in faraway countries. In this sense, food safety standards play the role of mediator of trust between producers and suppliers on one side, and gatekeepers and consumers on the other. In general, large importers and retailers take better care with regard to food safety standards since

they control a larger sector of the market and are considered representative of the food industry in the eyes of the public.

“Most important is quality. Once the price is for sure, then come the issues like pesticides and certification, like Global GAP certification, IFS quality certification, low pesticide residues. I think these are the most important issues.” (Large retailer in Austria)

“(...)Global GAP if possible. Because we are certified--we are HACCP and Global GAP certified suppliers--so we prefer them (exporters) to provide the certificate. It's a basic requirement.” (Importer and distributor in Italy)

a.3 Business relationships and competitors

All of the importers and distributors agreed that a **good business relationship** is one of the most important factors when they choose to establish cooperation with suppliers. **The trustworthiness** of suppliers is essential to establish good business environment in the long run. For them, just having good products is not enough; good partners are perhaps even more important for business, especially in a highly competitive environment with a lot of **competitors**.

“For the retailer, the market is full and there're so many partners, so many suppliers to deliver the products. You have to get into this market, you have have very high standards and good partners for many years... Trust and regularity of supply are important...” (Large retailer in Austria)

The gatekeepers consistently asserted that they want **reliable partners** who can deliver products of **constant quality and quantity** to them in a reasonable amount of time (**timeliness**) and who are capable of **good cooperation** in the communication of **information, documentation, certification, promotion** and **packaging**.

“Thai exporters make very good partners. They are cooperative and try to provide solutions for the customer. They are always available to help in information, customs regulation, flight booking, promotion, and packaging...” (Importer and distributor in Italy)

Some of the participants mentioned that competitors who have a closer connection or who have worked together for a longer time might be in a better position to forge and maintain business relationships. Likewise, **cultural distance** between suppliers and gatekeepers can put a strain on business partnerships since globally, there are as many different ways of doing business as there are cultures, and cooperation can sometimes be difficult. Partners who have closer cultural and historical ties to Europe, such as Latin America and the Middle East, therefore have an advantage over those from other continents.

“I think it’s from history. I don’t know how it was in the beginning but most of the suppliers have better connections to countries in Latin America and Africa. It’s not easy to change because they have been partners for a long time” (Large retailer in Austria)

a.4 Consumer awareness and preference

Some participants who are importers and managers from specialty shops stated that they considered **consumer preference** when they purchased products. All participants from specialty shops strongly relate consumer preference to products offered in their shops. The reason for this might be that specialty shop personnel interact directly with consumers more than others.

“Consumer preference, consumers’ needs are the most important thing. Before we import any products we have to check consumer preference and trends this year.” (Importer and distributor, specialty shop in Bologna)

“For me the most important factor in the fruit business is the final consumer...” (Importer and distributor in Italy)

Although the rest of the participants did not credit consumer preference with directly influencing their purchasing decisions, they often mentioned that a **lack of consumer awareness** is the greatest hindrance for imported products.

“I think (Italian) consumers don’t know these kinds of fruits well, that’s the problem...” (Importer and distributor in Italy)

These gatekeepers mentioned that consumers’ **information** and **experience** are strongly related to consumer awareness. Consumers who come from Asia or had been on holiday in Asia before have more awareness and experience with exotic

products and they might tend to look for and purchase these products. On the other hand, consumers who have no experience or knowledge of these products need information to stimulate their awareness.

“The problem is a marketing project that makes the product known. There is work to do. The product is good but there is a need for commercial channels. Communication is fundamental. Tourists who come back from Thailand often think about it.” (Large retailer in Italy)

A large retailer from Austria noted that **image of products** and **continent or origin image** also influence public feeling and the decisions of gatekeepers. If the product comes from a country or region with a negative image, consumers might decide not to buy it and gatekeepers will consequently avoid it.

“It’s about image. For example, the Austrian always believes that the Austrian product is the best one. So the consumer thinks that the labor conditions and environmental standards in production are very high. I don’t know, I’m not sure that it’s really so high, but the consumer thinks and believes that. So every retailer always tries to sell as much Austrian product as possible. It’s very important.” (Large retailer in Austria)

a.5 Environmental and Social aspects

Apart from the characteristics of products, business relationship and consumer preference, the informants also were concerned with **environmental** and **social** aspects of **production, processing, storage** and **transportation**. Although, these are not the most salient factors in gatekeepers’ decisionmaking, those interviewed said that environmental and social labels are an **added value** of exotic fruits and coffee. Survey results indicated that in Austria and Switzerland, environmental issues are more significant, whereas in Italy, social aspects like fair trade take precedence. Also worth noting, these topics were of concern primarily to participants from the retail and research sectors; interviewees representing specialty shops were on the whole less concerned with these issues, perhaps due to differences in target market.

Participants concerned with these topics stated that of late, environmental issues such as climate change and so-called **food miles**, have become more important in consumer’s awareness. It has thus become more difficult for vendors to sell products brought to market by airplane, especially to Austrian consumers. Hence, environmental issues were considered in gatekeepers’ decisions. Another example

of an environmental concern is **organic certification**, denoting goods produced by environmentally friendly, chemical-free processes.

“For the European, I think it [environmental friendliness] would be the key question because of climate change and carbon footprint. It will be more and more important, and I think it will become harder to sell products which come by airplane.” (Large retailer in Austria)

Fair Trade was noted as a guarantee of good labor conditions in the production of goods from faraway countries. The interviewees explained that because consumers would like to know the story and work conditions that behind the product. Most informants said that Fair Trade is particularly important for coffee which comes from faraway countries as well as for **ethnic fruits** such as the banana. They opined that ‘Fair Trade’ might be a promising label for Thai coffee and other tropical fruits.

“People start to say ok, we have products from country A, ok they are good. They have good worker conditions, they have a good environmental record. I don’t have to have a bad feeling if I’m buying it. It’s good for me because it tastes good, it’s good for the environment and the people there are happy, something like that.” (Large retailer in Austria)

“...for me Fair Trade is important for ethical products. Because it’s very important trend you know, especially for bananas and can be generalized for exotic fruit. I know that the three most important products with Fair Trade certification are coffee, chocolate and bananas, at the moment. So I think that the mango, and other products--like the papaya--that Thailand produces, could be in this kind of producer track.” (Marketing researcher in Bologna)

In conclusion, there are many factors which influence European gatekeepers’ purchasing decisions due to the complexity of issues in the European market. Survey results showed that the most important factors are quality of products and price; however, those surveyed also mentioned that the ratio of quality to price should be optimum. Food safety standards, chemical residues, consumer awareness and preferences, good and differentiated packaging, wholesaler trustworthiness and business relationships are the subordinate factors, while environmental and social aspects like carbon footprint and Fair Trade are considered as an added value of products. This reflected that the gatekeepers not

only considered the characteristics, quality and price of products but also good business relationships, as well as environmental and social concerns.

b. Conceptual map of factors influencing imported food products purchasing decisions of European gatekeepers

Factors influencing imported food products purchasing decisions of European gatekeepers retrieved from interviews were selected from a heuristic content analysis to formulate a conceptual map. The concept and relation among factors discussed were showed by the connection line between factors. The conceptual map (Figure 12) showed eight main factors which influence gatekeeper's decision to purchase products: Quality, Price, Food safety, Business relationship, Consumer awareness and preference, Competitors, and Environmental aspect and Social aspect. In addition, sub-factors which are a subset of the main factors described were also included in this map. These sub-factors were used as clues by gatekeepers to define whether a product has main factors (e.g. quality, food safety, etc.) or not.

Quality, food safety, environmental aspect, social aspect, business relationship and consumer awareness and preference have a positive effect on the purchases of gatekeepers while price and competitors (other products on the market) might influence gatekeepers to buy other products. Each factor also correlates with others: food safety, environmental and social aspects and price related to quality, and quality, price and competitors related to consumer awareness and preference. Business relationships affected the decision to buy products from Thailand as well as other countries.

Quality of products is defined as a good appearance, freshness, tastiness, optimum shelf life and richness of nutrients. *Price* reflects total operation costs, e.g. transportation, management fees, taxes, et cetera. In an economic recession situation, price competitiveness is very important but also depends largely on target markets. In a lucrative market, quality is more important than price, whereas, in a mass product market, price is more important. Regardless, the balance between quality and price should be optimum.

Figure 12. Factors influencing imported food products purchasing decisions of European gatekeepers



Source: This conceptual map was created using information given by the European gatekeepers interviewed. Dotted arrows represent inhibitory effect.

Food safety can be guaranteed by Global GAP, Organic and/or other certifications. The food safety system is an assurance of quality of products which is important for the European market, especially in products which come from overseas. This could be an effect of physical distance, since in situations where food travels long distances, the consumer may require particular assurance of product safety. Chemical residue and GMOs also have a great negative effect on perceptions of food safety.

Environmental aspects such as food miles and carbon footprint are also related to physical distance because of the issue of climate change. The farther the distance, the larger the negative effect on the environment, especially with regard to food transported by airplane. Organic certification is perceived as an environmentally friendly label signifying clean and good production condition which gives added value to products.

Social aspects such as working conditions in agricultural production are of particular concern, especially in terms of coffee and exotic products. Fair Trade certification is considered an indication of social sustainability and value for products which come from developing countries.

The *business relationship* concept is evaluated using the criteria of reliability and trustworthiness. Reliable suppliers should be able to deliver products with consistency of both supply and quality in a timely manner right (timeliness). However, cultural distance between suppliers and gatekeepers can be a great hindrance in this regard since differences in business culture may make cooperation difficult. Competitors who have less cultural distance from European gatekeepers, for instance other European, Latin American and Middle Eastern countries, have an advantage in this aspect. Furthermore, a strong link to food traditions in Europe results in a high consumption of domestic or otherwise European products. In this way, cultural distance affects consumer awareness and preferences, since European consumers are far more familiar with not only products from their own continent, but also those from regions like Latin America, which maintain closer historical and cultural ties to Europe than Asia does.

Consumer awareness and preferences ultimately depend on information and previous experience. Awareness can be established and enhanced by informing consumers through direct communication and public relations activities to instil knowledge, country of origin image, the stories behind products, and so forth.

Quality, food safety, environmental and social aspects, and consumer awareness and preferences could be coped with through communication and information strategies whether on labels, in advertisements, or demonstrations, and the like. Business relationships are the essence of a good business environment in the long run. In order to enhance competitiveness of products and to make them a privileged choice for gatekeepers, proper marketing strategies to establish knowledge, information and good business relationships need to be carefully chosen. This conceptual map will be used as input for managing marketing strategies for Thai GIs products in topic 5.2.8.

5.2.6 Perception toward Thai Geographical Indications products: fruits and coffee

When the researcher asked interviewees their opinions toward Thai GIs products, all replied that they **did not know any Thai GIs products** because these products are new and have not been delivered to the EU market yet. Some of them wondered whether Thailand has typical products and if such products are high quality or not. Respondents' expressions showed **a lack of knowledge and information** about these products, demonstrating that Thai GI labels are **not perceived as a quality cue**.

“The market for exotic and Asian fruits is really small. There is no knowledge about fruits, then, for my point of view, the label (Thai GIs) is useless, absolutely useless.” (Wholesaler in Bologna)

Most importers, distributors and specialty shops underlined that the Thai GIs label is not important at the moment because consumers do not have enough **knowledge of and information about Thai products** to be able to discern the **quality of products**, and therefore this label will not make a great difference for consumers. The gatekeepers interviewed suggested that Thailand first try to focus on the quality of products and other European standards so that Thai products are allowed to enter the EU market. After consumers get to know Thai products better, the Thai GI label might then be perceived as a quality cue.

“It would be hard for consumers to distinguish the quality of products from Thailand.” (Importer and distributor, specialty shop in Vienna)

“This business (Thai and exotic fruits) is too small in quantity. For me, you have to work with the quality – the freshness, and information. Because for me, in my opinion, when you have many fruits, you use IGP (GIs) to differentiate them. This is small market, so it cannot differentiate.” (Importer and distributor in Italy)

However, all marketing researchers and big retailers thought that the Thai GIs label might provide an opportunity for **Thai typical quality products**. They foresee some chances for Thai GIs products because European consumers are already familiar with the GIs scheme and perceive it as a mark of quality, and, this label could also work for products from other continents accordingly. Using a well known labels such as European public brands for GIs could represents an advantage for Thai GIs products considering the confidence and trust which European consumers associate to them. In this sense, the Thai GIs label could be perceived as a **quality guarantee** for Thai products but **only if it is recognized according to EU regulations** (achieving **mutual recognition**). Nevertheless, the interviewees pointed out that Thai GIs products will likely remain a **niche market** because it will be hard for consumers to **distinguish the quality** of these products, particularly in terms of **specific geographic areas of Thailand**. Furthermore, they strongly suggested that **public relations and information** provision are crucial in order to introduce Thai GIs products in the market.

“The GIs label has a very high benefit for a country like Thailand, to show product quality and let the consumer learn how you take care of the product from production to processing...[it would also be a benefit] in the food culture to show how they are prepared locally, so we can learn about Thai quality.” (Marketing researcher in Switzerland)

“I think for some products, GIs are important for merchandise as a tool if it’s really a typical product from this region...But I think it has to be a well-known product so that people knew that it comes from this country (Thailand). Thai GIs products have to get an image in peoples’ minds that this product is the typical Thai product and it’s the very best one coming from Thailand.”(Large retailer in Austria)

A marketing researcher, a large retailer, and an importer and distributor in Italy all correlated the Thai GIs label to **trust and assurance**. They saw an opportunity for Thai GIs products because they believed that the GIs label, which is a kind of certification, could assure the consumer of the safety of products bearing the label. This may be due to a lack of trust in the safety of food products from far countries. The GIs label could therefore increase **accountability of Thai products** by **guaranteeing the quality** and **food safety standards** of Thai products since certification would signify food safety **inspections and traceability of production**.

“Certainly, IGP (PGIs) would help us to have warranties and also suppliers. They would enter more easily into market. It would be an advantage for consumers, too.” (Importer and Distributor in Italy)

“For a faraway country like Thailand, GIs must also be the assurance of the production that you can give to the customer. The control during the production, the packaging, in the warehouse, during the trip and so on. So there are quality assurance systems, it comes from a clean area, which does not have environmental problems, and so on. All of these items are important to explain.” (Marketing researcher in Italy)

Some of the gatekeepers suggested that to introduce Thai products under the ‘Made in Thailand’ brand would increase the opportunities for Thai food products to enter the market since it is easier to recognize products by country of origin. These show that certain confusion still exists between geographical indication claims associated to products coming from third countries and country of origin or “made in”. Some suggested that Thai operators start in Northern and Western Europe—countries like Britain and Germany—since consumers there already know Thai products, and might therefore, be better able to distinguish quality goods than in other regions.

5.2.7 Opportunities and challenges of Thai Geographical Indications products: fruits and coffee

a. Opportunities of Thai Geographical Indications products

It seems that strong information and promotion campaigns should steady partner Thai GIs products registration efforts since European consumers and gatekeepers do not know these products or cannot distinguish the differences of these products in terms of quality and taste out of other similar products. However, the participants in this study said that this could change if Thai suppliers are able to **prove the distinguished quality** of their products versus others and **inform and communicate** this information to consumers. The GIs label might be a good **marketing tool** to introduce quality Thai products in the European market. Thai GIs goods which are considered **high quality products** could be introduced to the market first, before introducing other, more standard products, so that Thailand can cultivate an image as a producer of high quality products in the minds of European consumers. It is also important to synchronize Thai GIs label from those countries with the European one (Mutual recognition) to maintain the same quality of labels.

“It could be interesting to tell the world that the rambutan from Thailand is different from others.” (Importer and distributor in Italy)

Interviewees underlined that the most **important attributes of Thai GIs products** are:

- 1) These products should be of very **high and outstanding quality**,
- 2) Suppliers should provide the correct information or story behind products including landscape, production area, production and work conditions, and
- 3) Products also need to have **food safety certification** according to **EU regulations**.

“The GIs label has a very high benefit for a country like Thailand, to show product quality and let the consumer learn how you take care of the product from production to processing...[it would also be a benefit] in the food culture to show how they are prepared locally, so we can learn about Thai quality.” (Marketing researcher in Switzerland)

“If you have an origin certification of the product, this could be a way to instil knowledge, the national of the product. In the European market, I think it could be interesting, if you have this kind of certification between the European and of course Thai government at the same level of quality assurance, originality, traceability and so on. I think that could be a possibility especially for fruits.” (Marketing researcher in Italy)

In addition, some interviewees, especially marketing researchers, suggested that suppliers **combine the GIs label with organic or Fair Trade labels**. In Europe, organic certification is related to traditional agriculture and since GIs certification signifies traditional knowhow, **the combination between organic and GIs labeling** might be beneficial. **The Fair Trade label** guarantees good working conditions for agricultural laborers, which has become a top social concern of European consumers.

“Thailand has very high potential, especially to combine with organic food, although maybe not all food. In conventional products I don’t see too much potential, but for organic products I see very high potential for GIs. I think you need to maintain a high communication level with the consumer. The story of GIs could be a large benefit especially for Thailand.” (Marketing researcher in Switzerland)

Interviewees thought that the certification and quality system which can combine GAP and traditional produce might be the answer for Thai GIs products. However, certification regimes and cost are difficult to reconcile and have different target consumers and therefore, to combine GIs with other quality label should rely on clear gatekeepers and consumers understanding of the separate values and products attributes transmitted by each label .

b. Challenges of Thai Geographical Indications products

Main challenges for Thai GIs are linked to succesful **information and communication campaigns**. Gatekeepers considered **knowledge and information** about **Thailand** and Thai **products** the most challenging issues for Thai GIs products. They pointed out that European consumers today are not familiar with Thai products, or the differences between geographic areas in Thailand. If Thai operators would like to create business of GIs products, they must first inform and explain the characteristics and quality level of products in order to create **consumer awareness**. Then, they should try to **control the quality standards** of products to maintain **constant quality** in the long run. It is

important, according to those interviewed, to explain **why one product is better than others**.

“Thailand is very far away. Maybe people can identify products specifically from Thailand... maybe one day, they will know that a tamarind is from Thailand but in terms of province I think it’s very different.” (Importer and Distributor in Italy)

Another challenge for Thai GIs products is **consumers with a strong link to food tradition**, who may hinder market penetration of these products. Participants mentioned that those from **Southern Europe** (Italy, France, Greece, et cetera) are more **traditional consumers**. They prefer to consume only local or Mediterranean products because of long and rich food traditions. In light of this, they may be less likely to try foreign food or other unfamiliar products. This could therefore be a great barrier for Thai operators to introduce Thai GIs products into the market.

“You have to consider that the Italian consumer is a traditional consumer. So it’s more difficult to sell fruits here in Italy that are not similar to the fruits here... people here think that fruits are pears, apples, then in the last period pineapple is well consumed. Other fruits are not a quantity business.” (Importer and Distributor in Italy)

c. Potential Thai Geographical Indications products

Most of gatekeepers suggested that Thai GIs products which might have potential in the market have to be **specialty products** from Thailand and have **good and outstanding quality**. These products should also connect or **correlate with Thai culture and traditional know-how**.

“I think it has to be a specialty. For example Thai products have to get an image in people’s mind that this is the typical Thai product and it’s the very best one coming from Thailand” (Large retailer in Austria)

Some gatekeepers thought that the most promising Thai GIs products may be special varieties of **rice** such as **Hom Mali Rice**. because many European consumers already know Thai rice as it is **easy to transport** and has **long shelf life**. However, these products need better post-harvest care and packaging to maintain their high quality and aroma. Others thought that **specialty coffee, tea,**

dry spices and **herbs** or **semi-ready Thai food** could be very promising since Thailand is famous for cuisine.

“Rice. Because many consumers already know Thai rice and rice from different regions clearly is different in quality.” (Importer and distributor, specialty shop in Vienna)

“Try with coffee, tea and rice because these are easier to transport too, and afterward fruits. And also food safety is not a problem for rice.” (Large retailer in Austria)

Organic or **Fair Trade certification** combined with Thai GIs certification might an advantage for products by improving their image on the market, perhaps because of doubts about the safety of products from distant countries.

“If the people conscious that this organic rice is from Thailand, this is a good start; they will start associating in their mind, Thailand and organic.” (Large retailer in Austria)

“If you can have social certification proving respect for workers as well as organic production, these are two more added values, because Fair Trade and Organic sometimes go together with exotic products, for example bananas, pineapples, coffee and chocolate.” (Marketing researcher in Italy)

Most of interviewees suggested that **general products** with which the market is already saturated should be avoided—for instance pineapple, the provenance of which consumers tend not to care much about. However, an interviewee from a specialty shop in Vienna had a different opinion of pineapple, stating that pineapple might too be a potentially lucrative product because of the high quality and good taste of Thai pineapples, but maintained that there needs to be good transportation and post-harvest technology.

“All products which you can somehow prove are unique and grown in Thailand, they certainly have a chance but for other products which could be produced in other countries and have lots of competition, their chances are not very good. For instance, pineapple; I don’t need to have Thai pineapple, I can buy any pineapple.” (Marketing researcher in Austria)

“Pineapple could be a potential one since Thai pineapples are sweet and of better quality than pineapples in the market here. Besides, consumers here already consume pineapples as normal fruit, there is no need to explain how to prepare or eat them.” (Importer and Distributor, Specialty shop in Vienna)

Pineapples are nowadays considered commodity products in the European market and as a result, normal consumers and gatekeepers are not concerned with quality as much as factors like size, cheapness, shelf life and ease of transportation. Additionally, pineapple is already familiar to European consumers, and most know how to prepare and consume it. There is of course always room for specialty products such as small pineapples which could have success with European families, which have gotten smaller and tend to not include extended relatives. This might provide a chance for Thai pineapple varieties like ‘**Chiangrai Phulae**’ and ‘**Nanglae**’ pineapples, which have small size and a unique taste, to enter the market.

5.2.8 Marketing strategies for Thai Geographical Indications products

The marketing strategies to introduce Thai GIs products in this section were suggested by the gatekeepers as illustrated in the conceptual map in topic 5.2.5. One of the most important strategies is **information, public relations and communication** in order to cope with the problem of consumers’ lack of knowledge. That and other strategies are discussed in the following pages.

Information, public relations and communication. All gatekeepers agreed that this is the most important strategy to introduce and create consumer awareness of Thai GIs products. At the same time they have to ensure that these products represent typical Thai output, and that they are of high quality and differ from other products. It is also important to explain relevant characteristics such as why the product is better than others, health and nutrient aspects, and how to prepare as well as consume the product.

“It’s really important that you give the right guidelines on the shop. You have to say, this is the mango, the best moment to eat is ...some characteristics of the fruit are ...the taste is ... the consistency is ... you have to put that on the label. It’s important because we don’t know what the quality of products is. So you have to increase knowledge about the right use of the product for the customer...” (Marketing researcher in Italy)

Showing the origin regions and stories behind products. In Europe, GIs products relate to deeply felt food traditions and the geography of products' origin areas. Thus, correct geographic information should be provided by Thai operators in order to create consumer awareness and build affection. Furthermore, informants stressed that in European consumers' minds, Thailand is primarily thought of as a sunny holiday destination with great natural beauty and fascinating culture. It would be advantageous to convey the **background landscape and culture of Thailand** through Thai GIs products.

“People want to buy a story, the more heartbreaking the story behind the products and more far away, the better chance the product has to sell, that’s the fact.” (Marketing researcher in Austria)

“It is important to create a sense of affection or link special cultures and landscapes of Thailand to the product. A “tropical holiday country with exotic cuisines and fruit” image would give value to Thai products.” (Importer and distributor in Italy)

This is an important strategy to reduce the cultural distance between European gatekeepers and consumers and Thai culture. There are other strategies that might be helpful as well, for instance, the Thai government could encourage Thai immigrants in Europe to act as a bridge to explain and promote Thai culture to inspire interest among EU consumers. Later on, this might improve consumer perception toward Thai products and cultures and activate demand for Thai products in the EU market.

Promoting products by demonstration. This could be done by letting consumers try products. Several interviewees said that in so doing, consumers would be able to see the characteristics of products, learn about their nutrition and health value, and find out how to best prepare and consume products, through the following channels:

- Exhibitions such as the Biofach exhibition and others.
- Large supermarket chains like Merkur, Lotus, and Carrefour.
- Thai spas – to target affluent customers who have more purchasing power.
- Tourist areas in Thailand such as Wat Prakaew and Suvarnabhumi Airport or even hotels. This could be done by cooperating with hotel and travel companies to set up exhibitions and tasting booths in places where there are many tourists.
- Shops at tourist destinations in Thailand should provide labels with information about GIs products, for example the Srirasha pineapple variety.

An interviewee from a specialty shop in Vienna remarked that tourists in Thailand should be the first targeted, so that they will recommend Thai products to others when they return to their countries, an example of *word of mouth* publicity. This will increase consumer awareness, while other strategies like information provision and exhibitions abroad could come later.

In this way, consumers will get to know the best quality Thai GI products. Furthermore, the gatekeepers interviewed asserted that these methods could be a way to **test consumers' preferences and** to see the potential of various products in the market.

Developing an export platform for Thai cuisine and fruits. A marketing researcher from Italy suggested that Thailand develop an export platform for Thai GI goods and Thai cuisine, including products, service, information (about the characteristics of products, how to handle, prepare, consume and so on) as a full option and ready for customer (import companies) to offer to consumers abroad. Consumers would thereby learn the right way to consume Thai GI products and Thai cuisine in general.

“You know that Italian food is a great trend in the world. Some companies that specialize in products like pasta or tomato soup and so on, they propose to other retailers in other countries all the services. They tell to customers that if you want to introduce this new line of Italian specialty food, I can sell you a whole range of products. I give you all the information for the customer and so on. And I give it to you the right way because I’m a retailer, I know very well the logistics, the problems, so you buy the whole pack and you can promote it with your brand. So they are beginning as retailers but also suppliers for other retailers or for other divisions in foreign countries. But the same things are for the other kind of products, so it could be a possibility also for Thai GI products. From the retailer from Carrefour in Thailand, if they have opportunity to do in Europe also.”(Marketing researcher in Italy)

Allowing **pilot products** which are **typical and high quality**, with **no environmental and social problems** to enter the market first to make consumers aware of Thai products. Interviewees added that **organic and fair trade certification** could provide a good image for Thai GI products too. **Smaller packaging** is also recommended to first introduce products, so that consumers can try a product initially, and then decide whether they would like to purchase it again or not.

“You have to start with one to two products which are typical Thai products or which are very high in quality of taste. And you have to be sure that there’s no problem with these products. No pesticide problem, no social problem.”(Large retailer in Austria)

Offering promotions to gatekeepers like importers, specialty shops, wholesalers and retailers to enhance competitiveness of Thai GI products among competitors. **Selecting the proper distributors to channel Thai GI products.** Most of the participants thought that Thai GI products should be **channeled through specialist distributors for ethnic products** such as specialty restaurants and shops, since these channels know how to manage, provide information about, and present products. Above all they sell products to consumers who have a preference for foreign products already are willing to try new foods. The **Thai government** might also be able to create and develop consumer awareness through this channel by **providing special courses** about how to cook and prepare Thai GI products.

On the other hand, a marketing researcher from Italy suggested channelling Thai GI products through **international large retailers** like Auchan, Carrefour and Tesco, which have many locations in Thailand and other Asian countries. These retailers, through their Asian branches, already have knowledge and experience managing and selling Thai food products, and could therefore help exporters find channels with which to distribute Thai GI products overseas. Moreover, this interviewee also opined that Thai operators might be better served by first introducing Thai GI products into the more **open-minded European markets**. An example of such a market would be the **United Kingdom**, which is seen as more accepting of exotic—particularly Oriental—cultures and cuisines because of its history of colonialism in Asia. Furthermore, the UK is not a producer country, so it has to buy most products from abroad, and it has the highest revolution in term of products’ services and convenience food. It would be a good start for Thai GI products, then, to enter the British market before extending to other countries in Europe.

“Some of the European retailers are buying and opening new outlets in Asia, so they have the knowledge to manage these products. If the buyer knows the product and knows the company and so on, it’s easier to ask them to help you export the product in other points of sale, their sales chains in other countries. Because he knows the story, if it’s a success story, he can speak with his store about the good possibilities of the product and so on, this is interesting.”(Marketing researcher in Italy)

Assuring product safety and quality guarantees. In the EU market, traceability and food safety are essential. Like other products in the EU market, Thai GIs products should comply with EU regulations. Gatekeepers noted that it's crucial to show and assure consumers that products from faraway countries also have the same high standards of quality as the those produced in Europe. Global GAP, Organic and Fair Trade certifications could be beneficial in this regard.

“Not an image of holiday, but about real production...you need some important items to assure the products. So there are quality assurance systems, [to make sure the products] come from a clean area, do not have environmental problems, and so on...a paradise, in natural living heaven, Thailand is that in the mind of customer” (Marketing researcher in Italy)

Differentiating Thai GIs products from other products by quality, healthiness aspect, and packaging.

“If Thai GIs products are different from others, it could be interesting for Thailand to make a strategy of differentiation. In the market and competition, if you can prove these differences, it's a good thing. And the differentiation also means different packaging. Different packaging giving the fruit a longer shelf life could be a good strategy. Work on the taste of the fruit and prove that the fruit that came from Thailand is good to eat.”(Importer and Distributor in Italy)

Studying the cases of success and failure of foreign products in the EU market, after that, Thai operators could develop some marketing strategies adapted from these products to introduce Thai GIs products in the EU market.

5.3 Conclusions and discussion

Geographical Indications (GIs) has been well-known in Europe for quite some time as a values-based label on high quality products (Carpenter and Larceneux, 2008). Hence, it has become a tool to protect and promote typical and traditional products from specific regions. This attracts producers and operators from other countries, who would like to place their quality products in the lucrative EU market, registered under EC Reg. N. 510/2006. Thailand's government has instituted policies to support and promote typical high quality domestic products via this label under Thai regulation, namely “the Geographical Indication Act of B.E. 2546 (2003)” and “Thai Geographical Indication Logo Approval B.E. 2008” (Jaovisidha, 2003). During the last few years, Thailand has registered Thai

products under EU regulations, including Thung Kula Rong and Hai Thai Hom Mali rice, as well as Doi Chaang and Doi Tung coffees (DOOR database, European Commission, 2010). However, European gatekeepers' perceptions toward Thai GIs fruit and coffee products should be studied and understood in order to foresee both the marketing potential of and possible barriers to these products in the market. This study is an attempt to understand this issue and propose in-depth information about how Thai GIs products are perceived by European gatekeepers, especially in the Austrian and Italian markets.

Regarding products of interest, results from the survey showed that Thai fruits are by far better known by the gatekeepers interviewed than are Thai coffees. This might be due to the fact that Thailand is a major fruit producer known for a variety of unique and tasty fruits (Chomchalow et al., 2008), while Thai coffee was only introduced to the international market a few years ago. Nevertheless, it should be highlighted that the interviewees still did not have much knowledge of either Thai fruits or coffee. This has resulted in lower awareness and a limited market for these products in Europe. However, since there is a current trend of coffee of "exotic" origins in the EU market, the GIs label might be useful to introduce Thai coffee, although a high level of communication and quality guarantee are required. Teuber (2007) studied the economic impact of GIs in the specialty coffee sector by a hedonic pricing model using internet auction data for single origin coffees and found that those from individual coffee-growing regions can demand premium prices if they have a good reputation. Her study indicated that country and region of origin played a key role in price determination in the intermediate goods of coffee (from harvesting to roasting) (Teuber, 2007; Bramley et al, 2009). As stated above, Thai fruits are better known by European gatekeepers than coffees. Nevertheless, most Thai fruits are considered "exotic" and totally different from European fruits, causing a lack of knowledge of Thai fruit characteristics. A lack of knowledge regarding how to prepare and consume Thai fruits appeared to be a great hindrance to the extension of the market for these products. In addition, the gatekeepers also mentioned that they cannot differentiate Thai fruits from those from other Asian or tropical countries; therefore it is difficult to segment the market since gatekeepers cannot distinguish the quality of Thai products. In this context, some gatekeepers expressed that the GIs label might help differentiate quality Thai fruits from others and give them added value.

Most of gatekeepers have awareness on GIs products (even a certain confusion still exists between geographical indication claims associated to products coming from third countries and country of origin labels or "Product of"), but mainly local or European products. However when dealing with Thai GIs products, most of gatekeepers thought that GIs label may not give added value to Thai fruit and coffee products because consumers do not have enough information and

experiences on these products, therefore, they cannot distinguish the quality of such products from others. Boccaletti (1999) mentioned that most imported products have a lower capability to be perceived as quality products, because of the lack of consumption experience and familiarity among consumers, especially with regard to PDO products from specific regions. He also added that PDO products with a good reputation in a domestic market may not be able to obtain the same prestige in a foreign market. Nevertheless, the usage of well known labels such as European public brands for GIs could be an advantage for Thai GIs products.

Some gatekeepers and marketing researchers thought that the GIs label might be useful as a mediator of trust to guarantee the quality and food safety of products from Thailand. Although GIs certification is not a food safety guarantee, they believed that it is able to assure safety of the products also. The explanation for this perception is that normally gatekeepers and consumers are more sensitive to imported foods than domestic ones due to food scares and because they do not know or cannot check real production conditions (Bredahl et al., 2001). Knight et al. (2007) studied the effect of product origin on European gatekeepers' decisions to select products from abroad. He found that country of origin (COO) related to confidence and trust in products more so than country image itself. In addition, he investigated factors influencing gatekeepers' purchasing decisions and discovered that gatekeepers are more concerned with trust issues when it comes to imported food – both in the product and its packaging, and in the producers and intermediates involved in supplying the product. As a result, gatekeepers tend to look for a guarantee to assure the quality and safety of products they selected (Willems et al. 2004) and thought that the GIs label might be helpful in this aspect. Brunori et al. (2008) analyzed organic beef in Italy and concluded that this kind of label is more useful outside the production region because local consumers do not need certification labels to trust products from their own region (Brunori et al., 2008; Bardaji et al., 2009). Vandecandelaere et al. (2009) argued that distant markets, especially in developed countries, offer a potential for niche or specialty products, so consumers in these countries might also appreciate foreign GIs products which are certified as typical specialty products. However, the farther the physical distance between origin production and consumption area, the higher the cost and greater the cultural distance. This might affect consumer awareness and perception toward these products also. All respondents highlighted that therefore, information and communication are crucial issues with regard to Thai GIs products.

One respondent thought that the GIs label will not be useful for Thai products because he gives more value on his quality private brand than GIs certification. This inferred that the GIs label, which is a quality label, might be a competitor of quality private brands (or retailer brands) in a similar production line. Because of

this, large retailers might have less of an inclination to put similar products with different quality labels in their stores. A previous study of regional products in the UK by Parrott et al (2002) found that there are tensions among retailers between meeting public demand by providing local and regional products, and accommodating regional producers into centralized purchasing and quality control networks. This might hinder GI products in countries where purchasing and quality control are centralized, like the UK. On the other hand, GI products might face fewer barriers to entry into markets where there is less centralized purchasing and quality control, and local store managers have more influence over the purchasing of local products, as in case of Italy. Due to the increasing role of large retailers and private brands in the EU market (CIAA, 2009).

The results from this study showed that Thai GI products might be interesting for European gatekeepers, but it should be highlighted that GI attribute alone might not be enough without the consistent support of information and promotion actions. This conforms to the findings of Boccaletti (1999) that GI products from abroad should feature good communication, indication that the product has traditional characteristics, and other relevant characteristics as per consumers' requirements. Nevertheless, the GI label might be useful as an attribute to foster the perception of quality of Thai GI products, both as an intrinsic cue (product attributes related to geographical area and traditional practice) and extrinsic cue (reputation and product image). This may transform into a search for quality attributes of products (Fandos and Flavián, 2006). Furthermore, respondents also insisted that Thai operators and producers should improve quality control and traceability systems in order to maintain a high quality of products (Fandos and Flavián, 2006) which will lead to the differentiation of products and market access later (Bramley et al, 2009).

Some respondents expressed that Fair Trade (in case of Austria, Italy and Switzerland) and Organic certification (in case of Austria and Switzerland) might enhance and improve the image of Thai GI products since nowadays European consumers are strongly aware of product quality and food safety, as well as environmental and social concerns associated with food products (Willems et al., 2004). Moreover, European consumers presently focus more on pleasure, health, physical attributes, convenience and ethics (CIAA, 2009). A study from CIAA (2009) showed that health, pleasure and convenience are the long-term trends which have the greatest effect on the fruit market, whereas pleasure and ethics are important elements for coffee and tropical fruit. This trend is confirmed by successful cases of Fair Trade in the banana, coffee, and chocolate industries. Therefore, the gatekeepers showed an interest in combining these certifications, including Global GAP (as a basic requirement of food safety) with GI certification, which is recognized under EC Reg. N. 510/2006. However, it should be noted that these three labels (GIs, Organic and Fair Trade) target different

consumer groups, and as such might be difficult to combine. Besides, combining GIs with other quality label should rely on clear consumers understanding of the separate values and products attributes transmitted by each label.

The relevance of distribution channels was another important issue discussed by respondents. There were three main channels suggested by the gatekeepers interviewed: specialty shops, large retailers, and restaurants/spas. The respondents explained that specialty shops are a good distribution channel because they are run by experts and have experience with typical products. As a result, managers in these shop can explain product information such as how to prepare and consume products, to consumers better than in supermarkets. The limitations of this channel is that it is a niche market and thus will give access to only a small number of consumers. However, this group of consumers might have more intention to purchase these products.

On the other hand, international and national large retailers are thought to be a promising channel for GIs products, since this channel can sell high volume of products, provides better access to mass consumers, and has superior marketing strategies. However, producers and operators who would like to distribute products through this channel might face difficulty in maintaining bargaining power, since premium prices and stricter regulations are required (Vandecandelaere et al, 2009). Vandecandelaere et al (2009) suggested that large scale distributors are recommended only for large-scale GIs products that have already developed marketing strategies to attract new consumers. Besides, GIs products which do not have a good reputation might be ignored by these distributors or be perceived as competitors to their private brands. Thai restaurants and spas were also mentioned as channels to introduce and demonstrate correct use and consumption of Thai GIs products. Vandecandelaere et al. (2009) asserted that innovative distribution channels such as agri-tourism markets, trade fairs; fair-trade purchasing groups, community-supported agriculture, and the like are interesting and promising also. They explained that because these channels help fulfill social expectations for closer relationships between producers and consumers and production with an environmental friendly approach. One of the interviewees in the present study also mentioned a successful case of this distribution channel - a famous apple brand in Italy which comes from the Alps. In this production area, there are many agri-tourism activities to link and maintain relationships between producers and consumers while showing the link between environmental and geographical characteristics and product quality. Therefore, this channel might be promising for Thai GIs products to present the production area, process, and traditional activities in Thailand to enhance communication with consumers.

Another challenge for Thai GIs products mentioned by gatekeepers is consumers with a strong link to food traditions, especially in the Italian market. Stolz et al.

(2010) studied sensory experiences and expectations of organic food in qualitative consumer research and found that in some consumer groups, the origin of food is very crucial. They found that these consumers preferred products from their local area due to a perception of higher quality in these products. Therefore, to introduce Thai GIs products into markets with a high share of traditional consumers might be difficult.

All in all, according to the results of a survey, Thai GIs products might be interesting for European gatekeepers, but it should be highlighted that GIs attribute alone might not be enough without the consistent support of information and promotion actions. Other product attributes also have a large impact on purchasing decisions of gatekeepers. The respondents mentioned that the key factors influencing their decisions to purchase imported fruit and coffee products are: quality, price, food safety, business relationship, competitors, consumer awareness and preference, environmental aspects, and social aspects. These factors are more general for imported food products and are similar to previous literature. Mc Goldrick and Douglas (1983) found that there are seven key factors influencing industrial buying decisions for food products: characteristics of the supplier company, characteristics of the product, variety of product offered, pricing factors including volume and promotional discounts, marketing support to the product or brand, reliability, and ability (Mc Goldrick and Douglas, 1983; Knight et al., 2007). Skytte and Blunch (2001) found that traceability, sufficient quantities, and long term relationships are the most prominent criteria involved in European retailer decision making. This supports the idea that product characteristics themselves are not the the only factor considered by gatekeepers; supplier characteristics, business relationships, marketing strategies and traceability are also used as key decision-making factors in evaluating foreign food products.

According to other authors, good taste is the most prominent parameter to indicate the quality of products. Brunsø et al. (2002) studied consumers' perceptions of food quality and found that taste is one of the most important criteria to evaluate product quality as well as three other factors: health, convenience, and for some consumers, process characteristics (e.g. organic production and GMO free production) (Brunsnø et al., 2002; Grunert, 2005). In the case of consumers interested in process characteristics, GIs certification of typical products might attract them, and hence, improve demand for these products in the market. In and only in Italy, gatekeepers mentioned that good packaging with clean, persistent, and beautiful design, as well as clear EU language labelling are also important as quality indications for them.

The conceptual map of factors influencing imported food products purchasing decisions of the European gatekeepers created in this study may be a useful tool to design marketing strategies aimed at value-enhancing Thai fruit and coffee

products, exploiting the opportunity offered by GIs. However, given its qualitative nature, the conceptual map needs to be tested in further research.

5.4 Suggestions for further research

This study represents exploratory research, and therefore many issues were raised that need to be further analyzed using a quantitative research approach. For instance, factors influencing gatekeepers' purchasing decisions should be tested for their relative importance, in order to accurately define marketing strategies to introduce these products into the market. As a result of this study, we can raise some hypotheses.

Consumers who purchase products from various distribution channels (such as supermarket chains and specialty shops), might have diverse knowledge and purchasing intentions toward normal Thai products or Thai GIs products. This might raise the need for further research to test consumer awareness among different groups of consumers and the effect of this on their purchasing behavior. For instance, it may be interesting to compare the purchasing intentions and behaviors of consumers who have prior knowledge of Thai products with those who lack such knowledge. This could help operators or governments decide which distribution channels that they can use to distribute the products and how much to invest in proper communication.

On the basis of the factors identified in this study, there could be further investigation into Northern and Western European countries like the Netherlands, the United Kingdom, Germany, and Belgium, where Thai products have already penetrated the market, to test whether gatekeepers in these countries have similar perceptions toward Thai and Thai GIs products, or whether differences exist.

The willingness of consumers to pay for Thai products should be studied since many gatekeepers mentioned that Thai products are expensive (compared to competitors) and are considered luxury goods in the EU market. Defining potential consumers of and their willingness to pay for Thai products will help gatekeepers and distributors see their market potential and the possibility of investment in these products.

Furthermore, the only sources of information used in this study were European gatekeepers, and therefore the voice and the points of view of Thai exporters have not been taken into consideration. In light of this, further research is needed to collect information from European gatekeepers' Thai counterparts.

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<http://www.inao.gouv.fr> – Institut Nationale de l’Origine et de la Qualité

<http://www.worldwideipr.com> – Worldwide IPR Services.

http://ec.europa.eu/agriculture/quality/policy/communication_en.htm - Section of the portal of European Commission concerning the agricultural product quality policy.

<http://www.origin-gi.com> – Organization for an International Geographical Indications Network (oriGIn), Swiss NGO representing 85 organizations and about 2 million of GI producers overthewold.

<http://www1.american.edu/ted/giant/cgi-index.htm> - Web site of the project “Geographic Indications International Trade” (GIANT), realized by the American University and aimed to study GI in International Trade.

<http://www.iprsonline.org/index.htm> - Intellectual Property Rights and Sustainable Development.

<http://www.origin-food.org> – Web site of the project “Strengthening INternational Research on Geographical Indications” (SINER-GI).

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7. Annexes

7.1 Appendix I Semi-structured interview outline

Topics of interest	Questions
<p>1. Characteristics of Interviewee's business</p> <ul style="list-style-type: none"> - Business type, size (geographical coverage) and network - Business environment <p>Customers and supply chain</p> <ul style="list-style-type: none"> - Characteristics of the company's distributive network 	<p>Could you please explain something about your business and network?</p> <p>How long have you been in this business?</p>
<p>2. Degree of involvement and familiarity with Thai Products</p>	<p>What do you think about Thai products (quality, price, dealer, and other issues...)? or what come to your mind when I mention Thailand?</p> <p>Have you ever imported or purchased Thai products? or</p> <p>Do you know companies importing Thai products?</p>
	<p>If so,</p> <ul style="list-style-type: none"> ✓ what is the main product? ✓ What are the strengths/weaknesses of Thai products in comparison with the others? ✓ How do you offer the products to consumers (piece, box, bulk, etc.)? ✓ What is the response of consumers to Thai products? ✓ What do they think about Thai products? ✓ What kind of image do Thai products have? ✓ What are important purchase factors for the consumers considering coffee/fruits from Thailand?
	<p>If not,</p> <ul style="list-style-type: none"> ✓ which are the main countries you imported these products from? ✓ What is the reason why you chose these products from other countries than Thailand?
<p>3. Insight on business relationship with Thai exporters</p>	<p>What is your perception of strengths/weaknesses of Thai exporters in comparison with the others?</p> <p>What's the important issues when dealing with</p>

<ul style="list-style-type: none"> - Import related issues - Likes, Dislikes and Complaints on Thai Products and exporters 	<p>Thai exporters and product - strengths, problems and barriers? Are Thai exporters reliable? Does the quality and specification of delivered products correspond with the agreed specifications in the contract?</p>
<p>Topics of interest</p>	<p>Questions</p>
<p>4. Expectation and requirement for fruit and coffee products</p>	<p>What are the important purchasing factors for you concerning fruit and coffee products from the point of view of the wholesaler/retailer? What are your expectations on quality parameters and requirements for these products (e.g., safety controls, product performance in terms of taste, shelf-life, certifications, timeliness and regularity of supply, trust, cultural distance, etc.)?</p>
<p>5. Attitude toward GIs for fruit and coffee products</p>	<p>What do you think about GI products like PDOs and PGIs? Do you think GIs add value to food specialities? Is GI an advantage for countries outside the EU such as Thailand, to get listed from EU wholesalers/retailers? How do European consumers perceive GIs fruit and coffee products? Do they recognize the EU GI label? Do they understand the EU GI label? Do you think that GIs certification may be an important attribute which consumers take into consideration when purchasing fruit and coffee products? If yes, why? If no, why?</p>
<p>6. Attitude toward Thai GIs fruit and coffee products and Potential Thai GI products</p>	<p>What is the potential Thai GIs products in your opinion? How can marketing strategies orientate the decision of customer to buy these products? Which marketing strategies/measures would you suggest to increase the sales of Thai GIs fruit and coffee products?</p>

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