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RURAL NETWORK MARKETING: THE ROLE OF NTFPs



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Outline

1. Introduction
2. A field survey: a comparative analysis of 2 case studies
 - Borgotaro Consortium
 - Dalla Valle Oy
3. Networks of NTFPs producers as a tool of “territorial marketing”
4. Conclusions

This PP can be downloaded from the web site:
www.tesaf.unipd.it/pettenella

1. Introduction

Definition of network (Human and Provan, 1997 mod.)

“An **intentionally formed group of small- and medium-sized firms** in which the firms:

- (1) are **geographically proximate**,
- (2) **share some inputs and outputs**, and
- (3) undertake **direct interactions** with each other for specific business outcomes. The interactions may include joint production, new product development, collective marketing and employee training”.

Two basic questions

At **micro** level:

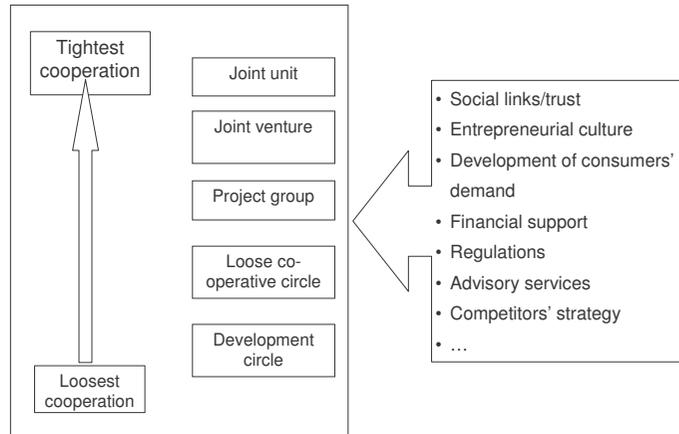
- For SME supplying rough material, is it better to be linked to a large, internationally competitive, trustful buyer of specialized nature-based products, or on a *network* of small-scale companies operating at local scale?
 - Vertical integration vs. horizontal integration?

At **macro** (i.e. regional) level:

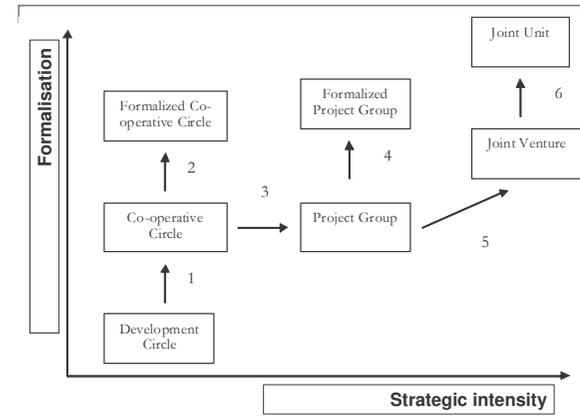
- In rural development policies, it is better to support local economies based on a specialized single innovative value-chain, or on a cluster of small-scale, multi-sectoral, interconnected activities?

Main types of network

(Source: Varamäki and Vesalainen 2003)



Networks development paths



Possible outcomes from networks

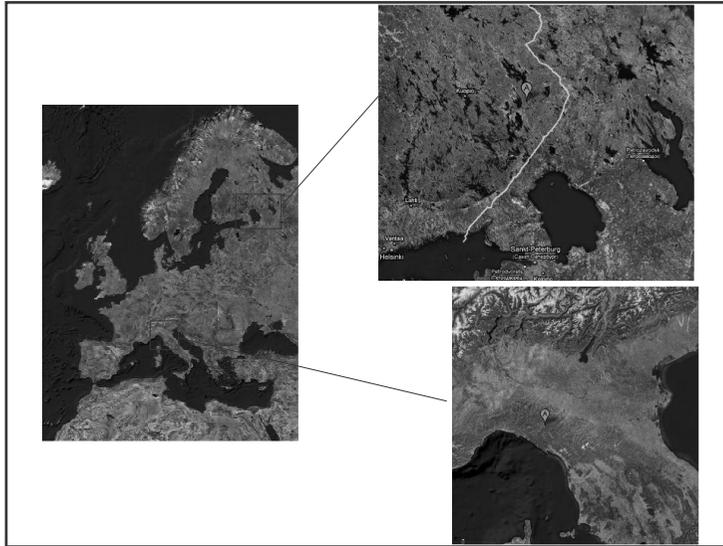
(Source: Human and Provan, 1997)

- 1. inter-organizational exchanges:** direct transactions or exchanges among network firms, such as buying and selling, jointly producing and marketing a product and exchanging friendship and information among each other;
- 2. organizational credibility:** firms perceive that their external legitimacy can be enhanced through association with the network. Thus, participation can increase the visibility and credibility of member firms;
- 3. access to resources:** network participation can play an instrumental role in accessing new markets, new product ideas, and other valued resources for their companies;
- 4. financial performances:** economic benefits could occur within a short time after joining the network, but also in a long-term perspective.

2. A field survey: a comparative analysis of 2 case studies

- The same product: *Boletus* mushrooms
- Quite similar socio-economic context (rural environment, forest as predominating land use, nature-based tourism)
- 2 organizational models:
 - Dalla Valle Oy in Finland (North Karelia - FIN)
 - Borgovalditario Consortium (Emilia-Tuscany Regions - I)

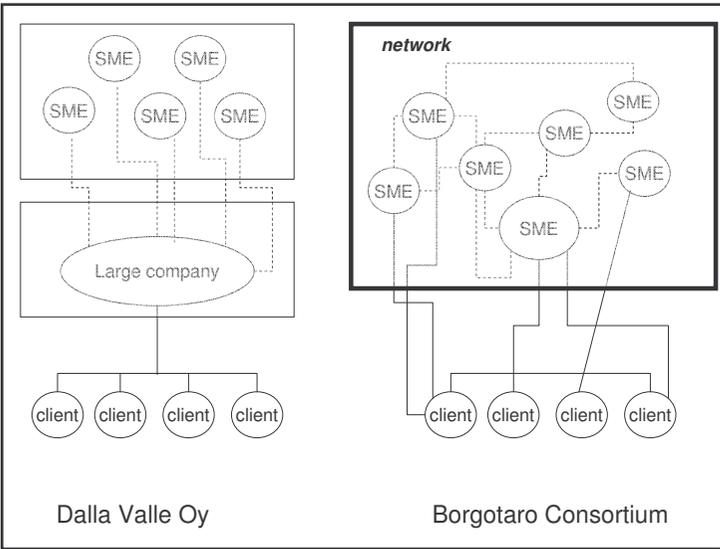
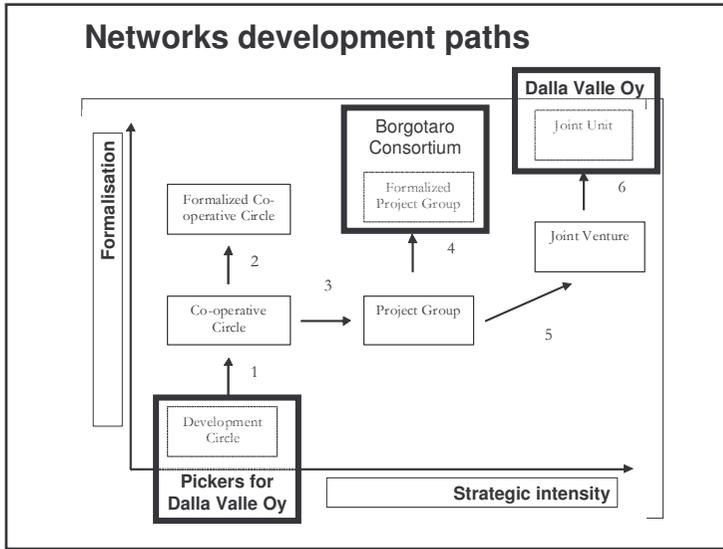




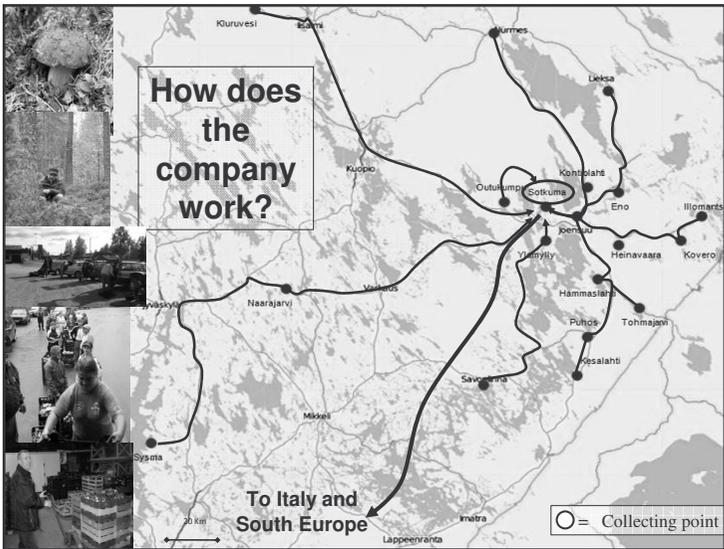
	DallaValle Oy (Finland)	Borgotaro Consortium (Italy)
Year of creation	1995 (1997: production starts)	1995
Network model	Joint Unit with a Development circle of pickers	Formalized project group

www.dallavalle.fi

www.fungodiborgotaro.com

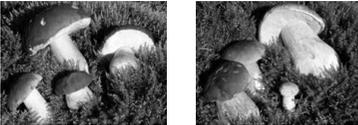


	DallaValle Oy (Finland)	Borgotaro Consortium (Italy)
Year of creation	1995	1995
Network model	Joint Unit with a Development circle of pickers	Formalized project group
Innovation	System of m. gathering; logistic (30 collection centres), freezing technology, grading system	



Fresh mushrooms class information for gatherers

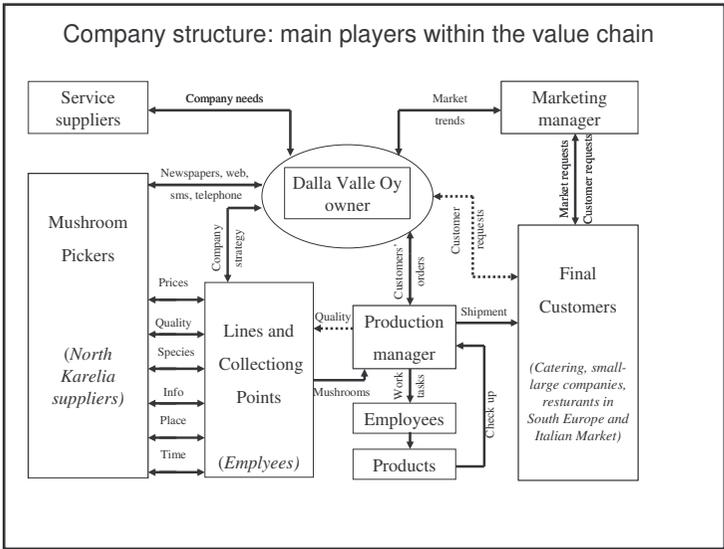
CLASS I:
M. has to be whole, solid and without worms. Pores has to be white.

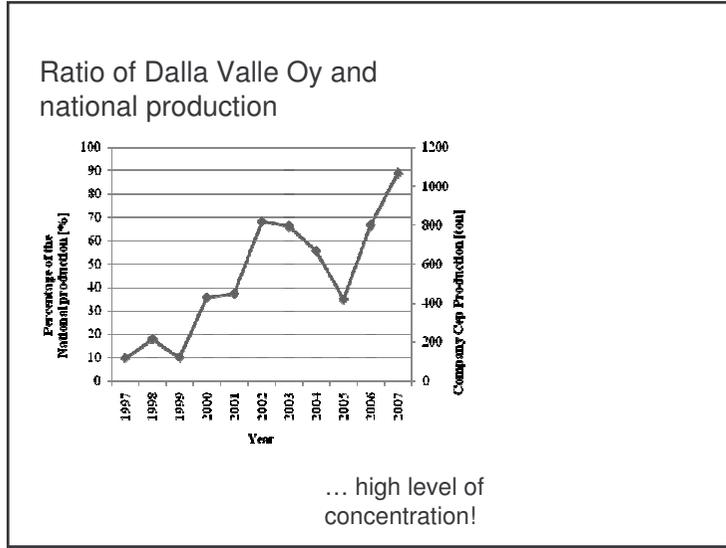
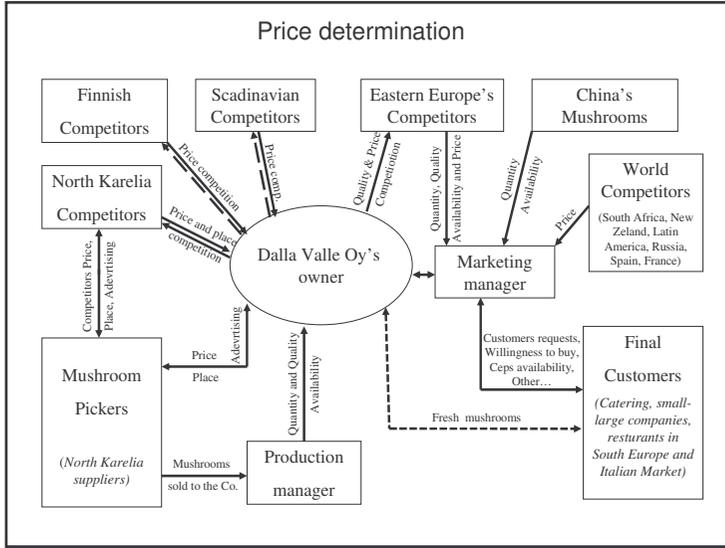


CLASS II:
M. has to be whole, solid and wormless. Pores has to be complete and yellowish or yellow.



CLASS III:
M. has to be sliced in half. Pores has to be green. If pores are thick, half of them has to be taken off from their edges. In a rainy day, only the stem of the m. is included in class III.



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Innovation	System of m. gathering; logistic (30 collection centres), freezing technology, grading system	EC mark of origin; system of regulation for permit selling

COMUNE	ZONA	TESSERINO	CRESCITA
Albareto (I.G.P.)	Montegropo, Orropo, Tombato e Buscetto	Verde	
Albareto		Verde	
Borgo Val di Taro	Comune di Monte Rappallo	Rosso	
Borgo Val di Taro (I.G.P.)	Comune di Casalporro, Salsola, Salsola	Rosso	
Borgo Val di Taro (I.G.P.)	Comune di San Vincenzo e Valdara (zona di Val Tardine)	Rosso	
Varsi e Bardi	Comune di Montebello	Rosso	
Bedonia e Tornolo	Foresta Limentana Monte Prino e Comune di Settemone, Consorzio Valsi Taro e Taro	Grigio	
Barcato	Consorzio di Barcetto, Concha e Vallona	Amaro	
Borgo Val di Taro (I.G.P.)	Comunali di Basileca, Pontolo (zona di Monte Rappallo)	Blu	
Borgo Val di Taro (I.G.P.)	Comunali di San Vincenzo e Valdara (zona di Val Tardine)	Blu	
Varsi e Bardi	Comune di Montebello	Aranzone	

Sito ufficiale del Fungo di Borgotaro

TESSERINO VERDE
Comunale di Gotra, Buzzò, Albareto, Boschietto, Groppo, Tombeto e Montegroppo in Comune di Albareto.

Verranno rilasciati tesserini di colore verde con le seguenti caratteristiche:

- * giornaliero (valido per il giorno indicato nel tesserino): costo: Euro 15,00 per i non residenti in Comune di Albareto; Euro 6,00 per i residenti nel Comune di Albareto **nonché per i proprietari, ed affittuari con contratto almeno annuale, di seconde case nelle frazioni delle Comunali**;
- * semestrale (valido comunque non oltre il 15.11.2003): costo: Euro 150,00 per i non residenti nei Comuni di Albareto Euro 67,00 per i residenti nel Comune di Albareto **nonché per i proprietari, ed affittuari con contratto almeno annuale, di seconde case nelle frazioni delle Comunali**

Modalità di accesso: i tesserini saranno vidimati, nel punto di vendita, con il timbro della Comunale di accesso, da personale incaricato dal Consiglio di Amministrazione.

Tale tesserino darà diritto all'accesso ad un'unica Comunale, pur consentendo di percorrere a piedi e di esercitare la raccolta nel territorio di tutte le Comunali facenti parte dell'area B).

In considerazione dell'antica consuetudine di reciprocità fra le Comunali confinanti di S.Vincenzo-Rovinaglia in Comune di Borgotaro e Gotra, Buzzò e Albareto in Comune di Albareto è consentito agli utenti lo sconfinamento;

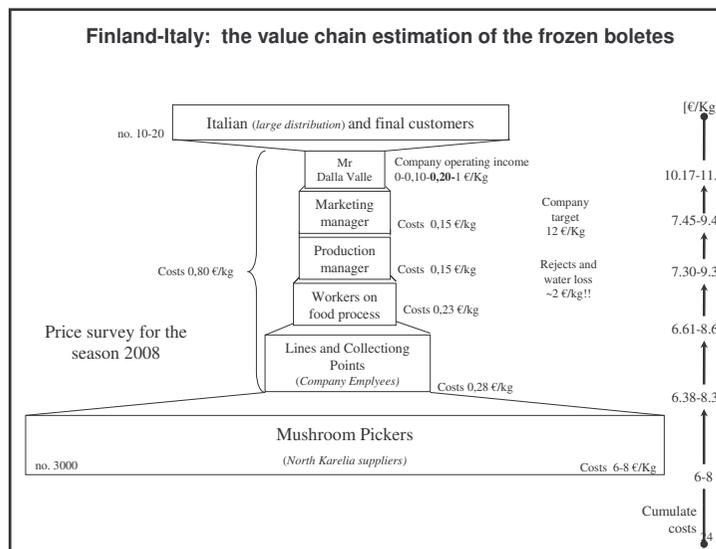
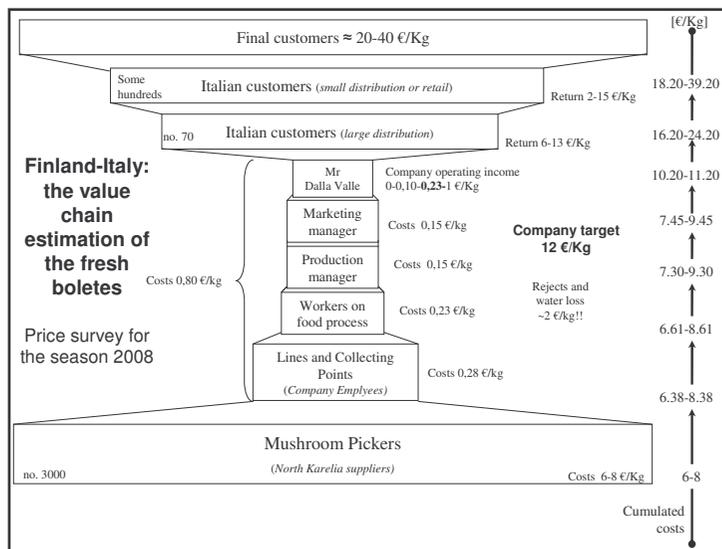
Per evitare un eccesso di carico giornaliero di cercatori con effetti negativi sulla capacità di rigenerazione dell'ecosistema, viene stabilito un numero massimo giornaliero di persone a cui consentire l'accesso come a seguito specificato:

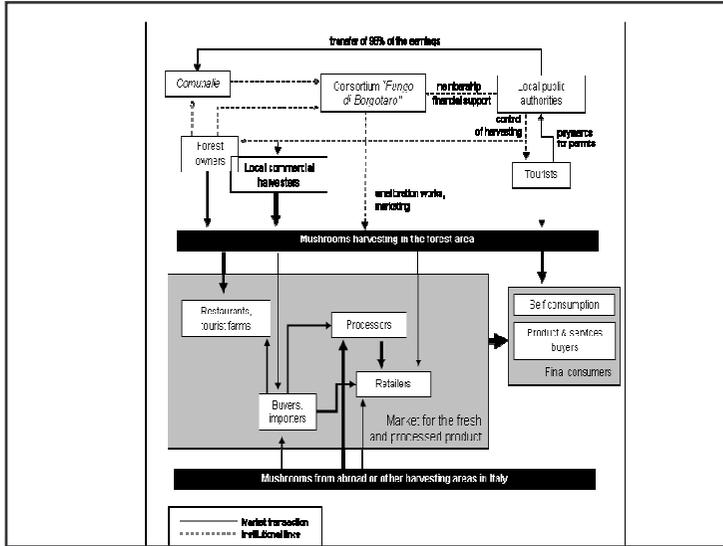
- Comunali di Gotra e Buzzò n.100
- Comunali di Albareto n.700
- Comunali di Boschietto e Tombeto n.120
- Comunali di Groppo n.100
- Comunali di Montegroppo n.200

Giorni e orario di raccolta: martedì, sabato e domenica; la raccolta può essere effettuata a partire da un'ora prima della levata del sole, mentre l'uscita dall'area B) deve avvenire entro e non oltre le ore 15.

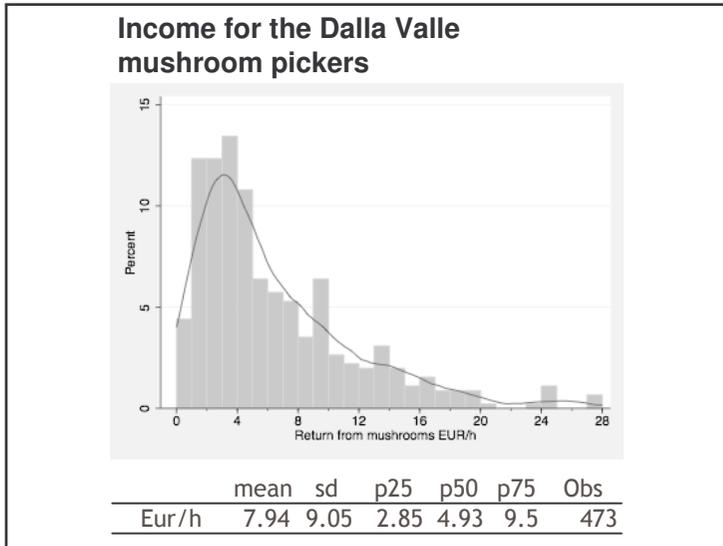
Quantitativi: non oltre 3 Kg.

	DallaValle Oy (Finland)	Borgotaro Consortium (Italy)
Year of creation	1985	1995
Network model	Joint Unit with a Development circle of pickers	Formalized project group
Innovation	System of m. gathering logistic (30 collection centres), freezing technology, grading system	EC mark of origin; system of regulation for permit selling
Forest production area	Very large: North Karelia (Russia)	22,000 ha of community forests (with the mark); total area involved: 60,000 ha
Value chain	Vertical integration, short chain	Horizontal integration





	DallaValle Oy (Finland)	Borgotaro Consortium (Italy)
Year of creation	1985	1995
Network model	Joint Unit with a Development circle of pickers	Formalized project group
Innovation	System of m. gathering logistic (30 collection centres), freezing technology, grading system	EC mark of origin; system of regulation for permit selling
Value chain	Vertical integration, short chain	Horizontal integration, net-system
Forest production area	Very large: North Karelia (Russia)	22,000 ha of community forests (with the mark); total area involved: 60,000 ha
Production volumes	From min 20 (in 1999) to max 1,100 (in 2003) tons per year. As an average, in 1997-2007: about 280 tons/year.	330-440 tons/year (with an average production of 15-20 kg/ha/year and an area of 22,000 ha)
Infrastructures	30 collecting centres, 2 refrigerator centres (plus an external one)	6 local enterprises for mushrooms processing and trading, 1 shop-laboratory-restaurant
Employees	Max 21,000 pickers; 25-150 seasonal employees (July-Oct) in the refrigerator centres	28 full-time workers in 2 large industrial firms, 4 full-time workers in the shop-laboratory-restaurant, 10 seasonal workers



Income from mushrooms

Seasonal income from mushroom collection relative to labor income
(selected occupational groups)

	Obs	Seasonal income from mushrooms			avg inc/month
		Mean	% of inc/month	Median	
Retired	330	735	64	370	1154
Elementary occupations	150	591	31	296	1917
Unemployed	105	814		370	
Service workers	79	362	18	252	1982
Students	58	327		148	
Agricultural workers	41	489	26	322	1856

3. Networks of NTFPs producers as a tool of “territorial marketing”

Mushroom in Borgotaro: much more than a commodity or recreational service: a component of a **larger network** based on the concept of “territory”:

- ⇒ a consistent portfolio of products and services
- ⇒ coordinated marketing efforts for their promotion

A NTFP as imago product for presenting a territory

- Traditional local products
- “Green” products
- “Slow food” culture



The “road concept”

A **linkage** is needed among the imago product (or the main product) and the associated products and services of the same area

The “**road concept**” (i.e. trails, roads, itineraries or pathways) is a very common tool for linking various products and services across a territory

- ⇒ Cultural link
- ⇒ physical, organizational link

Imago product: PGI Borgotaro Boletus

Enterprises: 62 (in 2008)

- 15 Agritourisms/ Farm businesses
- 12 Hotels/Guest quarters
- 8 Bed&Breakfasts/Inns/Hostels
- 9 Cheese, sausage and wine growing and producing factories
- 2 Didactic farms
- 3 Museums/Private collections
- 30 Restaurants/Porterhouses
- 26 Typical products sellers

An example of territorial marketing: Umbria region and the black truffle

www.umbriadoc.com

THE TRUFFLE

The Umbrian landscape is still to a very great extent unspoilt: today's visitor, at the threshold of the year 2000, can see it just as it appeared to the Romans or to the Etruscans; in this gentle countryside, much of which is hilly, the wood is an important element, rich in many fruits, among which the precious gift of the truffle stands out.

Umbria is an immense truffle-ground. It produces various types of truffle: the highly-prized black truffle, the "scorzone" summer truffle and the highly-perfumed white variety.

What is a truffle?

What is truffle
Umbrian truffle
 - The Black
 - Summer "scorzone"
 - The White

Production
Some History
Events and Traditions

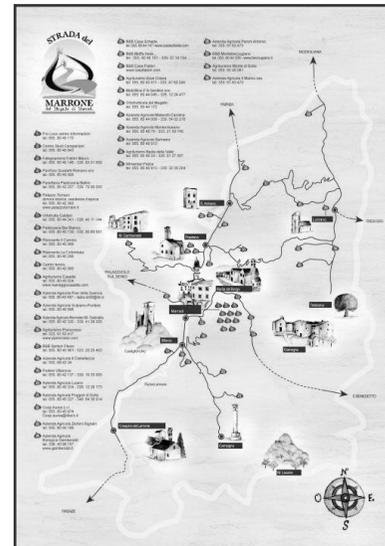
back

Willingness to cooperate among private operators

Private/public partnership in promotion

The basic idea: we sell the product, but also the associated history, monuments, events, farm tourism, ...

http://www.umbriadoc.com/eng/prodottotipico/generale/prodottotipicocodoc_tartufo.htm



Settimane torggelen

Bel tempo e vino nuovo

Vino nuovo e raggi di sole. La settimana escursionistica "Törggelen" in allegra compagnia.

Il bel tempo d'autunno, e sole caldo e le antiche usanze risvegliano l'energia vitale e la voglia di vivere.

Degustate il vino nuovo, accompagnato da caldarroste, noci, salsiccia fatta in casa e costolette di maiale.

08.10.05-01.11.05 da Euro 395,00

I prezzi s'intendono a settimana e persona con trattamento di mezza pensione.

How to get there
 Villages
 Maps & maps
 Highlights
 What to see
 What to do
 Where to stay
 Special offers

Törggelen holidays in South Tyrol : few days- one week holidays based on

- roasted chestnut +
- walnut +
- new red wine tasting +
- speck

Autumn - Törggelen' time



Autumn walks with friends and calling in at mountain farmhouses or inns for refreshment - cable Törggelen' is a favourite traditional activity in South Tyrol. The 'Nuits' (new wine made from grapes which a couple of weeks before were still in the vineyard) plays an important part, along with traditional dishes including 'Speck' (cured, cold smoked bacon), home made sausages with Sauerkraut or red cabbage, roast chestnuts followed by home made pastries, and much more. Törggelen' is a delight for all lovers of genuine food and drink, especially when enjoyed outside in the warm autumn sunshine from October to mid-November.

On the left you will find information on mountain restaurants offering snacks and new wine, mountain refuges and cable cars.

http://www.wanderhoteleuropa.com/it/wandern/angebot_05.html

Chestnut: networking

Fairs, exhibitions, ...



... restoring old building ...



... research:

- diseases, cultivation, graft and crown care
- recovering of old chestnut orchards and transformation of chestnut coppice
- harvesting techniques

...museums,



...Sharing the experiences: a network of local municipalities (the Italian *Associazione Nazionale Città del Castagno*)



4. Conclusions

- Income generation: the well organized, specialized company is creating more **direct** AV and employment opportunities
- ... but:
- this activity is more exposed to **risk and instability** (seasonality, at least)
 - the **indirect** effects of a network system are much more relevant

Networks are also **dynamic**: network growth can bring problems, conflicts and new risks, also because outcomes can have an **asymmetric distribution** among firms composing the network (Gulati, 1998)

Two components of the most advanced form of networks:

- **A (contractual) coordination** of economic agents for the supply of products and services to increase profit and/or stability (a market share)

- **A mutual trust:**

← input = **social capital**

→ output = not only market products are supplied but also **“relational goods”**

