



AGORA international scientific workshop
“Marketing of forest products and services: new issues and methods”
 Marrakesh, Morocco; 15 April 2013

General introduction on NTFP&S marketing as an instrument of rural development

Davide Pettenella



Outline

1. Background theories
2. NTFP typologies
 - 2a. Mass products
 - 2b. Specialities
 - 2c. Complementary products and services
3. NTFP and rural development: territorial marketing

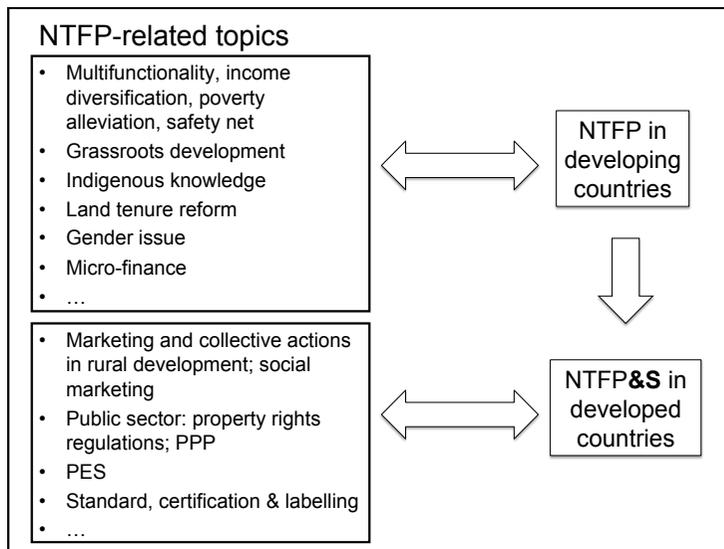
Conclusions

Background information coming from:

- STAR Tree project, a 7th FP EC-funded research project on NWFP.
 WP 3 on Economy and marketing of NWFP
- <http://star-tree.eu>



1. Background theories



Typologies of NTFPs enterprises in DC

Source: Koen Kusters and Brian Belcher. 2004. Forest products, livelihoods and conservation. Case studies of Non-Timber Forest products Systems. CIFOR

There is an evidence that NTFPs development are not always creating welfare conditions. 3 cases:

- **Coping**: low integration into the cash economy: self-consumption and subsistence use; poorest among the poor; personal use. Often it brings to un-sustainability
- **Diversified** income strategy: a cash economy (products are sold), but with a limited contribution to HHs incomes (multiple incomes); hobby craft use. Often a safety net: important in hard times
- **Specialized**: harvester is an entrepreneur, specialized, full time; high degree of resource dependency; innovator, often looking for a domestication

NTFP and livelihood strategies

| Household livelihood strategy typologies | Rais Perez et al. (2004) | Additional elements and refinements based on this study | Classification of NTFPs studied |
|--|---|--|---------------------------------|
| Deverous (1999) Stack et al. (2003) Downard et al. (2005) | Specialized - High household income - +50% of income in cash - NTFP > 50% of household total income | Accumulator* - NTFP share > 50% of the household total income - Accumulation (e.g. poultry, animals) - Supports the extension of the business | A. diptera fruits |
| Accumulation - Increase in income flow and asset stocks - Proactive and positive - "stepping up" | Adaptive - Spread risk through diversification - Proactive and positive - "linking in" | Coping/survival - Minimization of the costs of an adverse livelihood - Ensuring that future livelihood capacity is not seriously reduced - Reactive and defensive - Anticipation and destitution - "hanging on"/"linking in" | |

Many NTFP ↔ Many actors
 Many different strategies, some of them unsustainable, other bringing to non-forest related activities

Source: Y.O.Adam, D.Pettenella, J.Pretzsch. 2013. Contribution of Non Timber Forest Products livelihood strategies to rural development in drylands of Sudan: potentials and failures. Agricultural Systems

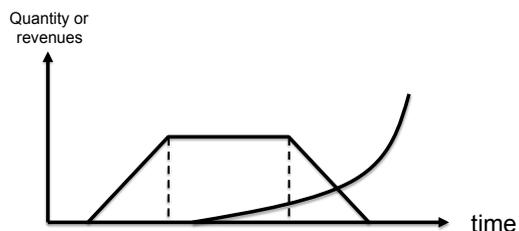
Homma's economic model

What happens when we commercialize wild products, taking into consideration the following assumptions:

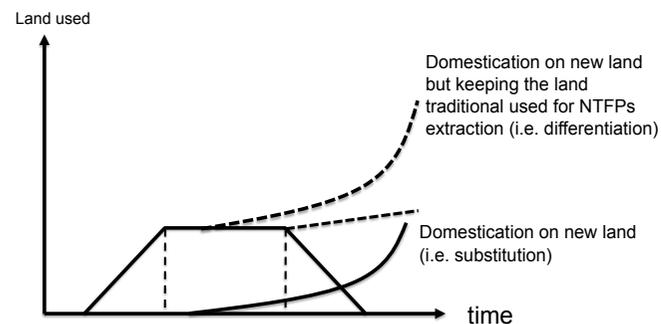
- inelastic supply of forest wild products
- wild harvest rate tends to exceed regeneration rate
- domestication is possible (at some point in time)
- industrial substitute are possible

3 + 1 steps

- expansion
- stabilization and/or domestication
- decline



This model can be improved



Barriers to domestication

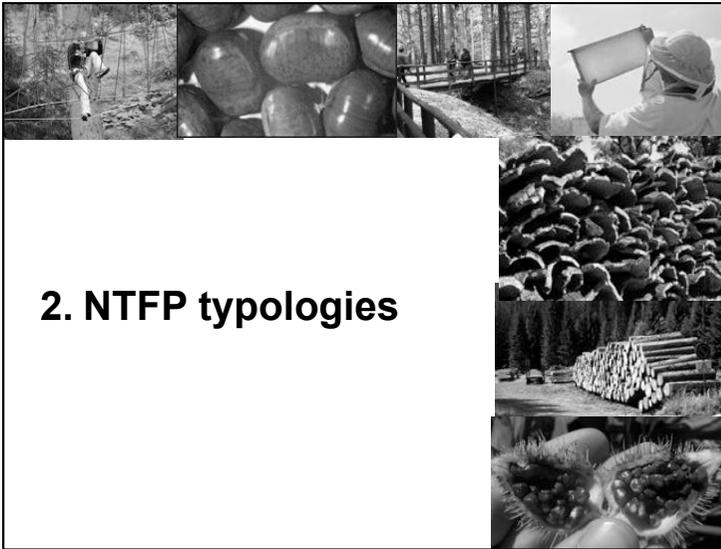
- Production costs (too expensive to farm NTFPs; lack of land or capitals for producing domesticated NTFPs)
- Quality factors: taste, colour, smell, taste, amount of some components, ...
- Lack of technology (R&D investments)
- Legal protection (patents, marks of origin, ...)

Wild and domesticated products: not a dichotomous condition

Examples

- | | |
|---------------------------------------|---------------------|
| • Wild production | • Mushrooms |
| ↓ <i>Management</i> | |
| • Production from semi-natural forest | • Chestnut orchard |
| ↓ <i>Intensification</i> | |
| • Semi-domesticated* | • Butterfly farming |
| ↓ <i>Shift to other land</i> | |
| • Domesticated | • Strawberry |

*: part of the production carried out outside the forest



2. NTFP typologies

Marketing strategies for the Mediterranean region

Are there any common driving factors, problems, solutions?

It may be useful to refer to a distinctions among:

- mass products
- specialities
- complementary products and services



2a. Mass products

Mass products – mass markets

- production of large amounts of standardized products (scale economies) for a large number of consumers
- competitive factors: reducing production costs → relatively low prices
- capital intensivation, land and labour estensivation
- vertical integration
- high risks (market instability-biological risks)

Which marketing mix?

4 Ps

- Products: quality assurance, stan
- **Place: logistic (JiT), packaging**
- **Price: cost minimization**
- Promotion

+

2P

- Political power
- Public support/participation





Source: E. Jerome McCarthy, 1960

Other examples

- Cork
- Berries
- Resins
- Gum arabic
- Dried wild mushrooms






Wild mushrooms from China

To: CHUN BAG
 Origin: Supply dry porcini, dry shiitake and dry chengsheng CHUN BAG FOODSTUFFS SHENZHEN CO.,LTD
 Email: chunbag@chinafoodstuffs.com
 Phone: +86 755 2610 4848

Dear Sir/Lady,

Good day! This is Peng Lin writing from Chun Bag Foodstuffs (Shenzhen) Co.,Ltd to see whether you need dry shiitake and other dry mushrooms.

Our company, Chunbag Foodstuffs (Shenzhen) Co.,Ltd. has our own factories across the mainland of China. From its foundation more than 30 years ago, we are specialized in producing series of quality dried mushroom products, which are mainly sold to countries of Europe and Japan. Now we can supply a series of dried shiitake, edulis, shio and shio mushrooms products, with different specifications. Part of current available products list as follows:

S.N. Category Class Specification Origin

- 1 Dry Shioed Shiitake Edulis (porcini) A: N/A Yunnan, China
- 2 Dry Shioed Shiitake Edulis (porcini) B: N/A Yunnan, China
- 3 Dry Shioed Shiitake Edulis (porcini) C: N/A Yunnan, China
- 4 Dry Shioed Shiitake Edulis (porcini) D: N/A Yunnan, China
- 5 Dry Shioed Shiitake Edulis (porcini) A#: Small Shioed Yunnan, China
- 6 Dry Shioed Shiitake Edulis (porcini) T: Small Mass Yunnan, China
- 7 Dry Shioed Shiitake Mushrooms A: 1.5-2" Fujian, China
- 7 Dry Shioed Chengsheng Mushrooms 1: 1.5-2" Fujian, China

We also sell dry shiitake whole, shiitake or log sulfured. Our product specification is more than 150. If you need a complete product list, we welcome your enquiry.

Based in Province Yunnan, Shanxi, Hainan, Fujian, and Zhejiang of China, our company would sincerely like to build a cooperation relationship with your business, and supply you with the new products and prices you just need.

If you are interested in us, please feel free to contact either through E-mail or telephone or let us provide below. We can send your further information in the form of brochure and CD disc of product photos. If you want to know more about our products, there are three ways we can offer: 1. creating CD disc of product photos to your physical address; 2. posting sample products to your physical address; 3. you are also very welcome to our factory in Shenzhen, which is located in Southern China, to have a field look, with the introduction of our specialists.

Our contact way:

Telephone:
 UK: Peng Lin: +86 755 2610 4848 or +86 134 10862004 (currently in China and thus available)
 China: Zhou Lin: 86-46 155 2010-138
 Japan: Yan Lin: 86-41-95-9821-1526
 E-mail:
 chunbag@chinafoodstuffs.com
 chunbag@chinafoodstuffs@gmail.com
 Fax:
 China: 86-46 1552010-219
 Factory address:
 West Floor 7, Building 2
 Shenzhen China Industrial Zone
 Longhua Town, West Luohu District
 Shenzhen, Guangdong Province
 P.R. China
 518100
 Best regards!
 Sincerely yours,
 Peng Lin



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Pine Nuts (Pignolias)

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- 5 lb bag -- \$59.95
- 27.5 lb case -- \$384.73

Quantity: 1 **13.99** **Add to cart**

13.99 \$/lb
1 lb = 0.45 kg
31 \$/kg
 (consumers' price in Italy: 100 €/kg)

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- Yarrow hydrosol
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 Are you new to American Pine Nuts? Or just need a smaller quantity? We offer inexpensive 4-oz packs of our legendary Jumbo Nevada Soft Shell, raw, wild harvest pine nuts. Fresh 2011 American pinon pine nut harvest. Please enjoy and come back for more!
 \$4.99 per 4 oz **PREORDER NOW - Ships early Oct. 2011**
BUY NOW!

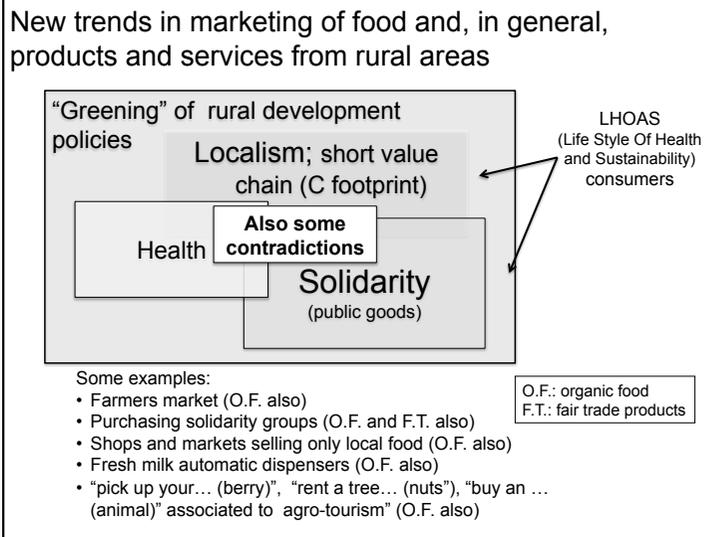
Mass products – mass markets

- production of large amounts of standardized products (scale economies) for a large number of consumers
- competitive factors: reducing production costs → relatively low prices
- capital intensification, land and labour extensification
- vertical integration
- high risks (market instability-biological risks)

→ in many Med rural areas this is not a winning strategy for promoting sustainable local development, added value, employment, multifunctionality

Alternative strategies based on strengths and constraints of the Med region (“competitive advantages”)

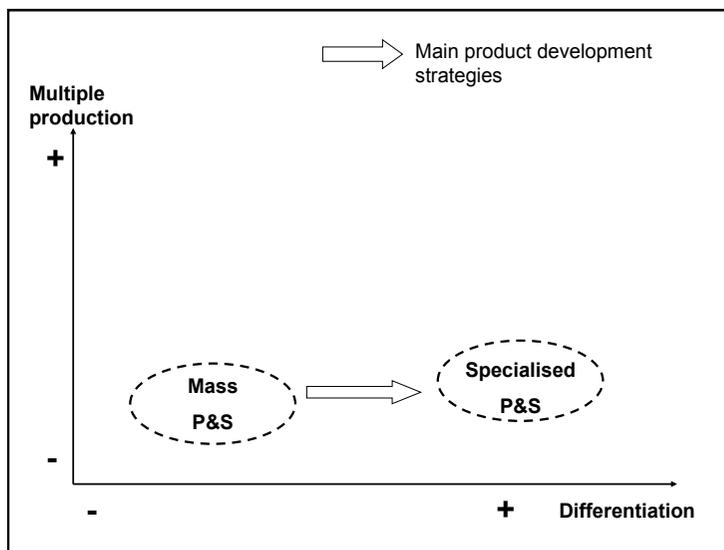
- A long tradition of multifunctional forest management systems
- No much space for very extensive forest investments
- A high quality landscape
- A territory rich of culture, traditions, biodiversity
- Presence of highly educated young people (→ entrepreneurial competences?)
- Good connections with the more advanced economies (demand for tourism)
- Rather positive external socio-economic conditions: funding (remittances), innovation spreading, greening of the policies (CAP)



2 alternative strategies

→ Specialities: e.g. high AV niches products

→ Complementary products & services: synergies with other products/services (tourism, recreation), i.e. with other economic operators



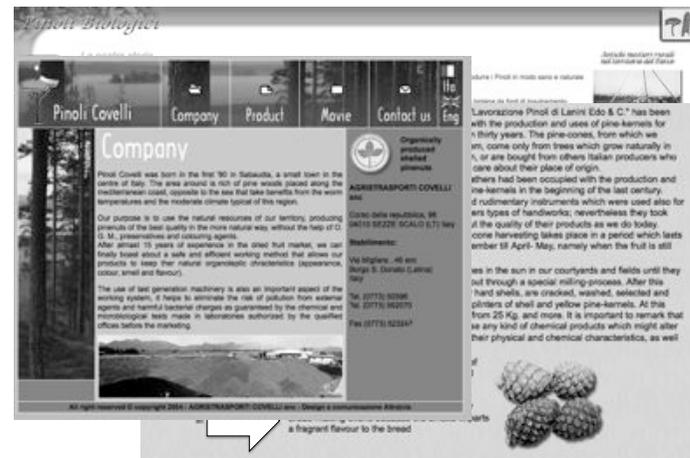
Specialized products and services

Typically products and services well differentiated, often available in relatively limited quantities (e.g. specialties like truffles) for a target market.

Which marketing mix?

- 4 Ps**
- **Products:** quality assurance, certification, packaging, links with a territory or/and a local tradition.
 - Place: direct sales
 - Price: selling systems
 - **Promotion:** local association, e-marketing
- +
- 2P**
- Political power
 - Public support/participation

... getting back to the pine kernel case...
specialities: organic-certified kernel (or from a protected area)



Differentiation: certified chestnuts

marron from Castel del Rio, marron from Mugello, chestnut from Monte Amiata, chestnut from Montella

Certification under EU regulations

- Registration of Protected Designation of Origin (PDO) (Reg. 2081/92)
- Protected Geographical Indication (PGI)
- Traditional Speciality Guaranteed (TSG) (Reg. 2082/92)

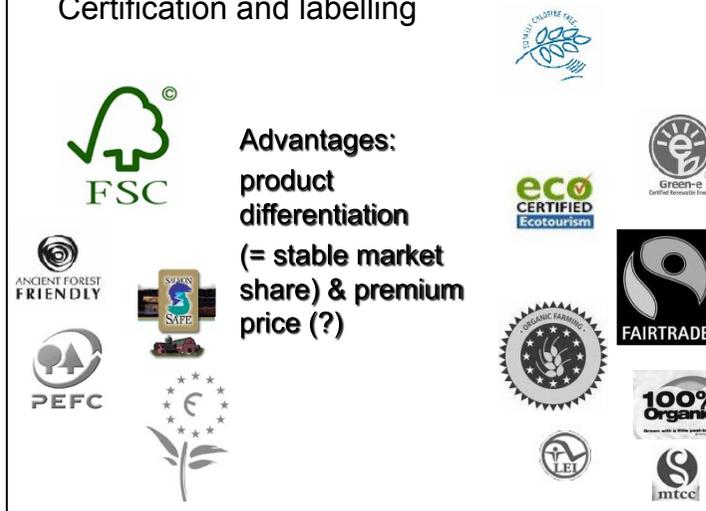


Organic production (Reg. 2092/91 and IFOAM)

Marron from Mugello-Fano in Garfagnana



Certification and labelling



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*)



New selling systems

- Direct sales: **"Pick-up your chestnuts"**: selling directly to the consumers the right to collect chestnut for a fixed rate or in relation to the weight of collected fruits
- **"Adopt your own chestnut tree"**: chestnuts picking and organised picnics under the chestnut tree

Chestnut

Adopt a chestnut tree:
75 €

I vantaggi di adottare un castagno in garfagnana:

- 10 Kg di frutto fresco selezionato
- 2 Kg di frutto essiccato
- 2 Kg di farina di Neccio DOP
- 1 Carnet con lo sconto del 15% per 14 pernottamenti (7 pernottamenti per 2 persone) presso le strutture agrituristiche delle aziende situate nell'area (escluso 1 mese di Luglio e Agosto)
- 3 buoni sconto del 20% sull'acquisto dei prodotti dell'Associazione Castanicoltori nei negozi che aderiscono all'iniziativa
- 1 buono sconto del 20% sul menù degustazione con piatti tipici a base di farina di castagne valido per due persone nei ristoranti e agriturismi che aderiscono all'iniziativa.
- 1 buono per l'assistenza e la guida per la visita al bosco di Cerasa, al mulino e al metello

Per le nuove adesioni: [Pacchetto benvenuto con:](#)

- 1 Confezione di prodotti tipici a base di castagne (biscotti, miele, confettura e pasta)
- Il grembiule per la raccolta delle castagne.

New selling systems

- Direct sales: **“Pick-up your chestnuts”**: selling directly to the consumers the right to collect chestnut for a fixed rate or in relation to the weight of collected fruits
- **“Adopt your own chestnut tree”**: chestnuts picking and organised picnics under the chestnut tree
- **e-business**:
 - B2B: fresh chestnuts, semi-finished products, ...
 - B2C: jams, dried nuts,...

E-marketing

News > Cronaca > Il tartufo da 900 grammi a un magnate cinese per 330.000 dollari

La cifra record in beneficenza

Il tartufo da 900 grammi a un magnate cinese per 330.000 dollari



ultimo aggiornamento: 27 novembre, ore 18:42

Roma - (Adrikronos/ign) - Stanley Ho si porta a casa il tartufo toscano più grande del 2010 e uno molisano da 350 grammi. Ha superato ogni offerta ma l'Italia "si è battuta bene". L'evento all'Hotel Cavalieri Hilton in collegamento satellitare con Londra e Macao (FOTO). All'asta il tartufo più grande dell'anno. Divisi in Parlamento, uniti a tavola. Sul tartufo l'accordo è bipartisan



Product development



Dried soft chestnut

Package for making the traditional *castagnaccio* cake (based on chestnut flour, pine seeds, raisins)



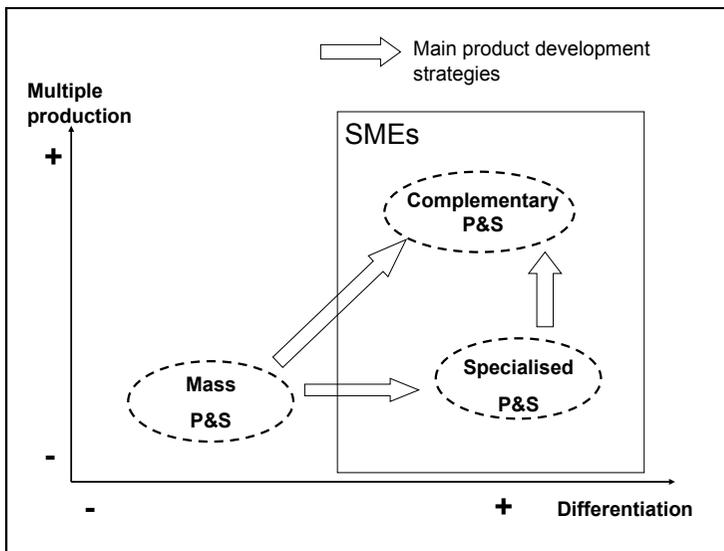
Specialized products and services

→ good income opportunities for a single enterprise

(= they give the possibility of *premium prices*)

Sometimes good links with a local natural resources, but often:

- seasonality
- exogenous investment
- no relevant impacts on the local economy
- specialized use of the forest resources (limited multi-functionality)



2c. Complementary products and services

Complementary products and services

= those specialized NWFP&S that can be sold and used in strict association with other, due to the synergies deriving from their conjoint marketing.

Different links among products and services.

↓

A crucial role of networks

“Network: a mode of organization that can be used by managers or entrepreneurs to position their firms in a stronger competitive stance”

Network definition in relation to time and place

a. Time:

- “Short-term” (opportunistic) network
- “Strategic” networks: long-term, purposeful arrangements among distinct but related organizations that allow those firms to gain or sustain competitive advantage vis-à-vis their competitors outside the network (Carlos Jarillo, 1988).

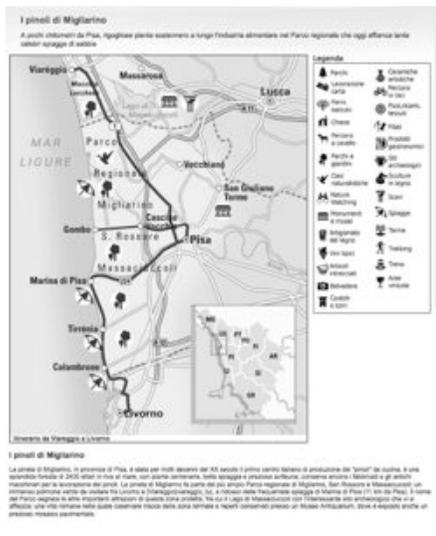
b. Place

- Not territory-based networks (e.g. national association of beekeepers)
- Territory-based networks = networks among producers having a specific common territory (e.g. a valley, a municipality, a region)

→ new branch of marketing: **territorial marketing.**

... getting back to the pine kernel case...

complementary products & services: offering the kernel within a larger set of products and services



3. NTFP and rural development: territorial marketing

Networking, integration

Willingness to cooperate among private operators

Private/public partnership in promotion

We sell the product, but also the associated history, monuments, events, farm tourism, ...

http://www.umbriadoc.com/eng/prodotto/generale/prodotto/generale_tartufo.htm

Törggelen holidays: few days-one week holidays (normally for aged persons) based on

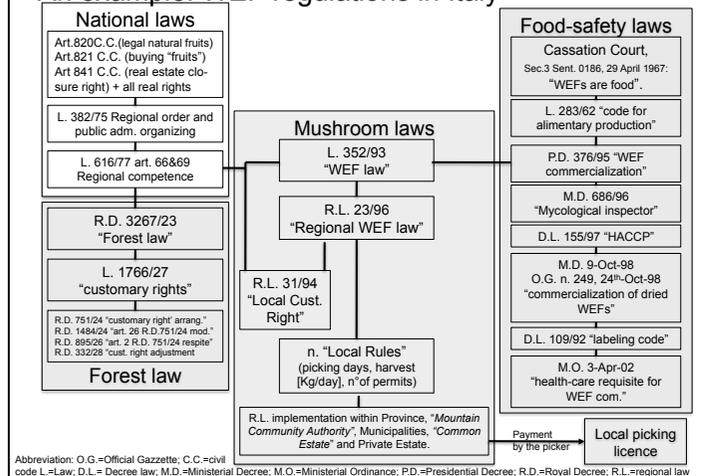
- roasted fresh chestnut +
- walnut +
- new red wine tasting +
- speck and the meat organized in South Tyrol

http://www.wanderhoteleuropa.com/it/wandern/angebote_05.html

Important steps

- Analysis (and reform) of the property rights regulation system
- Network analysis: value chain →
- The instruments to link actors
- *Genus loci* identification (*imago* product = brand of the territory)
- Set of products & programs

Property rights analysis An example: WEF regulations in Italy



The screenshot shows the official website for the 'Tessero Verde' permit system. Key elements are highlighted:

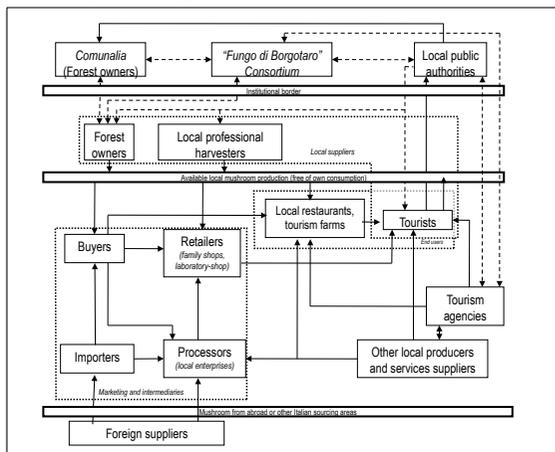
- Production areas:** A table lists various municipalities including Albareto, Badolza, and others.
- Type of permit:** A dropdown menu allows users to select the type of permit they need.
- Growing rate:** A dropdown menu allows users to select the growing rate for their permit.

The text to the right of the screenshot reads: "The effects of a proper system of P.R. regulations".

The screenshot shows the details of the 'Tessero Verde' permit. Key information includes:

- TESSERINO VERDE:** Comunalità di Gotra, Buzzò, Albareto, Boschetto, Groppo, Tombeto e Montegropo in Comune di Albareto.
- Daily permit: 15 Euro (for 3 kg max):** A callout box highlights this specific permit type.
- Costo:** Euro 15,00 per i non residenti in Comune di Albareto; Euro 6,00 per i residenti nel Comune di Albareto nonchè per i proprietari, ed affittuari con contratto almeno annuale, di seconde case nelle frazioni delle Comunalità.
- Modalità di accesso:** I tesserini saranno vidimati, nel punto di vendita, con il timbro della Comunalità di accesso, da personale incaricato dal Consiglio di Amministrazione.
- Comunalità di Gotra e Buzzò n.100**
- Comunalità di Albareto n.700**
- Comunalità di Boschetto e Tombeto n.120**
- Comunalità di Groppo n.100**
- Comunalità di Montegropo n.200**

Network analysis
The example Borgotaro Network



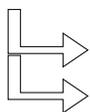
Enterprises: 62 (in 2008); > 100 in 2011

- 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

The instruments of the links:
the “road concept” (trail, path, tracks...)

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

Road, trail, path... the tools for connecting different economic actors



| Google search | | hits |
|-----------------------|----------------------|---------|
| Strada della castagna | <i>Chestnut road</i> | 35,200 |
| Strada del tartufo | <i>Truffle road</i> | 361,000 |
| Strada del fungo | <i>Mushroom road</i> | 265,000 |
| Strada del porcino | <i>Porcino road</i> | 58,900 |
| Strada del marrone | <i>Marron road</i> | 78,400 |





“Alberghi diffusi” (hotel distributed in a village, rural community) network

<http://www.alberghidiffusi.it/en>

Associazione Nazionale Alberghi Diffusi

What is an Albergo Diffuso? Partly a house and partly a hotel, dedicated to those people who do not like hotel stays, in short, this is a new form of hospitality that takes the name of “Albergo Diffuso” (hereafter AD). Its main components are distributed in different buildings, all located in the same village. The term “diffuso” (diffuse) denotes a structure that is hospitable, and not vertical like the one pertaining to traditional hotels, which often do not constitute a pleasant sight, reminding us of blocks of flats. ADs satisfy the tourist demand of stays in renovated and famous areas and towns, of contact with residents and local people rather than only with other tourists, and of the traditional comforts offered in hotels, such as room service or a restaurant. This form of hospitality has shown to be very efficient for the rehabilitation of towns and villages that are aesthetically or architecturally peculiar and interesting. Through ADs we can revive old and abandoned buildings and, at the same time, we can avoid to solve the problems of hospitality only through the construction of new structures.

10. Dall'Avv. 06/05/2008 ad un albergo, “I viaggi di Repubblica”, 19 May 2008

Other elements for a territorial marketing strategy based on forest resources

- *Genus loci* identification (competitive advantage and “brand” of the region-territory)
 - NWFP are frequently used in branding

A NTFP as imago product for presenting a territory

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

Other elements for a territorial marketing strategy based on forest resources

- *Genus loci* identification (competitive advantage and “brand” of the region-territory)
→ NWFP are frequently used in branding
- Product(s) = activities (a concert in the forest, an organized visit, ...) + services (B&B, restaurants, transport, ...) + communication
- Program: a set of
 - “ordinary”, day-by-day (week-by-week) activities +
 - Large single events (night walk in a forest, concert, fresh musroom exhibition, ...)

La nostra settimana ideale programma 2012

Annotations:

- A walk in the forest with an herbalist
- Nordic walking in the forest
- A play in the forest with the mushrooms

A systemic approach: large unique events + weekly events

- morning/afternoon/night
- with/without payment
- different clients (children, adults, retired person, ...)

Conclusions

A key element of a success: a well established cooperation between private (profit and non profit) and public agents. Public agents as pro-active partners, not as the policemen to protect the natural resources

A proper relationship between **State and private** sector:

*"The State when it is needed,
The market whenever possible"*

Two components of the most advanced form of networks:

- **A (contractual) coordination** among 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**"

For successful marketing in marginal economic areas and with seasonal activities,
a key factor is cooperation



Questions?

