

GEOGRAPHICAL INDICATIONS: A MARKETING STANCE

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ABSTRACT

India, as a member of the World Trade Organization (WTO), enacted the Geographical Indications of Goods (Registration & Protection) Act, 1999 has come into force with effect from 15th September 2003. GIs are not absolutely commercial or legal instruments. They exist as an integral form of rural development that offers a valuable framework for GIs. These are unique expression of local agro-ecological and cultural characteristics that have come to be evaluated and protected in many countries throughout the world. A GI is a unique and important form of collective intellectual and cultural property, with various rights. For limiting the use of geographical asset user registration established under the control of the registrar. This registration provides right to use of a name, which considerably defines a specific geographical (or sometimes cultural) area, is given by the state of regional producers and processors of particular products for their use only in relation to those products. While conceptualizing the GI law, it has normative power in market the product successfully. It is motivating to see that what all are the marketing weapons secures by GI registration. The present paper is discussing about the geographical indications in the context of marketing and suggests some opportunities in GI marketing.

KEYWORDS: Geographical indications, marketing management, intellectual property rights, product differentiation, GI registration

INTRODUCTION

Geographical indications are unique expression of local agro-ecological and cultural characteristics that have come to be evaluated and protected in many countries throughout the world like swiss chocolates, parma ham cheese, Italian wine, basmati rice, Darjeeling tea etc. A GI is a unique and important form of collective enjoyable property, with various rights. For limiting the use of geographical asset user registration established under the control of the registrar. This registration provides right to use of a name, which considerably defines a specific geographical (or sometimes cultural) area, is given by the state of regional producers and processors of particular products for their use only in relation to those products. While conceptualizing the GI law, it has normative power in market the product successfully.

It is necessary to study the implications of the registration in marketing context because this right established for the sake of marketing. Firstly the study focuses on the geographical indications, worldwide arguments and their contributions latitude to the concept of geographical indications. It also looks in to the bindings of law and the definition of geographical indications. Secondly, provides the

conceptual opportunities of the GI in marketing context and discusses various arguments and their contextual applications. Thirdly it discusses differentiation strategy and its levels in geographical indications. Concludes that the powers of GI registration unlocks a very wide marketing scope but the implications and monitoring lacking in achieving it.

WHAT ARE GEOGRAPHICAL INDICATIONS?

Geographical indications registration typically implied to market protection and concentration of product market value with the endorsed producers. Article 22.1 of the TRIPS Agreement defines "Geographical Indications" as:

" indications which identify a good as originating in the territory of a [WTO] Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin."

Geographical indications are a part of intellectual property rights. They contribute sustainable rural development and fair trade because the production of GIs is rooted in particular regions and cannot be relocated. Therefore, GIs are important tools for all countries around the world, not only for economic and social reasons but also for upholding the cultural value products for future generations. A geographical indication is a sign used on goods that have a specific geographical origin and qualities or a reputation possess that are due to that place of origin.

"According to the Geographical Indications of Goods (Registration And Protection Act 1999) Geographical Indication in relation to goods means an indication which identifies such goods as agricultural goods, natural goods or manufactured goods, as originating or manufactured in the territory of a country or a region or a locality in that territory, where a given quality, reputation or other characteristic of such goods is essentially attributable to its geographical origin and in case where such goods are manufactured one of the activities of either the production or of processing or preparation of the goods concerned takes place in such territory region or locality"

GI registration have two parts, one is on product registration and second is on user registration. These two types of registration provide some exclusive rights and opportunities. Most important is it gives the right to use that particular name on product, second thing it provides the right to use the certified label on the product, thirdly it provides the right to use the text it as "Geographical Indication", fourthly it gives the right to get market protection. This right clutches the producer to establish the supply chain more convenient and concentrated.

TERRIOR

The "Terroir" encompasses the interaction between physical (natural) and human factors that has built up over time. It is a delimited geographic area where a human community has developed, over the course of history, a collective production method and know-how in relation with the environment. It simply means local (Adinolfi, Rosa, & Trabalzi, 2011; Bowen, 2010; Bowen & De Master, 2011; T. W.

Dagne, 2010; Hassan, Monier-Dilhan, & Orozco, 2011; Menapace, Colson, Grebitus, & Facendola, 2011; Pradesh, 2011a, 2011b)

GEOGRAPHICAL INDICATIONS MARKETING PERSPECTIVE

In several case studies from nationally and internationally shows that it has power to create niche marketing and product differentiation. Consumer demand for local foods has been increasingly drawing attention throughout the world, particularly in industrialised countries. As we know the bindings as well as the setup of law basically provides the market protection and commercial valuation of the geographical asset with the collective right. Like other property rights one differentiation on geographical indication have on the part of collective and exclusive right. The exclusive right delimited with the geographical area as defined in the registry makes the point of value added marketing and product differentiation. There are kind of measures in quality assurance nevertheless; GI provides substantial differentiation of the product. In marketing framework, value creation depended with spectrum of qualities of product and able to sense that difference in consumer purchase. Perception is the process by which the consumer confers value to the product as well as building market value. Deliberately GI provides uniqueness and identity in market beyond that the perceived quality comes in to consumer senses. ISO and BIS are the commonly used quality assurance marks on the product, despite the fact that assurance marking of this qualification purposefully to attain product differentiation. In the case of GI the quandary and criteria are different.

It is generally agreed that GIs promote sustainable rural development because they:

1. Help producers obtain premium prices for their products whilst guaranteeing safety and quality to consumers.
2. Improve redistribution of the added value to the actors (producers, processors etc) throughout the production chain.
3. Bring added value to the region of origin.
4. Increase production, create local jobs and prevent rural exodus
5. Preserve landscapes, traditional knowledge and biodiversity

(Babcock & Clemens, 2004; Barham, 2002; O'Connor and company, 2005; Rangnekar, 2004).

A geographical indication can have a significant impact on a region's economic performance and cultural heritage because it protects the identity of indigenous products (Girardeau 2000; Niekerk 2000; ORIGIN 2006; Stern 2000; Vital 2000). Despite the rising importance of geographical indication for regional development, recent empirical research has largely focused on legal or procedural aspects of the product certification process (e.g. Josling 2005; Rangnekar 2004; Suratno 2004).

A geographical indication is distinguished from other indications such as trademarks or quality certification in that geographical indication requires the condition that the quality or characteristic of the

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product should basically flow from the attributes of the geographical environment where the product originated (Beresford 2000; Harte-Bavendamm 2000). Geographical indications are increasingly viewed as helpful tools for achieving product differentiation, and can increase economic efficiency because such measures provide producers with incentives to deliver appropriate supply to the market (Nelson 1970; Josling 2005; Klein and Leffler 1981; Moschini 2004).

Geographical indication leads to higher value-added products through product differentiation based on guaranteed quality; it protects consumers because it provides officially certified information regarding product attributes; and it enhances and preserves the identity and cultural heritage of the region (Nyaga 2004; Addor and Grazioli 2002). van Ittersum et al. (2007) concluded that consumers of regional products assign high importance to labels that contain regional certification. They reported that GI labels positively affect consumers' willingness to pay, relative to the protected regional product. Caporale and Monteleone (2001) indicated that origin information has a significantly positive impact on virgin olive oil acceptability. Henseleit, Kubitzki and Teuber (2009) address German consumers' preferences towards regional foods and their willingness to pay a premium (WTPP) for these foods.

The above literature study shows western school of thought about GI type of products and their attitude towards GI products. In their contributions it is clear that GI protection has a prominent role in marketing. In order to find out the characteristics of GI in marketing context the following elements are identified:

GEOGRAPHICAL BRAND

Branding and establishment of brand have a long journey in the business cycle. While in the case of geographical indications it has a historically established and a set of loyal customers are there. In the western study shows that these are historically created brands so the consumers are more familiar with these products and it shows that a positive attitude is existing towards Geographical indications (Teuber, 2006). Teuber also explained that the loyalty towards geographical indications varies person to person. However, some sort of positive attitude is prevailing in the market that is because of the belongingness.

PRODUCT DIFFERENTIATION

Product differentiation has an important role in marketing a product. In the case of geographical indications' also provides a scheme of attributes to differentiate the product. Product differentiation and protection by law makes the GI marketing more prominent and supportive. As we mentioned above the exclusive rights are providing the unique opportunity to producers for establishing a different marketing strategy. Geographical indications are increasingly viewed as helpful tools for achieving product differentiation, and can increase economic efficiency because such measures provide producers with incentives to deliver appropriate supply to the market (Nelson 1970; Josling 2005; Klein and Leffler 1981; Moschini 2004).

COMPETITIVE FRAME OF GEOGRAPHICAL INDICATIONS

1. Point of parity: In the case of geographical indications competitive frame work, point of parity makes an irrelevant. Point of parity is something exceptional case in GI marketing because the products are highly unique in common. In that context point of parity gave an outer point of the circle of GI marketing.
2. Point of difference: There is very clear point of competence in GI marketing and uniqueness gave an opportunity to differentiate their product. Point of difference segmentation is more suitable with the GI marketing.

PREMIUM PRICING

In the western studies wine and spirit and some other protected geographical indications are getting premium price

1. 40% of European consumers are ready to pay a 10% premium price for GI products- EC Study 1999, tea, champagne.
2. 75% of Italian consumers are ready to pay a 20% premium price -Etude Nomisma Qualivita de '03.
3. In the case of specialty salts gourmet cooks are willing to pay \$80 a pound for such varieties versus 30 cents for common table salt, for eg the Indian black salt, Portuguese Algarve salt, Australian Murray River Pink Flake Salt, II Buco Handcrafter Italian Wooden Sea Salt, French Fleur De Sel and Clay-tinged red Alaea Hawaiian Sea Salt- Businessweek, 2004 Source: (Opportunities, 2010)

A consumer survey undertaken in the European Union (EU) in 1999, found that 40% of the consumers would pay a 10% premium for origin-guaranteed products (WTO, 2004). GI as a concept is still at its infancy in India, a study conducted by the UNCTAD India Programme has revealed that in case of agricultural products the premium in India could be in the range of 10-15% whereas in case of non-agricultural products it could be 5-10% (Banga, 2008).

VALUE ADDED MARKETING

The success in exploiting the commercial potential of a GI is, to a great extent, dependent on effective marketing and promotional efforts to develop consumer perceptions about the product, its quality and value. Building up reputation about a GI product is not an easy task, however. It takes enormous time, patience, resources, quality control and a well-crafted marketing strategy, to name a few, to create a valuable GI. "Champagne", for instance, is said to have taken as long as 150 years to develop that premium brand image(Das, 2010).

Niche Marketing

The products have a sufficient niche market since per capita fruit juice consumption in India is only 20 ml. Market demand is expected to increase from 27.4 to 64 billion rupees by 2020 with 8.9 per cent market growth, with 65 per cent market share restricted to South India(Pradesh, 2011a). By creating niche markets for local communities' reputable products, and prohibiting others from free- riding off that

reputation, GIs serve to recognize and reinforce cultural contributions and reward the creativity of TK holders. (Teshager Worku Dagne, 2010).

CONCLUSIONS

The present paper conceptualizes that there are some elements which GI have a vital implication in marketing product. Here it shows that there is a clear cut element which helps GI more attractive and survives in the consumers mind. The step by step implication of these value added marketing ways will fetch a good end result in GI present scenario. Marketing tool and value are entrusted with GIs nevertheless case studies from India shows only couple products attained this geographical benefits. In generic, Comparing with the trademark GI is a collective geographical right makes the major difference.

Market value of a symbol highly depended with the derived quality and fetched positive attitude of consumer towards that symbol. In many case studies from Europe has contributed these conclusion. Case studies from India show that consumers are unaware of these types of label and what it secures in the product. Though it has come with the object of market protection and fixing the geography of the endorsed producers by user registration, practical evidences shows geography was not delimited with the law. Though the powerful elements in hands of GIs, realization of the above huddles overrules and the producer illiteracy makes GI marketing makes a myth.

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