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Latinoaméricain et Caribéen

The role of origin consortiums in rural development,
territorial marketing and promotion of tourism:
“Relationship between handicrafts and tourism, UNIDO
experiences in Latin America”

Alejandro Siles, Representative of the United Nations
for the Industrial Development Organization (UNIDO)
in Peru.

Intra-Regional Relations

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INDUSTRIAL DEVELOPMENT
ORGANIZATION



The role of origin consortiums in rural development, territorial marketing and promotion of tourism: “Relationship between handicrafts and tourism. UNIDO experiences in Latin America.

*Workshop on Internationalization and Promotion
of Caribbean SME Consortiums
8 and 9 July 2013 – Santo Domingo, Dominican Republic*

*Alejandro Siles
UNIDO International Consultant*



The UNIDO approach – starting point

- **Increasing demand** for “traditional products of regional origin” that are rooted in the local culture of their territories
- **Tradition and origin** - together with quality – represent **unique selling points** for which consumers pay a price premium.
- Opportunity to lift rural producers in remote regions out of **poverty**
- An Origin Consortia is a tool, which can help exploiting the economic potential of typical products



Origin Consortia

Network of small and medium enterprises (SME) and producers for partnership strategies specifically focused on the inclusive and sustainable valorization of regionally typical products.

The challenge for producers in a region when they all produce the same popular good is to enhance the reputation of the typical product in the market. Only if consumers associate the precious commodity unswervingly with the region of origin and perceive it as exclusive, can they develop a preference for the product based on its history, the richness of its environment, purity, goodness and simplicity of its past.



Origin Consortias are not enough to...

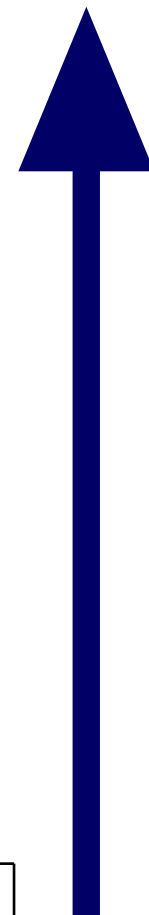
- **Create the product reputation**
- **Generate a price premium**
- **Guarantee that producers will comply with the standards**

... territorial-wide collaboration is needed



UNIDO Intervention Logic

Objective	Improve socioeconomic conditions of producers and contribute to an inclusive and sustainable local development
Impact	<ul style="list-style-type: none"> ➤ Producers' income increased ➤ Employment improved and rural exodus stemmed
Result	➤ Reputation of the product and sales improved
Outputs	<ol style="list-style-type: none"> 1) Average product quality improved at a regional level 2) Marketing strategy implemented 3) Visibility of the product increased in the region of origin 4) Reputation protected by collective distinctive sign
Activity	Collective action at the territorial level (Public Private Partnership initiative)
Baseline	A typical product with unexploited potential is being produced in a region where producers receive small revenues from sales.



UNIDO intervention approach

depends on the local context and project funds:

- Focus on setting-up a producers' organization (*origin consortium*) and registration of a collective mark
- Focus on promoting a broad territorial public-private partnerships (PPP) to implement a geographical indication
- Focus on improving the governance, the competitiveness of the value chain and the effective use of GI or Collective Label



Origin Consortia project in PERU



Marketing Colectivo

Asesorar a la organización colectiva en elaborar una estrategia conjunta de promoción y posicionamiento de la marca colectiva en los mercados regionales y nacional.



- Funded by Italy in 2011
- Counterparts: **Peruvian Ministry of Agriculture** and the **Institute for Intellectual Property Rights**
- During the first year **5 origin consortia** established
- 9 additional origin consortia in process



Asociatividad

Fomentar la colectividad de las organizaciones con un enfoque de gestión y uso de las marcas colectivas como una herramienta para mejorar la competitividad de los emprendimientos rurales.



Estandarización de la Calidad Agroalimentaria

Asesorar a la organización colectiva en estandarizar sus productos para que garanticen una calidad uniforme.



- **Native Potatoes**
- **Golden Berry**
- **Forest Honey**
- **Traditional Pasta**
- **Native cotton handicrafts**



Origin consortia intervention - Peru

The 5 groups of producers were assisted by UNIDO in collaboration with the Ministry of Agriculture and the Institute for IP Rights to:

- Set-up a consortium
- Develop rules of production and packaging for the traditional product of regional origin
- Define and agree on a collective mark managed by the consortium (name, logo, rules of use)
- Register the collective mark
- Develop joint marketing tools
- Ensure basic product controls
- Implement joint activities such as the common stand at the fair MISTURA in Lima, September 2012

Project Selection Criteria

After a training, participants (*producers & support institutions*) were asked to prepare preliminary OC project proposals. The 5 most promising were selected to receive assistance.

1	Typical product with strong territorial link with market potential
2	Small producers with low income operating in a rural area with some form of organization
3	Presence of NGOs and/or national support institutions
4	Producers have problems to access higher market segments

Andean Highlands Native Potatoes

PRODUCT: Native potatoes cultivated in Acobamba (Huancavelica) in altitudes ranging from 3500 to 4200m; excellent climatic conditions; more than 350 types of native potatoes; yellow, rose, red, lila and blue colors; consumption of native potatoes by Incas and before is well documented

ORIGIN CONSORTIUM/ COLLECTIVE MARK: Set-up of a Consortium incorporating 500 producers; registration by the Consortium of the word and figurative collective mark “Sumaq Sonqo” (*beautiful heart*)

PRODUCTION AND QUALITY IMPROVEMENT: support in natural selection of seeds, joint purchase of inputs and machinery, good agricultural practices

MARKET ACCESS IMPROVEMENT: Marketing around tradition and origin; 10 000 kg sales at the Mistura Fair at 2.5 soles/kg (1 soles wholesale); currently selling daily to MINKA (retail market in the capital Lima); sales increase by 65%



supported by NGO CARE



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Muchik Wild Cotton

PRODUCT: “Utku Muchik” ” Mochica Handicraft aparels in natural colours, not dyed, wild cotton from Tucume and Morrope, north Peruvian coast. Original Peruvian Cotton, from year 3000 bc,

ORIGIN CONSORTIUM/ COLLECTIVE MARK:
Set-up of a Consortium incorporating 04 asociations involving 100 producers, descendants of the Mochica culture; registration by the Consortium of the word and figurative collective mark “UTKU MUCHIK” (*beautiful heart*)

PRODUCTION AND QUALITY IMPROVEMENT:
support in product design, marketing and production best practices, costs and inventory administration

MARKET ACCESS IMPROVEMENT: Marketing around tradition and origin; personal income increase on 30%



supported by local government



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Silver Filigree from Catacaos

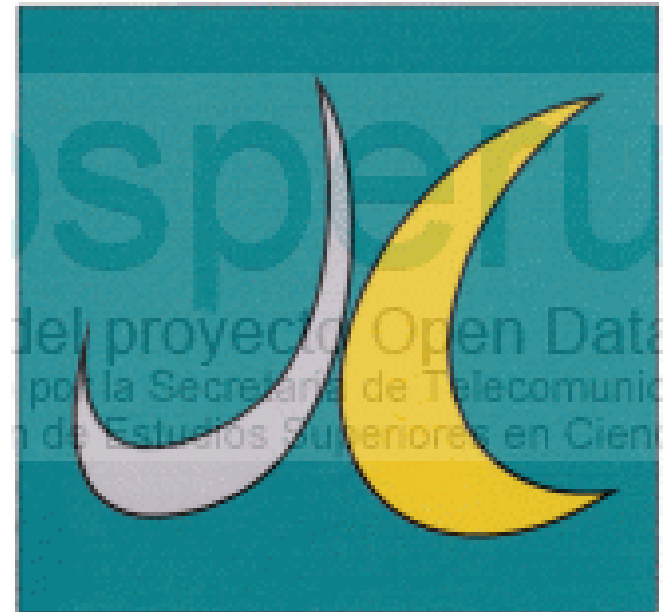
PRODUCT: Hand craft filigree 97% silver products from the Peruvian north coast, Catacaos in Piura, descendants of Mayas immigrants: “Tallanes” in the 5th century

ORIGIN CONSORTIUM/ COLLECTIVE MARK: Set-up of a Consortium incorporating 350 producers associated under a Technologic Innovation Center (CITE); registration by the CITE – OC, of the word and figurative collective mark “Joyas de Catacaos”

PRODUCTION AND QUALITY IMPROVEMENT: support in their associative process,

MARKET ACCESS IMPROVEMENT: Marketing around tradition and origin; only the best artisans and collective collections under “Joyas de Catacaos” collective brand.

Joyas Catacaos



supported by CITE Catacaos



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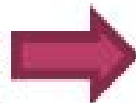
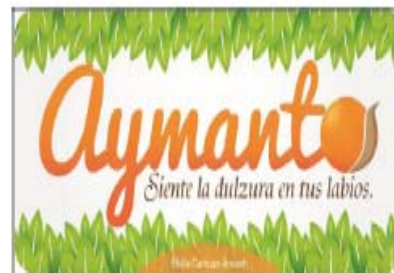




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Other OC Working in Peru





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HONGOS COMESTIBLES DE INCAHUASI



Quesos del Tulumayo



**CENTRAL DE COOPERATIVAS AGRARIAS
DE GRANOS DE ORO DE LA REGIÓN PUNO Ltda.**



CECAGRO

FUNDADO EL 20 DE SETIEMBRE DEL 2012



Hacia la conquista de los mercados con
productos ecológicos y nutraceuticos

MARCA COLECTIVA

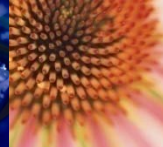


Marketing – Consortia Rol

A collective marketing strategy must be implemented by the Origin Consortia (OC). Market promotion activities are planned by the OC

To get better return for members from a “well told story” the OC must

- Set a reference final price for the typical product, to prevent competition between OC members.
- Ensure through collective negotiations and contracts that primary producers receive better prices for the raw materials, when the price of the final price increases.
- Ensure Regional production volumen
 - To much production → Massive product, worst price
 - To little production → We loose sales



Tourism effect

(in Peru 38, 1 jobs per each Milion soles)

Cuadro 3.14			
Estructura del gasto promedio del turismo receptivo y generación de empleo : 2008			
		Participación	Coeficiente empleo directo
		%	
40	Alojamiento y restaurante	46	50,0
39	Transporte	20	21,6
48	Agencia de viajes	6	33,9
17	Confecciones	10	31,1
18	Cuero y calzado	4	35,8
29	Industria de metales preciosos	4	0,4
27	Productos minerales no-metálicos	4	9,7
54	Otras actividades de servicios personales	3	87,0
41	Telecomunicaciones	2	12,4
43	Servicios bancarios	1	4,9
	Sector turismo receptivo	100	38,1

Fuente: MINCETUR; TIP 2007, INEI; cálculos del autor.



Typical products demand - reasons

Regional Market

**Production
Territory**

External Market

- Our land, our history
- Natural, simple, fresh, authentic
- Produced by my people (jobs)
- Identification, near
- Sort distance (medio ambiente)
- Simpathy for "ours things"

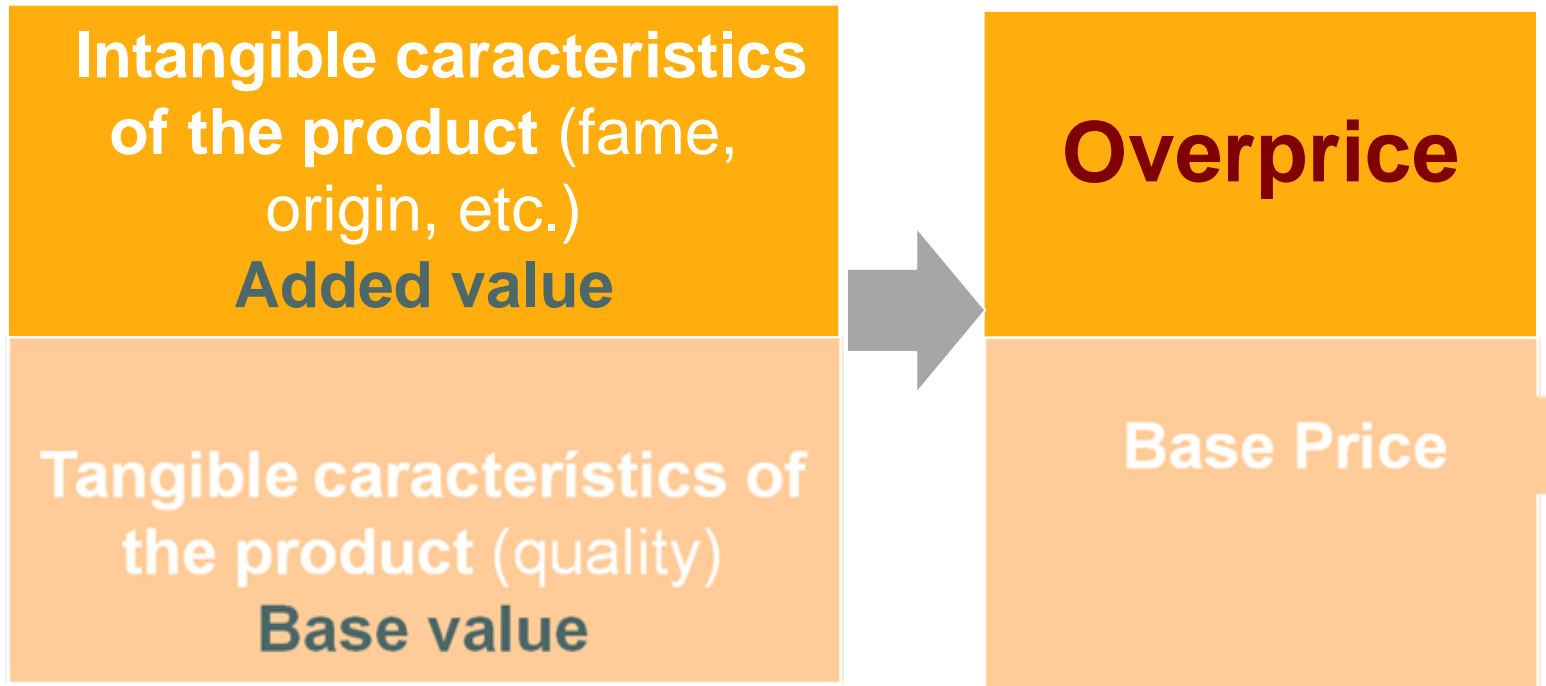
- Enjoy, delicacy
- A new experience, adventure
- Unique product
- "Living" other cultures
- Romantic adventure



Dreams pay more...

Consumer Feels

Consumer Pays



Consumidor paYS more for a tradictonal, if he feels a mayor benefit for its intangibles characteristics

Never more “traditional, good and cheap”!



Price

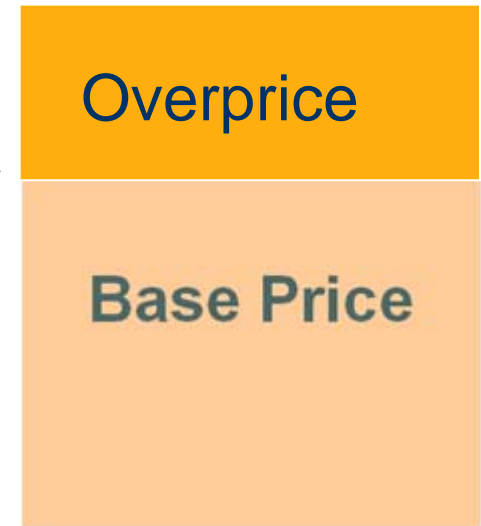
Consumer feels



Consumer develops



Consumer pays



Consumer emotions develops more interest for the product. But there is always a limit in the price perception



Costs

Products with less fame, need more Marketing investment!

Market price have to justify investment !



Conclutions

- OC are an important tool but not the final objective of a typical product valorization strategy
- OC can contribute to improving living conditions of rural producers but only within a comprehensive approach of local development
- UNIDO is a reliable partner to support countries in their efforts to promote inclusive and sustainable rural development strategies based on the valorization of typical products of regional origin.
- Tourism is the best market for traditional products, tourists want to take home an evidence of their life experience



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THANK YOU

For more information, please contact:

UNIDO Viena

Fabio Russo – f.russo@unido.org

Peruvian Program

Alejandro Siles – asiles@silesconsultant.com

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