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Country-of-origin labelling in the globalizing agrifood industry – the example of pork ‘made in Germany’

Oliver Klein¹

¹Institut für Strukturforschung und Planung in agrarischen Intensivgebieten (ISPA), Universität Vechta, Driverstr. 22, 49377 Vechta, Germany, oliver.klein@uni-vechta.de

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Abstract

The provenance of food has without any doubt become more important in recent years which is not least reflected in the commercial launch of relevant labels. Especially in the era of an increasingly globalizing agrifood sector, the emphasis on country-of-origin effects could appear as an additional selling point. This is also true for the pork industry which will be shown by using the example of pork ‘made in Germany’. Therefore, the current export success of German pork is obviously a result of positive quality features which are (subjectively) derived from the national provenance. The growing demand for ‘quality pork made in Germany’ in several East Asian markets, which are particularly important due to remarkable value-added potentials, has led pork producers to highlight the ‘benefits’ of German origin and to accordingly shape their upstream supply relations. As a result of this, pig fattening farmers who import their pigs from Denmark or the Netherlands are excluded from these production lines. The emphasis on country-of-origin effects is thus accompanied by modifications of the spatial organization of production networks.

Zusammenfassung

Die Herkunft von Lebensmitteln hat in der jüngeren Vergangenheit zweifellos an Bedeutung gewonnen, was nicht zuletzt in der Implementierung einschlägiger Labels zum Ausdruck kommt. So können die Ursprungsländer und daraus resultierende *Country-of-Origin*-Effekte im Zuge fortschreitender Globalisierung ein zusätzliches Verkaufsargument darstellen. Wie der vorliegende Beitrag zeigt, spielen solche Herkunftseffekte auch im Schweinefleischbereich eine wichtige Rolle. Demzufolge wird der Vermarktungserfolg von deutschem Schweinefleisch in globalen Märkten mit positiven Qualitätseigenschaften begründet, die aus der nationalen Herkunft (subjektiv) abgeleitet werden. Vor allem die steigende Nachfrage nach „Qualitätsfleisch made in Germany“ in den aus Wertschöpfungsgesichtspunkten wichtigen ostasiatischen Märkten hat einige Schweinefleischproduzenten dazu veranlasst, die deutsche Herkunft im Vermarktungsprozess zu betonen und die vorgelagerten Lieferbeziehungen entsprechend zu gestalten. Diese strategische Ausrichtung führt beispielsweise dazu, dass Mastbetriebe, die ihre Schweine aus Dänemark oder den Niederlanden importieren, aus den entsprechenden Produktionslinien ausgeschlossen werden. Insofern geht die Inszenierung von *Country-of-Origin*-Effekten mit einer Veränderung der räumlich-organisatorischen Gestaltung der Produktionsnetzwerke einher.

Keywords Agrifood networks, globalization, country-of-origin effects, pork production

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1. Introduction

Origin indications have been used as a means for differentiating agrifood products for a long time. Some particularly well-known foods of a specific geographic origin are Parma ham, Roquefort cheese, Budweiser beer or Champagne. In this respect, several authors put the focus on food provenance while analyzing country-of-origin or region-of-origin effects (Goodman 2010, Rippon 2014, Tregear and Gorton 2005, Tregear et al. 2007, van der Lans et al. 2001). Food production and retailing are therefore explored in consideration of place-specific connotations and cultural meanings. Ermann actually goes a step further and regards the origin of food as a channel of information about relevant production features: “Where a product comes from is always related to the question how it is produced, by whom, under which circumstances” (Ermann 2006: 200; own translation).

Addressing this question is all the more important since critical discourses on the contemporary agrifood system make us believe that the origin of foods increasingly matters. The current obligation of origin labelling for meat products at the EU level clearly reflects these intensive debates (European Commission 2015). One of the most affected sectors is the pork industry which has undergone a remarkable globalization process in recent years. German pork producers play a key role within these globalizing networks while successfully expanding into new countries, above all outside Europe. In this regard, the following considerations aim to analyze the export performance and country-of-origin effects of German pork with a special focus on the dynamically developing East Asian markets. One further issue refers to the changing network relations of German pork producers as a basis for plausibly accentuating pork ‘made in Germany’.

2. Framework and methodology

The importance of country-of-origin labelling results from its image-building power. In principle, place-specific images can be regarded as complex mental schemata, that is, “sets of hierarchically structured constructs, generalizations, objects, events, or feelings which form complex ‘webs of associations’ of nodes and their links that help us to structure our environment” (Hawkins et al. 2001; cited from Papadopoulos 2011: 28). In this respect, it is argued that the indication of origin on a prod-

uct is not only a form of information cue, but also fulfils the same function as brands (van der Lans et al. 2001: 453). Like brand names, ‘made in ...’ labels have the potential to alter consumer perceptions of products whose attributes may otherwise be very similar to competing offerings (Baker and Ballington 2002; cited from Tregear and Gorton 2005: 401). With the right kind of product and market, an individual firm can capitalize on a pre-existing strong image or reputation of a specific geographical area.

This is particularly important in the agrifood sector as several consumers develop deep and emotional associations between food and place. These consumers may be affected by complex phenomena such as pride, tradition, nostalgia or exoticism while creating close links between food, identity and culture. It is obvious that foods of a distinctive geographic origin claim supposedly ‘authentic’ characteristics as additional quality features (Kneafsey and Ilbery 2001: 133). Referring to this, food quality is directly linked to individual perceptions of the specific environment, culture or tradition of a particular country or region. However, due to a lack of clear and strict indication rules, firms have considerable freedom for implementing branding strategies. They can switch production to different places, manipulate brand associations and extend or develop into new areas as market and competitive circumstances dictate (Tregear and Gorton 2005: 403). The configuration of agrifood networks thus depends, to some extent, on meanings and imaginations based on the geographic origin of foods.

Against this background, the question how country-of-origin labelling is reflected in the marketing strategies of agrifood firms and therefore affects the spatial organization of production networks is largely an open one. This research gap is intended to be closed by using the example of pork ‘made in Germany’. The empirical analysis is based on a qualitative methodology including 39 guided interviews with actors along the pork chain (from primary production to food retailing) which were conducted in 2013 and 2014. The interview partners are mainly localized in Northwest Germany, including the regions of Weser-Ems (especially the districts of Cloppenburg and Vechta) and Westfalen-Lippe. These are the main pork producing areas throughout Germany characterized by a very strong regional concentration of pig farms, slaughterhouses and pork processing firms. The interviews which were mostly conducted ‘face to face’ (apart from a few telephone interviews) took

about 30-90 minutes and were taped and transcribed in order to undertake a content analysis.

3. Empirical results

The empirical findings of this study confirm the increasing significance of country-of-origin effects in the pork industry. This implies a clear advantage for German pork exporters due to a high appreciation of pork ‘made in Germany’ in various target countries. In the pork sector, as well as in many other industries, the label ‘made in Germany’ is obviously associated with a high degree of quality, safety and reliability. These attributions are especially striking in the promising East Asian markets of China, South Korea, the Philippines and Japan which are characterized by an increasing demand for pork products: “Particularly, special markets like China or Japan place much greater demands and ask explicitly for German provenance and German genetics” (Expert interview 17). The Chinese market plays a key role among these countries by asking for specific commodities such as ears, snouts, noses, trotters or tails for which there is virtually no market in any other country. Moreover, the costumers in China are willing to pay premium prices for German pork (which is also regarded as relatively expensive).

As a result, numerous slaughterers, cutters and processors have changed their strategic focus in order to merely distribute pigs of pure German origin. These pigs must already be born in Germany with the result that the large proportion of additionally bought piglets from Denmark and the Netherlands is excluded. The processes of fattening, slaughtering, cutting and processing must also take place in Germany. The aim behind this concept is to implement a gapless and strictly controlled value chain which guarantees the production of high quality pork ‘made in Germany’. Relevant products are sold under the acronym ‘5xD’ respectively ‘DDDDD’ (born, fattened, slaughtered, cut and processed in Germany) which is confidently promoted by the involved firms. In this respect, it is conceivable that the German origin yields an additional benefit for pork exporters, particularly in East Asian markets.

By contrast, the label ‘made in Germany’ has no significant influence in countries of the European Union. This is justified by several interview partners with reference to the increasingly integrated European market and the high degree of standardization in the pork industry. In addition, the relative cultural prox-

Table 1 Net export balance of German pork, January-June 2015 (Source: *Kohlmüller, AMI, 2015*)

Target country	Volume (tons)
Italy	187.813
Netherlands	170.321
China	156.865
United Kingdom	91.648
Poland	91.137
Denmark	76.721
Austria	57.759
South Korea	41.271
Hongkong	31.747
The Philippines	30.776

imity to specific countries, for example the Netherlands as the second-most important customer of German pork (see *Table 1*), rather inhibits the impact of country-of-origin labelling. On the other hand, some interviewees recognize added value potentials for exporters through the promotion of regional (i.e. sub-national) pork products as a means of differentiation. However, as this will require intensive (and costly) marketing efforts, it remains uncertain whether pork producers are willing to adopt such a strategy.

In order to place German pork on global markets, the export organization ‘German Meat’, a voluntary coalition of pork producers, plays an important role. The main goal of ‘German Meat’ is the promotion of quality meat ‘made in Germany’ within the framework of company visits, fairs, exhibitions or other business meetings on location. However, the question remains whether the ascribed meanings of German pork are reasonable. Some interview partners argue that it would be misleading to derive (objective) quality criteria from the origin of foods. “I am doubtful that German pork has a different quality compared to Danish, Dutch, Belgian or French pork” (Expert interview 6). The quality features of food products are therefore regarded as socially constructed “through the interplay of different actors within the food production-consumption arena” (*Kneafsey and Ilbery 2001: 132*).

4. Conclusion

The empirical findings have shown that the success in marketing of pork increasingly depends on ‘soft

criteria’ such as country-of-origin effects. The emphasis on the country of origin may evoke special meanings and perceptions among costumers, particularly in the Far East. While strategically focusing on German provenance, pork producers are able to gain various benefits: first, the implementation of gapless and strictly controlled production systems; second, the guarantee and commercialization of (seemingly) high-quality pork ‘made in Germany’; third, the building of trust, transparency and a ‘sense of home’ while marketing German pork (‘5xD’) under the guise of regionality. The implementation of ‘5xD’ leads to the exclusion of piglet imports from Denmark and the Netherlands and thus to a remarkable modification of pork production networks.

Finally, there is a need for future research concerning a more nuanced assessment of country-of-origin labelling in the globalizing agrifood industry. This may include the perspectives of international costumers and their different cultural backgrounds as well as the resulting impacts on the spatial organization of production networks. After all, the origin of (food) products as a field of research should generally be anchored more strongly in geography again.

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