

Competitiveness of Regional Products in the International Food Market

di

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Abstract

The paper deals with the quality issue in the market of regional products. It shows that the particular institutional mechanisms at the core of their quality definition and perception, can hamper regional products in successfully coping with the current competitive changes in the international food system. The standardization of food consumption patterns, the consolidation of food manufacture and retail sectors, and biotechnology seem to be the three main risk factors for these markets. We argue that in order to sustain regional products both public and private interventions must be carried out, aimed at preserving local cultural milieus and enhancing producers' marketing efforts.

Introduction

The European food sector gives consumers the chance to choose among numerous specialty goods, with the prevalence of regional products, whose peculiarities rest on culturally and historically rooted ways of production and consumption. The variety of food products, tastes and cooking in many European regions (mostly in France and Italy) is associated with the worldwide reputation of the Mediterranean diet as highly healthy and tasteful. The reform of the Common Agricultural Policy (CAP) has led both the public and the private sector to give more heed to regional products, feeling differentiation and quality improvement to be the best responses to the cost advantage loss due to the drop in agricultural price support.

The European Community supports regional products through the reg. 2081, which gives producers the opportunity to freely found a collective brand and a production reference standard, enforced by the government through a system of public guarantees on private quality control activities.

The paper deals with the quality issue in the market of regional products. It shows that the particular institutional mechanisms at the core of their quality definition and perception, can hamper regional products in successfully coping with the current competitive changes in the international food system.

Section 1 addresses the issue of social construction of quality, using conceptual tools from the theory of social capital and the theory of conventions. Section 2 describes a new framework for analyzing quality, that brings together the traditional economic approach and the marketing science based approach of perceived quality. This unified approach is used in section 3 to go deep into the issue of consumer quality perception of regional products, focusing on the differences between the original markets and the new markets. Section 4 seeks to identify the threats and the opportunities that the current competitive and technological changes of food systems in western countries represent for regional products.

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1.Regional products and the social construction of quality

By regional products we refer to specialty goods (the French denomination is "produits de qualité spécifique", while the usual Italian denomination is "prodotti tipici") able to attain the European denomination of geographic origin and specificity (origin labeled products). Currently, European laws (reg. 2081/92 and 2082/92) allow for three kind of labels: PDO (Protected Designation of Origin); PGI (Protected Geographical Indication); Doc and DOCG (controlled origin denomination and guaranteed controlled origin denomination). The first two kind of label are utilized for a broad range of food products, while the third type is specific for the wine sector. Skipping the differences among the three kinds of denomination, the definition of regional products is based upon the three following elements (the first two are also mandatory requirements to attain the label)²:

1- Geographic specificity. The product must have intrinsic characteristics that differentiate it from similar products. These characteristics must depend on a specificity in the production process, and/or in the raw agricultural input, that can be found only in a well defined geographic area.

2- Historical tradition. There must be historical evidence of the existence of the product in the past, with characteristics similar to the present.

3- Cultural and social specificity. In the region where the product comes from, there is a consensus, depending on the local social and cultural environment, about the identification and appraisal of specific attributes that differentiate the product. The cultural value can be associated with particular celebrations or to local gastronomic customs, or to a symbology supporting local social norms .

In addressing the problem of quality we begin with the assumption that in the case of regional products "quality is a social construction". In consuming their regional product people are guided by social norms.

A social norm is a norm that is shared by the most part of a society and that is sustained by the sense of social approval when obeying to it, or by the feeling of embarrassment, anxiety, guilt and shame that a person suffers at the prospect of violating it (Elster, 1989). An economic norm-guided behavior is somewhat at odds with the assumption of rationality and requires explanations other than the ones offered by the standard economic theory.

Many efforts have been made to incorporate the analysis of social norms in the economic theory. Social norms are sometimes treated as an output of the economic activity. For instance, conventions, a peculiar kind of social norm, are explained as the outcome of a coordination game with multiple equilibria. A convention is defined as an equilibrium that everyone expects in interactions that have more than one equilibrium and its economic significance is the reduction of transaction costs (Young, 1996). More often social norms are considered as original inputs, exogenously determined outside the economic activity. Coleman's theory of social capital and even Granovetter's (1985) concept of embeddedness and the Fukuyama (1995) study on trust implicitly make the latter assumption.

In the case of regional products social norms operate on three levels:

1- In the construction of a reference standard (accounting for the horizontal dimension of quality). To attain the European label of origin denomination, which operates as a voluntary formal reference standard enforced by the law, regional products must prove to have been historically produced according to specific and definite rules. This means that before the formal standard came out, informal standards already coordinated the market. These informal standards can be thought as

² Updated surveys of legal and organizational issues related to markets of regional products are contained in: De Stefano, 2000.

conventions, i.e., unanimously accepted rules of behavior resulting from repeated interactions among economic and social actors³.

2- In enforcing the standard. While formal standards are enforced by law (through legal means), informal standards must be informally enforced. The enforcement mechanism may rely on competitive as well as on cooperative behaviors. In an agreement, when each part incurs losses by cheating, there are private incentives to fulfil promises. If cheating can benefit somebody, with losses for somebody else, the free-riding problem prevents parties from fully enforcing the agreement and the relationship can fail. In the cooperative case parties recognize, besides individual payoffs, a common interest in enforcing the contract and a mutual commitment to not deceive prevails. This kind of cooperative behavior-based enforcement mechanism feeds on feelings and behavioral patterns, such as trust and reciprocity, and takes the form of a social norm. In the case of regional products the enforcement of the standard seems to have been guaranteed more likely by this kind of cooperative behavior (standing for a social norm) than by a non-cooperative-game.

3- In raising the value of the product. Since regional products give consumers socially and psychologically rooted benefits, different from those given by the closest substitute products, they are perceived as high quality goods. This allows a vertical dimension in the quality characterization of regional products. We can consider the expected high quality generated by social norms as an externality (though derived from a social rather than an economic activity) that adds value to the regional product, raising the bargaining power of sellers in the buyer-seller relationship. In other words, sellers benefit from a reputation, like high quality sellers do in vertically differentiated markets, that is an outcome of social norms rather than firm's investments.

2. Analytical frameworks in the economics of quality

The analysis of quality in the markets of regional products is a very tricky problem. Stemming from a recent work of Caswell e Noelke (2000) we will show as both the models from the economic theory and from the marketing and behavioral sciences, lack in addressing the analysis of quality in these markets.

In economic literature, quality has been mostly studied in three fields of research: the theory of market imperfection, the consumer theory and the economics of information. The seminal work of Chamberlin explicitly emphasized the role of product differentiation in relaxing price competition, by including the presence of differentiation among the variables accounting for the market structure. Lancaster first adapted the consumer theory to formally deal with the hypothesis of non homogeneity of goods in standard models. In 1961 Stigler pointed out that information is a fundamental resource to take into account when trying to understand market allocation mechanisms, and few years later Nelson (1970) and Akerlof (1970) introduced the information issue respectively in the analysis of consumer behavior and in that of market failure.

With regard to the empirical research in the market for goods⁴ these previous intuitions allowed for the study of two important issues: strategic behavior of firms, market power and the degree of

³ This issue is well addressed by the French school of "Coventionnalisme". Using a more general definition of convention with respect the American theory of Conventions, the French School explains many coordination problems related to differentiated markets through the definition of "conventions de qualité" (Eymard-Duvernay, 1989). In the French literature the concept of "conventions de qualité" has been used to explain reference standards (Foray, 1993) as well institutional problems affecting markets for specialty goods (Sylvander, 1995; Glandieres and Sylvander, 1995). While providing useful conceptual tools to take into account the complexity of reality in economic analysis, the "Coventionnalisme" has been criticized for its lack of strictness and sharpness in delimiting bounds and relationship between Economics and Sociology (Delaunay, 1997; Zeghni, 1997). In present paper we do not directly refer to this literature because of confusion possibly rising from the different meaning that the "Coventionnalisme" gives to some terms with respect to the meaning in the English literature. Nevertheless, many hypothesis and ideas underlying our discussion are influenced by the French approach.

market differentiation, distinguishing between vertical and horizontal differentiation; signaling and enforcing quality problems related to the three different kinds of quality attributes, search, experience and credence. Caswell and Noelke (2000) refer to these approaches in the economic literature on quality as the "consumer interface framework", in that the models focus on the interface between consumers and sellers, analyzing "what levels and types of quality information consumers have when they make purchase decisions and what level of quality firms will offer in the market". The authors point out three major deficiencies in the consumer interfaces framework that, as we will discuss in the next section, prevents it from successfully addressing the issue of quality in the market for regional products: 1) short insight into the operation of market for credence goods; 2) limited attention to the multidimensionality of product differentiation (generally the horizontal and vertical dimensions are treated separately); 3) the limitation of the analysis at the last stage of the agrifood chain, without taking into account the different features of quality problems at different levels of the supply chain.

In the marketing and consumer behavior literature the focus is on factors influencing the consumers' quality perception. Based on the early definition of intrinsic and extrinsic cues⁵ made by Olson and Jacoby (1972), Steenkamp and Meulberg (1986) and Steenkamp (1989, 1990) developed a model of quality perception in which in the first stage cues in the environment influence intrinsic and extrinsic quality cue beliefs. In the second stage cue beliefs make experience and credence quality attributes⁶ beliefs to take shape in the consumers' mind and in the third stage perceived quality eventually comes out. At any stage the process is affected by social, cognitive and behavioral characteristics of the consumer, making the final result (perceived quality) consumer, besides product, specific. Furthermore, by opening the process with the environment cues, the model emphasizes the influence of socio-cultural and indirect variables on perceived quality. The wider range of variables and the institutional feature make the perceived quality approach more appealing to empirical research, while the lack of sharpness in drawing definitions and relationships make it weak on the theoretical ground.

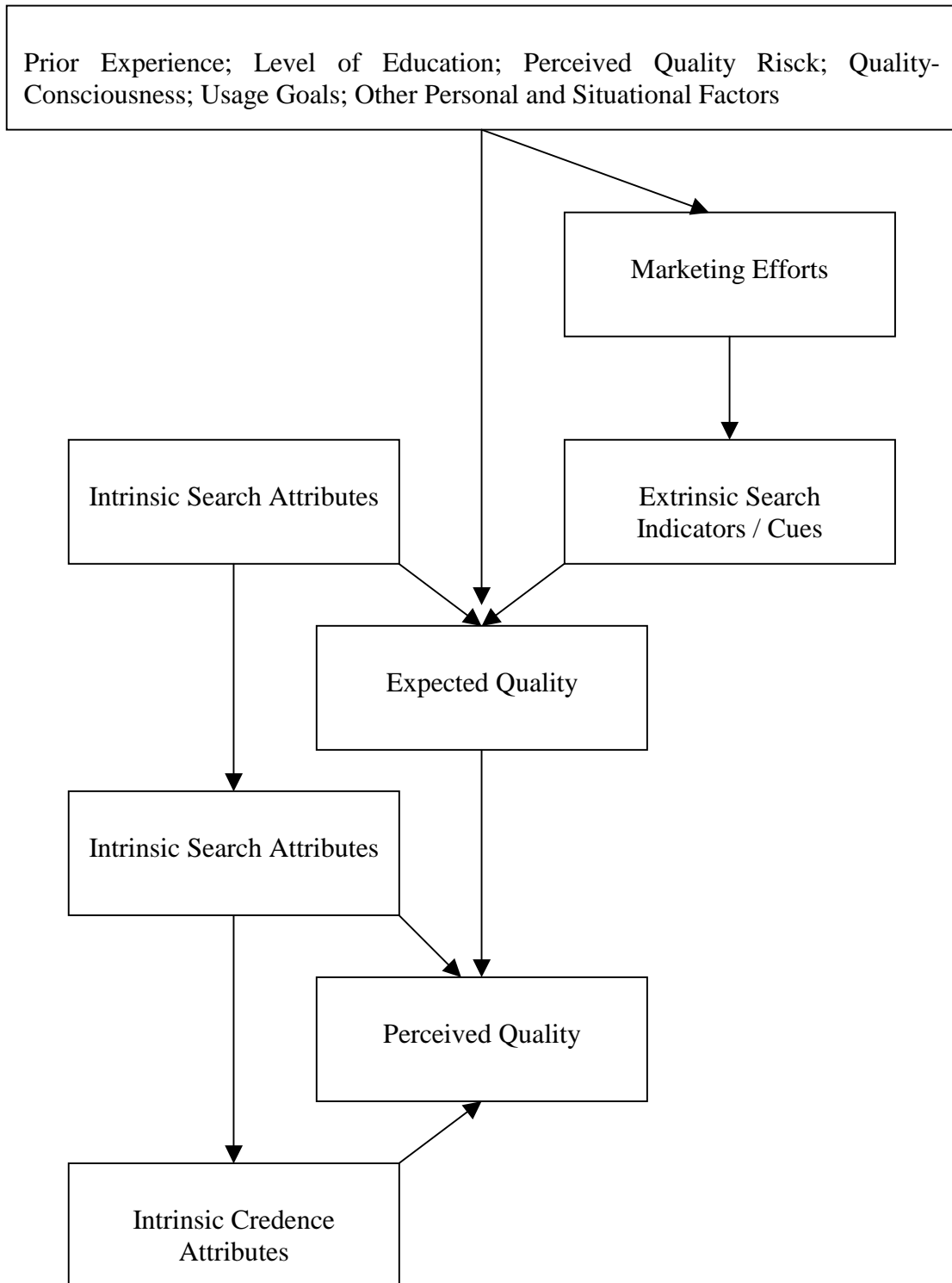
By reviewing also subsequent models, tracking the early Olson and Jacoby intuition of perceived quality, Caswell and Noelke suggest an unified framework that brings together the consumer interface and the perceived quality approaches, in order to successfully address, both on theoretical and empirical ground, the main quality issues in the food supply chain. The framework, summarized in the figure 1 offer a chance to maintain the economic literature definition of credence, experience and search attributes, together with the subjective definition of quality from the perceived quality approach. The assumption is that a product is an array of intrinsic quality attributes that, in terms of the buyer's information environment, may be search, experience or credence attributes. Prior the purchase consumers have quality beliefs (expected quality), influenced by: 1) psychological and sociological factors influencing consumer specific attitudes towards the product; 2) intrinsic search attributes; 3) extrinsic cues. These beliefs, along with the intrinsic credence and experience attributes make up the perceived quality. Extrinsic cues are strategically determined by the firm's marketing efforts, in turn influenced by the competitive environment and the institutional framework.

⁴Advances in consumer theory and imperfect competition mostly led to theoretical findings in model of general equilibrium, while major developments in the economics of information were reached in the analysis of insurance, financial and labor markets. For an updated critical review of the economics of information see Stigler, 2000.

⁵ An extrinsic cue is defined as a product attribute that cannot be changed or experimentally manipulated without also changing the physical characteristics of the product itself. An extrinsic cue is one that if experimentally changed, the physical characteristics need not necessarily change. Extrinsic cues can be influenced by marketing efforts.

⁶ Experienced and credence quality attributes are intrinsic characteristics that consumer can only experiment or trust, while search attributes are captured by the definition of intrinsic and extrinsic cues. The Steenkamp's distinction between quality attributes and quality cues brings the perceived quality perspective near to the consumer interface framework.

Figure 1: A Unified Quality Framework



Source: Adapted from Caswell and Noelke (2000)

3. Quality issues in the market of regional products

To address quality issues in the market of regional products we begin with the consideration that the definition of quality and the market organization strongly change when passing from the original local market to a new one. In the original market the differentiation is based more on vertical than on horizontal dimension (as we already explained in section 1) and the expected and perceived quality is influenced more by intrinsic attributes than extrinsic cues. In new markets the horizontal dimension prevails, in that consumers do not share social norms related to the vertical differentiation in the original market. Extrinsic cues are more effective signs of quality than intrinsic attributes and environment and consumer specific variables affecting consumer behavior are different from the ones in the original market.

Referring to the unified quality framework suggested by Caswell and Noelke (figure 1) it is possible to highlight some important differences between the two markets.

3.1. The quality issue in the original market

In the original market the expected quality of the regional product is positively related to many of the consumer and environmental variables listed in figure 1. Prior experience always occurs because of the tradition in consumption, and highly affects the quality-consciousness. The general agreement on the quality of the product derived from social norms make people to relate the consumption of the product with a sense of satisfaction. The perceived quality risk is very low due to repeated purchases and the common beliefs about the usefulness of the product. Usage goals are mostly of social belonging and tradition preservation besides of nourishment and pleasure. This means that some positive externality is expected besides individual utility, increasing the expected quality. The level of education does not seem to affect the expected quality, in that consumption is driven more by custom than by the achievement of status. Personal and situational factors are not relevant, being the satisfaction from the product related to a common belief more than to individual and situational specificity.

The perceived quality is influenced by the expected quality and by intrinsic experience and credence attributes. Intrinsic search attributes are an important factor because consumers are well trained to distinguish visible characteristics signaling quality before the purchase (for example, the color of a particular moldy cheese denoting the correctness of fermentation processes, can be detected only by usual consumers).

In an exchange relationship, credence attributes can negatively affect the perceived quality when buyers do not sufficiently trust sellers. When quality is not observable and verifiable either before or after the purchase, the market for high quality can fail, and trust becomes the key factor in assuring efficiency. Then, public intervention (minimum quality standards, public quality control and assurance) and private efforts (investment in brand equity and reputation, and certification through quality control and insurance from a third part) are carried out to raise buyer's trust. In the case of regional products sold in the original market, trust comes out from social norms. We can assume that information problems related to credence attributes are solved through the same mechanism we described in section 1 for the standard's enforcement problem. Social norms, coming from repeated cooperative behaviors in network relationships, give consumers enough trust to believe in the fair play of the sellers.

3.2. The quality issue in the new markets

Outside the original country, the market for regional product is a straightforward niche market, concerning only a small segment of the demand. For each regional product the identification of the relevant segment depends on the consumer's needs the product is likely to meet, and its price. Since social norms in the new market, affecting quality in the original market, are not recognized (and

maybe even unknown), consumers are boosted to purchase only if they feel that the new product can satisfy some further need or desire, or can allow them to join in some reference group in the society (the consumption of the good can be a sign of belonging to a sub-culture, or it can help to reach a particular status). Generally, because of their artisan way of production, regional products seem to meet the need of exclusiveness, and are perceived as more “natural” than industrial counterparts. Consumers who believe that nowadays the diet is less healthy than in the old times, or with an high interest in refined cooking, are even more attracted by regional products. Obviously the most interested consumers are those who love the region from which the product originates, because of its tourist attractions or because some dear friend somehow related to that country.

Looking again at figure 1, we can suppose that among the environmental variables, at the top of the perceived quality formation process, "personal and situational factors" are the most powerful in driving the expected quality directly, as well as through the marketing efforts. Also the "perceived quality risk" can be important, negatively affecting the expected quality when the product does not seem to offer enough food safety and originality guarantee. Intrinsic and extrinsic search attributes both influence the expected quality. Outside the original market, the regional product is even more special, sometimes a rarity, and the purchase process calls for a search activity to find convenient and trustworthy sellers, able to balance the consumer's inability to recognize the "true" quality. Intrinsic experience attributes have little influence, because consumers, conscious of their ignorance about the "real" taste of the product, tend not to base their quality judgment on personal experience. Finally, intrinsic credence attributes can discourage the purchase, in that there are not implicit contracts to correct the asymmetry of information such as in the original market. In short, outside the original market, marketing efforts and search efforts seem to be the most important factors influencing the perceived quality.

4. Innovative trends in the food systems and the competitive challenge of regional products

For a long time, producers of regional products in their own original market have benefited from a competitive advantage stemming from local institutional factors. Social norms, by raising the consumer-perceived quality, gave them the opportunity of exploiting a premium for the high quality, without bearing costly investments in reputation. In recent years, public policy makers have given them the possibility to exploit this kind of externality also in other markets. Through regulation 2801, that states the conditions for attaining the qualification of origin denomination (IGP, DOP), the European Community encourages producers of regional products to found common brands. These common brands operate using legally enforced voluntary minimum quality standards and force the State to partially support the commitment and liability in the buyer-seller relationship.

Many groups of producers, from many countries (especially Italy and France), took advantage of this law, demonstrating attitudes towards innovation and cooperative behavior, as well as good management qualities. In Italy by the end of 2000 113 producers associations had registered a common trademark for their regional product. Nevertheless, some of these products were not so successful as they were expected to be.

In this section we endeavour 1) to draw current competitive patterns in the agri-food systems threatening the success of regional products, and 2) to suggest suitable interventions (at both private and public level) able to bar negative trends.

4.1. Threats to regional products

Three major trends in the agrifood sector represent serious threats to regional products: 1) standardization of food consumption patterns across national markets, stemming from broader globalization trends in the world economy; 2) consolidation and rising market power in food

processing and distribution; 3) changes in strategies and organization driven by new marketing information technologies and biotechnology.

The reached economic, political and cultural similarity in western markets, along with standardized international marketing strategies carried out by the world's leading food brands (Szymanski, Bharadwaj, Varadarajan, 1993), make consumers in different countries converge towards common food consumption patterns (Rosa, 1999). The loss of local cultural specificity, on which social norms affecting quality depend, wastes the competitive advantage of regional products and make them extremely weak in the competitive game with standard industrialized products.

In the last two decades, food systems in western Countries have evolved toward ever higher levels of food manufacturer and retailer concentration and increasing vertical coordination across market stages.

As recently pointed out by Sexton (2000), even if many empirical and theoretical studies demonstrate that both horizontal and vertical consolidation lead to higher efficiency levels (through the exploitation of scale and scope economies as well organizational improvement), that overwhelm welfare losses due to the increased market power, nevertheless they may have important redistributive consequences⁷.

Farmers and processors in regions that are modernizing more slowly may be forced to leave the market, with dramatic effects on rural communities and the all social equilibria. Regional products, characterized by artisan ways of production and rather traditional marketing channels, may suffer from these negative consequences as well. But the major threat to regional products comes from the differentiation strategies the process of consolidation is even more fostering. To gain contractual power in vertical relationships and to mitigate price competition at the horizontal levels, both manufacturers and retailers are trying even harder to differentiate their products and services. The explosion of private labels and the high manufacturer investment in research and development aimed at improving quality, witness the strength of the differentiation effort. In the next few years we can expect new products and brands, introduced by the most powerful actors in the food supply chain. They will fill each profitable segment of the demand, leaving even less room to the other specialty goods that, like regional products, are not so heavily sustained by R&D and marketing investments.

New information technologies affect the food supply chain by improving efficiency and offering new profit opportunities. The efficiency is improved through the shift from the old supply push model of procurement and inventory management to the new Wal-Mart model, the latter allowed by the spread of the business-to-business e-commerce (Kinsey, 2000). Profit opportunities come from the new information on the demand available to manufacturers and retailers through the new marketing information technologies associated with point-of-purchase scanner systems (Chu, Messinger, 1997). This huge set of information can be used to better identify segments useful for differentiation policies and to "fine tune" prices in response to change in demand. It also gives the more informed player along the chain a source of monopoly power. The final result can be a perfect price and product discrimination carried out by the best informed player, with the exit from the market of the weaker players with no access to scanner information. Suppliers of regional products may be clearly hurt by this kind of scenario, that at least leaves no niches free in the market for producers other than those with the higher information power. Biotechnology can dramatically foster this tendency towards perfect discriminating monopolies, in that it gives the informed players the possibility of engineering food to achieve the best product response to the most profitable segments. Moreover, while the perceived risk associated with GM products allows for the vertical differentiation of the market, the absence of mandatory labelling for GM products (as in the US

⁷ A recent empirical study on the French food retail industry (Gohin A., Guyomard H., 2000) estimates that about 18 per cent of the wholesale-to-retail price margins for dairy and meat products, can be attributed to oligopoly-oligopsony distortions, leading to the conclusion that in the French case in the food marketing channel there exist significative sources of market power.

case) prevent consumers from distinguishing low quality (genetically modified) products from high quality (non genetically modified) products (Coppola, Gorgitano, Sodano, Verneau, 2001)

4.2. Sustaining regional products

To successfully react to the aforementioned threats, regional products must take the following steps: 1) prevent the loss of tradition and social norms which shape the core of the product in the original market; 2) carry out effective marketing policies to promote and signal quality in the outside markets; 3) build up cooperative relationships with retailers, in order to defend their position in the reshaping process of the differentiation structure of the food market.

The prevention of social capital waste is the most difficult goal. The standardization of food consumption patterns is an unchangeable trend, driven by the broader process of international economic and cultural integration, that also makes local social identities fade as time goes on. Like bio diversity or the environment, food diversity and cooking traditions are public goods, suffering from the lack of adequate market incentives. Public intervention can partially correct market failures. To sustain regional food products, either direct or indirect interventions are feasible. Direct interventions include direct payments to producers and public generic advertising. Indirect interventions refer to a wide range of activities like: teaching local traditions in the schools; promoting cultural events like exhibitions, performances and feasts; launching organizational networks between regional food producers and tourist offices. These kind of intervention is provided by the new CAP inside structural policies and programs for rural development, based on the assumption that the agricultural sector has social and environment functions (besides the economic function) and provides the society with welfare-increasing public goods. To benefit from the European funds, local communities are requested of a strong effort in programming and implementing suitable policies. Unfortunately, regional products often originate from regions with a lack of efficiency in public administration and management, and may not be able to benefit from public funds.

The marketing effort is particularly important in markets outside the original country. In these markets, as argued in section 3, the consumer's perceived quality is influenced by extrinsic cues which in turn are affected by marketing policies. Papers presented at the 67th EAAE seminar (Sylvander, Barjiolle, Arfini, 2000) stress the role of effective marketing policies in enhancing market opportunities for regional products and highlight the need of powerful organizational structures to improve coordination and develop new relationships between consumers, producers and middlemen in the supply chain.

The choice of marketing policies depends on a wide range of elements related to the specificity of the product and the firm, therefore it is not meaningful to suggest specific policies for the divers regional products. Nevertheless it is interesting to highlight two key peculiarities generally facing marketing planning for regional products:

1. Some important extrinsic cues (brand name, manufacturer name, country of origin, warranty and reputation⁸) are partially utilizable. The collective name of a regional product consists of three parts: the name of the traditional product (for instance, in the case of the product "mozzarella di bufala campana a denominazione di origine protetta" this is mozzarella di bufala), the name of the region (campana) and the designation of origin (DOP). The first name indicates the particular type, the second the origin, and the third guarantees the true origin and standard of production. Altogether the three names account for the brand name, country of origin, warranty, and reputation; moreover, they make the manufacturer's name not meaningful (unimportant) to consumers. The result is that producers have no individual ways of naming their product and must rely on a collective action to support and promote their product through advertisement and other form of communication.

⁸ Besides this list, other extrinsic cues are: price, store name, packaging, advertising, distribution outlet, past purchase experience.

2. For regional products generally it is very difficult to identify and reach profitable new segments of the market. The identification, based on psychographic and behavioral variables more than on demographic ones, calls for high investments in marketing research. Moreover, to reach new consumers the producers must cope with organizational and legal problems (for instance, the difficulties arising from the variety of food labeling laws across different countries). Individual firms, generally of small size and without a marketing-oriented management, cannot afford these strains. Once again they must rely on the cooperative relationship with the other producers and on the implementation of collective policies.

Finally, whatever the marketing policies may be, they cannot be successfully implemented without the consensus and the support of retailers. Retailers who sell regional products need to fit them into their global competitive strategy. A retailer who chooses the cost advantage will try to cut both the wholesale and the retail price, damaging regional products in two ways: by lowering the producers' income and wasting quality reputation (assuming the price as a signal of quality). Retailers betting on their own private label to raise their market power may have no interest in sustaining other brands. Only retailers offering a broad and deep assortment targeted to wealthy consumers or food specialty stores are likely to sell regional products, with a promotional effort related to the level of service offered and to procurement policies. Establishing cooperative relationships with this kind of buyer, finding out common interests and network externalities, may become the key factor in driving regional products to success.

Conclusions

Food regional products may have three important functions: 1) enhancing the competitiveness of the European agri-food system through the weapon of differentiation; 2) preserving agriculture in regions with cost disadvantages but where rural communities perform considerable environmental and social functions; 3) keeping alive local traditions and avoiding the loss of social and cultural diversity stemming from globalization. In the early 1990s the European Commission (reg. 2081/92 and 2082/92) promoted the launch of regional products outside the original markets by giving producers effective means to tackle informative problems associated with this kind of product. Currently in Italy 103 regional products benefit from the European label of designation of origin, witnessing the positive response of both producers and consumers to the public promotional effort.

The paper deals with threats facing regional products in the current development trend of the international food market. The standardization of food consumption patterns, the consolidation of food manufacture and retail sectors, and biotechnology seem to be the three main risk factors. We argue that in order to sustain regional products both public and private interventions must be carried out. Public interventions concern the preservation of local cultural environments which feed the "social construction of quality" of regional products. Private interventions refer to the marketing effort that producers' associations promoting regional products must make in order to find out and fill suitable niches in the food market.

The paper also points out some interesting theoretical issues related to the economic theory of quality. It shows that to be more effective, both at the analytical and descriptive level, the standard economic model must be supported by analytical approaches from other fields, like sociology and behavioral sciences. Therefore it pleads the cause of Institutionalism and other new approaches, like the French Conventionalism, that strongly disagree with the standard model and its new forms shaped by New Institutionalism.

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