
TRADITIONAL PRODUCTS AND THEIR ROLE IN THE DEVELOPMENT OF SMES

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Abstract:

In the past years, the role of traditional products in the European economy has greatly increased, firstly through the supply of essential products and services for the local communities, but also through the creation of new work places in all the EU countries, including Romania. 99,1% of traditional products are being produced in our country in small and micro-enterprises, with a small number of employees, and which use traditional recipes, passed down from generation to generation - and the secret of which is kept strictly within the family.

This paper aims to demonstrate the importance of developing these small businesses which produce and sell traditional products in Romania, and to analyse the perspectives of development of the consumption of these products and present the scientific results following a study of the Central Region of Romania regarding the consumption of these products, the purchase, factors that influence consumption and preferences of consumers as regards to traditional products - the research has been done within the Postdoctoral School for Zoo-technical biodiversity and Food biotechnologies based on Eco-Economy and Bio-economy necessary for Eco-sanogenesis.

Key words: *traditional products, SMES, competition, cultural identity, traditional recipes, rural area*

The development of SMEs that produce traditional products - SMEs are considered to have a decisive role in the competitiveness and dynamics of the European economy - contributes, as specialists (Klaus Menrad, Sandra Feigl, 2007) claim, to the promotion of a cultural inheritance - a traditional product helps preserve the cultural assets of the rural areas and helps keep the cultural identity, through the preservation of local traditions and customs: local holidays and festivals which promote the traditional costumes, customs and products alike. Moreover, traditional products support the local economy: through their sale, the incomes return to the entrepreneurs and help support their future activities. For many of the entrepreneurs, these activities

represent the main income source, without which they cannot survive, however much they would like to preserve the traditions and stay close to nature.

1. The importance and role of traditional products in the economic development of all the member states of the EU

Traditional products are an important element of each member state of the EU and are part of their cultural patrimony." Europe claims many local culinary specialties and has established a system for protecting registered traditional products within a framework that proves valuable for local producers and for the commerce with high quality locally distinctive products." (Mella Frewen, 2010)

However, since the lifestyle of many people are under constant change, many traditional products are being perceived differently by various consumers. How can the availability and durability be increased on a certain market is one of the questions specialists (Klaus Menrad, Sandra Feigl, 2007) try to answer. The increase of the opportunity to access these products, through improving competitiveness, consolidating and diversifying the marketing processes is a key element of the local sustainable development and a factor that can contribute to fulfilling the Lisbon Strategy for economic growth, employment and welfare.

However, in order for the innovations to be successful and to benefit from the existing opportunities, many small and medium sized enterprises (SMEs) that offer traditional products need support. The solution would be "a modernization of all the aspects connected to the traditional food industry, including developing the logistics and distribution, at the same time with maintaining the safety and high quality of the products." (Mella Frewen, 2010)

Reality has proven that SMEs have to develop their marketing skills, modern production and management techniques, as well as the methods of promoting aspects essential to nutrition and health - all these leading to the increase of consumption. We must point out the support offered by the framework programs of the EC for "supporting and promoting high quality traditional and regional products, the increase of challenges that the sector of traditional products is being faced with, and pointing out within these programs, of the current state of research but also the new directions of research and development in this field."(Agricultural Sustainability, 2004)

Nowadays, when we are building the knowledge based economy, we are aware that we are increasingly closer to knowledge based bio-economy, as the research in the past years demonstrate the value of the knowledge exchange in these fields, at different levels.

The objectives of the research technologies of traditional food products are" to support the producers in ensuring the quality of traditional products and, at the same time, of identifying new opportunities for producers."(Klaus Menrad, Sandra Feigl, 2007)

We mention that the increase of the role of these products in maintaining the welfare - and insisting on the benefits they have on a healthy lifestyle - will certainly determine the increase of the consumption of these products.

In our country, traditional products represent, as we have emphasized in this paper, a source of knowledge, and a part of our cultural patrimony. **The selective research undertaken on the perception of consumers regarding the consumption of traditional products** - whose research are, in part, presented in this paper - aims, through the dissemination of the results obtained, to support the production and consumption of traditional products, sustainable economic development and improving the health and welfare of all Romanian consumers.

2. What are traditional foods ?

The food industry is one of the most important sectors of the EU economy, with great relevance to the production and employment. For the past years, this economic sector has been confronted with numerous economic and technical transformations, regarding the production and processing of food products.

An example in this regard is "the new scientific and technical approaches in processing food products. Innovations are more and more an instrument for the food companies to have a competitive edge and to come forward from the competition, at the same time fulfilling the expectations of the consumers. " (Carol Popa, 2011)

The production of traditional products - essential component of this industry in full development, is more and more a preoccupation of specialists in the past years due to the increased interest of the consumers from all countries, including our country. The food and drink industry is an industrially diverse sector, and the activity takes place in a large majority in the SMEs - up to 99% of the suppliers of food products, including traditional products, are SMEs.

Due to the fact that the term "**traditional food products**" (TFPs) is very complex, and the specialized literature does not offer a general definition up to now, it is rather difficult to define this term.

The Council Regulation (EC) No. 509/2006 (dated March 20th, 2006) defines the term "traditional" as follows: "Traditional" means proven usage on the Community Market for a time period showing transmission between generations. This time period should be the one generally ascribed to one human generation, at least 25 years" (European Commission 2006). (Klaus Menrad, Sandra Feigl, 2007)

Furthermore Workpackage 5 of the Truefood-Project has developed a definition for TFPs as well. According to this definition, TFPs have to hold four different attributes (Truefood-Project 2006):

"The key steps of the production have to be local, national and regional. In this context this means that the product has to be produced in the own country. If firms start to produce in other countries, the food product is not regional anymore.

✓ The food product has to be "authentic". That means the product has to fulfil at least one of the following attributes: The product has to consist of a authentic mix of

ingredients and/or the origin of raw material what from the food products are produced has to be authentic and/or the process of production has to be authentic.

- ✓ Traditional products are for at least 50 years commercially available for the public in stores or restaurants. It might happen that during that period the food product disappeared from the market but it was on the market at least 50 years ago.
- ✓ The product has to offer "gastronomic heritage". This means the product must have a story which can be written down in 2 to 3 pages." (Klaus Menrad, Sandra Feigl, 2007)

In the Romanian legislation - more precisely in the Order No. 690/2004 for approving the "Norms regarding the conditions and criteria necessary for attesting traditional products" - the traditional product is defined as "a product that must be obtained from traditional raw materials, that present a traditional composition or a traditional way of production and/or processing which reflects a traditional technological production process, which is clearly different from other similar products from the same category." (Order No. 690/2004) Moreover, for the product to be registered as such, it has to be "traditional in itself, or must express tradition". (Order No. 690/2004)

The market research done in the past years by companies in our country shows that the expectations of consumers regarding traditional products are different from the requirements stipulated by the local legislation for a product to be considered traditional. It is important to underline the increasing interest of the consumers for these products. Specialists claim that the Ministry of Agriculture has recorded over 2500 traditional Romanian products, which are on the local or national market. In the EU the sales on the market of traditional products sum up to 14 billion EUR annually, while, in our country, the commerce with these products is done mainly in fairs and markets, and only a limited number are found on the shelves of large stores. These products total yearly sales of over 100 million euro, acc. to the statistics of the Ministry of Agriculture. A supportive legal framework for the local production of traditional foods has become a necessity for the SMEs that produce and sell these products. (Carol Popa, 2011)

3. What is the Romanian consumer looking for? Romanian traditional products - attitudes and perceptions

In a concern to analyze the development of SMEs that produce and sell traditional products in our country, we have developed a selective research within the post-doctoral research project "The loss of biodiversity of the traditional products in Romania and the bio-economical effects generated - and their promotion strategy in the context of sustainable development", project whose purpose is to identify the degree to which traditional products are known and consumed in the Central Region of Romania. With this purpose, we have designed a questionnaire with 11 questions

which would present the position of the consumer regarding the issues under discussion. There questions were closed ones - with multiply codified answers. The target group was comprised of 298 persons, equally distributed as regards with gender, age, education, income and origin (rural/urban). The collection of the data was done by the operators in the period June 2012 - August 2012.

The objectives of the research were:

- ✓ *To identify the spontaneous perceptions regarding the criteria that a Romanian traditional product must fulfil;*
- ✓ *To identify the criteria considered as mandatory for a food product to be considered traditional;*
- ✓ *To identify the image features/characteristics associated with traditional Romanian food products;*
- ✓ *To identify the socio-demographic profile of the buyer of Romanian traditional food products.*

We want to present below the most important results obtained following the selective research undertaken.

In order to determine the frequency of consumption of Romanian traditional products, we designed the following questions:

1. How often have you bough Romanian traditional food products in the past months (you or together with your partner/relative etc.), regardless of the place you bought them from?

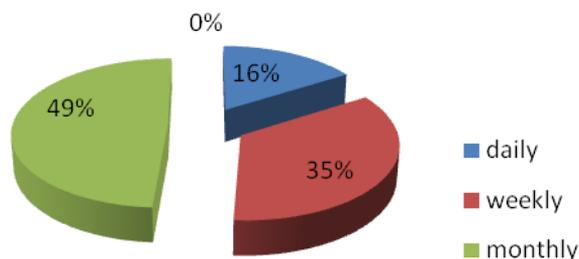


Fig. nr.1. Interest in buying Romanian traditional food products in the past months

- *Most of the respondents buy Romanian traditional food products on a monthly basis (49%);*
- *35% buy weekly these products;*
- *only 16% declare to have bought traditional food products on a daily basis.*

2. What type of Romanian traditional products do you buy (you yourself or together with your partner/relatives etc.), regardless of the place of purchase?

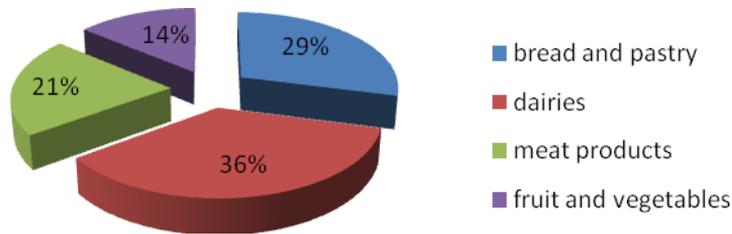


Fig.nr.2. Top category of Romanian traditional products

- Most of the respondents buy dairy products (36%);
- 29% of the respondents buy bread and pastry;
- 21% of the respondents buy meat and meat products;
- only 14% answered that they buy Romanian traditional fruit and vegetables.

3. Please mention the reasons that determine you to buy a traditional product

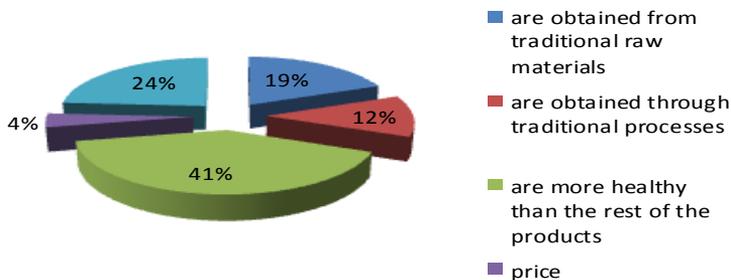


Fig. nr.3. Reasons for buying Romanian traditional food products

- Most of the respondents buy Romanian traditional food products because they believe they are more healthy than similar products (41%);
- 24% of the respondents buy Romanian traditional products based on the producer/label;

- 19% of the respondents buy Romanian traditional food products because they are obtained from traditional raw materials / ingredients;
- 12% of the respondents buy Romanian traditional products because they are obtained/processed through traditional processes;
- only 4% declare to have bought Romanian traditional products due to their price.

4. What are the criteria that a product must fulfil in order to be considered a Romanian traditional product?

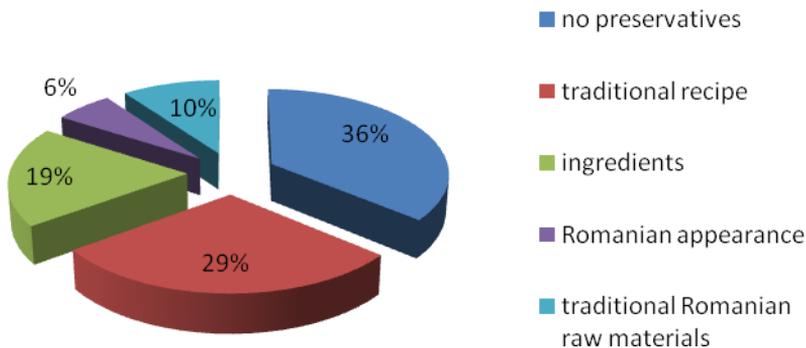


Fig.nr.4. Criteria fulfilled by products to be considered a Romanian traditional product?

- Most of the respondents believe that a traditional food product is the one that does not contain preservatives (36%);
- 29% of the respondents consider that a traditional food product must be obtained using a traditional recipe;
- 19% of the respondents believe that a traditional food product is the one that has only natural ingredients;
- 10% of the respondents consider a traditional food product to be the one that is obtained from Romanian raw material;
- only 6% declared that a traditional food product is one that has a traditional Romanian appearance.

5. Where from do you buy most often Romanian traditional food products?

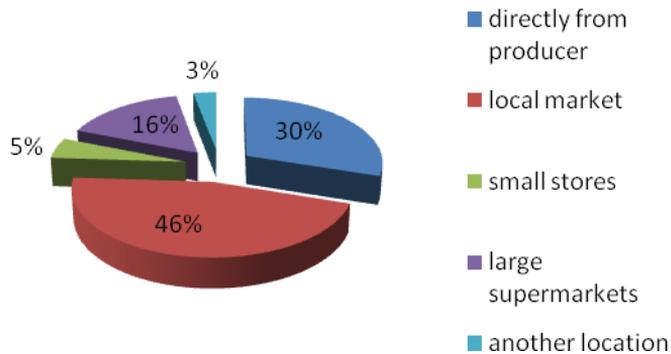


Fig.nr.5. Frequency of buying Romanian traditional food products

- Most of the respondents buy Romanian traditional food products from the local market (46%);
- 30% of the respondents purchase traditional food products directly from the producer;
- 16% of the respondents buy traditional food products from large supermarkets;
- 5% of the respondents purchase traditional food products from the small stores;
- 3% of respondents purchase traditional food products from another location than the above, without mentioning which one.

6. Who consumes traditional food products in your family?

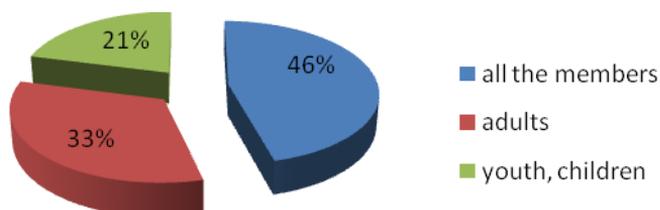


Fig.nr.6. Consumers of Romanian traditional food products

- *Most of the respondents say that all the members of the family consume traditional food products (46%);*
- *33% of the respondents claim that only the adults consume traditional food products;*
- *only 21% of the respondents declare that only the young and children consume traditional food products.*

Conclusions from this survey

As a conclusion, the results of the selective research done within the postdoctoral research project "The loss of biodiversity of the traditional products in Romania and the bio-economical effects generated - and their promotion strategy in the context of sustainable development", aimed at identifying the degree to which the traditional products from the Central Region of Romania are consumed and known, shows the fact that 36% of the consumers expect that the traditional product not contain preservatives, 10% of the consumers expect that the traditional product be obtained from traditional Romanian raw material, and 29% expect that also the production/processing technology be based on a Romanian traditional process. In other words, most of the consumers consider that a product must fulfil simultaneously the three criteria in order to be considered traditional. In other words, foods such as "pork sausages" that are produced from pork and imported from other countries, and produced in industrial quantities, are not associated by the consumer with the notion of traditional. This is the same for the products that are usually a result of an industrial process. As regards to the criteria that refer to the selling of these products, 46% of the respondents say the purchase traditional products from the local markets, 30% claim to purchase them directly from the producers, and the rest purchase these products in supermarkets or from any other part, which shows that they find these products in modern commerce points and not only in fairs and markets.

According to this study, the main traditional food products that the Romanian consumers purchase from the Central Region are dairies (36%), bread and bakery (29%), and meat products (21%). If we refer to the members of the families that consume these products, 46% of the respondents declare that all the members of the family are consumers of these products, 33% of them claim that only the adults consume these products, and 21% acknowledge that only the youth and children consume traditional food products.

The profile of the buyer with inclination for traditional food products is a person aged 35-54 years old, employees with management functions and university studies. The women and those that live in small towns (under 50.000 inhabitants) are those that buy most often traditional food products as compared to the rest of buyers.

4. Conclusions

Local products represent the key point for the development of a region because they can contribute to its popularity. The more a region is developed and establishes contacts with the external environment, the more the chances of local products to become wellknown and growing. During this period when all sectors are affected by the economic and financial crisis very important aspect for the traditional food sector is represented the unanimously positive general image of traditional food in Europe in general and Romania, in particular. Attributes that contribute to this image are: High and constant quality, a good and special taste, good appearance, high safety, high nutritional value, healthiness, environmental friendliness and support of local economy.

We believe that one of the main result from this survey is the following final consumer-driven definition of Traditional Food Products: A traditional food product is frequently consumed or associated to specific celebrations and/or seasons, transmitted from one generation to another, made in a specific way according to the gastronomic heritage, distinguished and known because of its sensory properties and associated to a certain local area, region or country. (Razvan Serb, 2012)

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