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ALTERNATIVE DEVELOPMENT TOOLS:

Collective trademarks, certification marks,
and indications of geographic origin

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ORGANIZATION OF AMERICAN STATES
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(CICAD)

Alternative Development Tools:
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and indications of geographic origin

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Alternative Development



Economic Development ...

“Raw material-dependent economies will inevitably become poorer.”

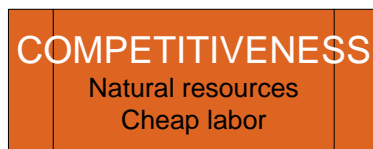
Today, average raw material prices are 1/5 of those of 50 years ago.

To produce high value added goods

Latin American countries can cut public expenditure, reduce inflation, pay external debt, reduce corruption, and enhance the quality of political institutions, and still remain poor, **as a result of being unable to generate sophisticated products.**

Skilled labor to produce sophisticated products

Systemic competitiveness



Not real

- Does not create value chains
- Does not sustain dynamic growth of exports
- Does not promote higher productivity
- Does not incorporate technological content in products, services, and production processes

Gaining competitive advantages through deliberate learning actions and higher productivity - Knowledge

Competitiveness and productivity

Competitiveness has much less to do with “inherited” comparative advantages associated with a “natural” endowment of factors, and much more to do with gaining competitive advantages through **deliberate learning actions and higher productivity**.

Michael Porter, 2004

Competitiveness and differentiation

Competitiveness consists of developing and maintaining comparative advantages vis-à-vis the competition, always seeking advantageous differentiation of products and services offered, *adding to them more value* than that of the products/services of the competition.

Differentiation is they key to the wealth creation process

The key to success is to build and sustain in the minds of consumers a perception of differentiation, making them feel more involved and willing to pay a higher price.

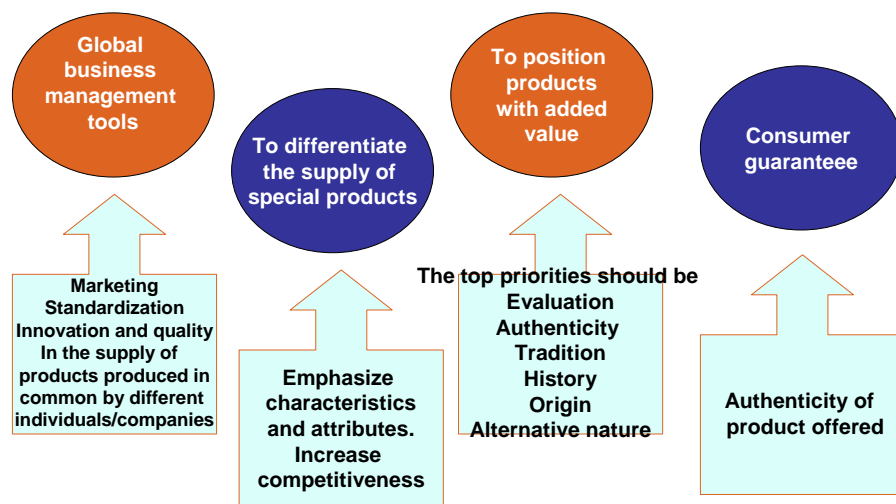
Appropriation of differentiation

- What should be sought is a supply of products with identity.
- Mechanisms facilitating consumers' perception of differentiation must be incorporated in the value added chain.
- Value associated with the differentiated product or service can only be added if so perceived and considered by the consumer.

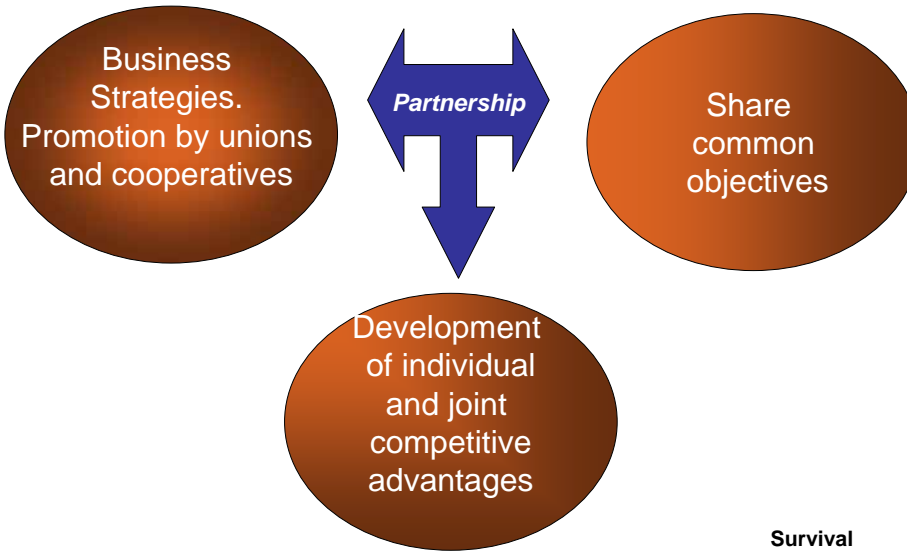
Intellectual Property System:
Geographic Marks and Indications

How can trademark rights be linked to the challenge of competitiveness?

1. Improve business management



2. Promotion of partnership



3. Territorial development: local and regional

Development of productive projects:

- Insert local or regional products and services in the market
- Based on geographic, historical, or traditional aspects.

Mechanism to disseminate the supply of local products and services

4. Value creation

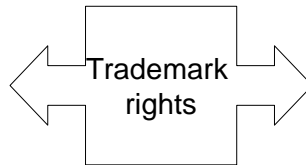
As part of a product's identity, values such as:

- quality
- origin
- authenticity
- heritage and
- personality

are becoming the most relevant.

Competitive strategy

- Tradition
- Production
- Origin

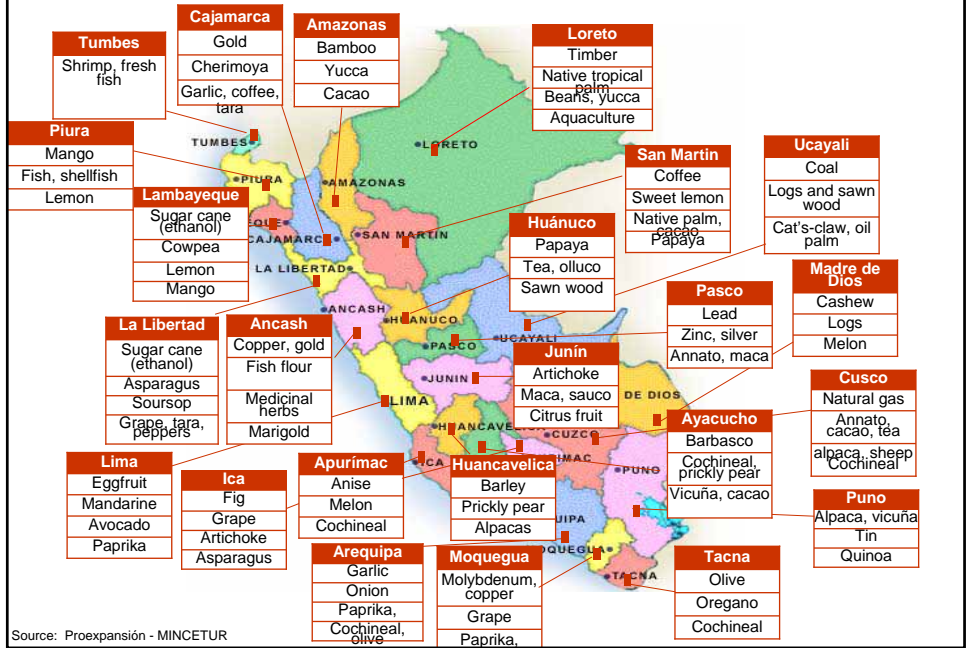


- **Quality**
- **History**
- **Alternative product**

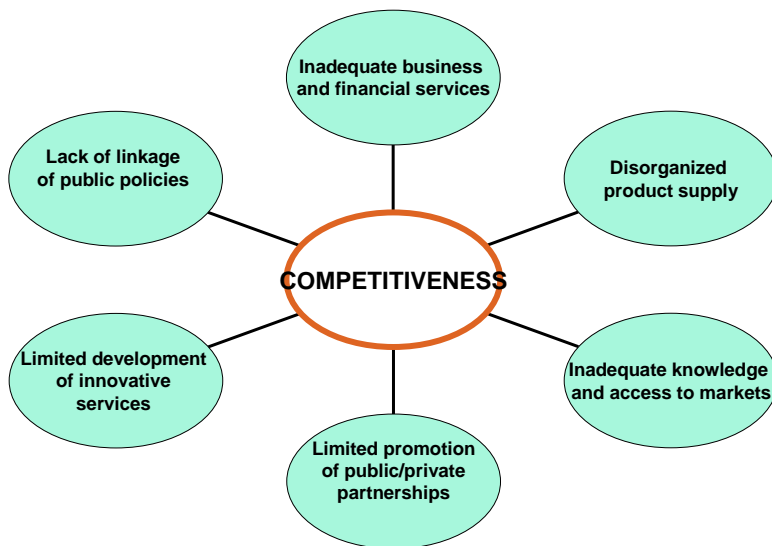


Transforming distinctive symbols into intangible, recognized, and remunerable assets. The consumer internalizes the characteristics or qualities represented by the product.

Regional opportunities



Factors limiting rural business development



Source: Sierra Exportadora. Peru

Use of special symbols in support of competitiveness

Collective trademarks, certification marks, and guarantees of origin

Collective trademarks

Facing the market with shared strategies

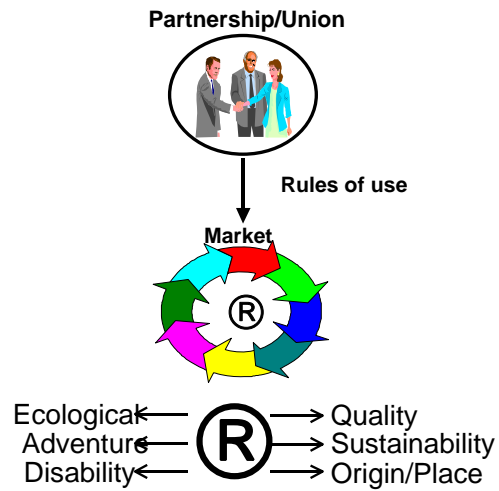
Nature of collective trademarks

- Collective trademarks arose as a result of the **need** of entrepreneurs (especially small-scale) **to form partnerships or groups to supply products or provide services in common.**
- They are marks that **will serve to distinguish the origin or any other special characteristic** of products or services of different businesses or individuals which are used under the control of a single owner.

Function of collective trademarks

- To indicate the company origin of products or services of companies belonging to a group (union/partnership) that are legitimately authorized to use the trademark.

Collective trademark



Common ownership, shared objectives

To enter new markets

To recover prestige based on a quality and special characteristics of an agricultural product.

To combat usurpation of a guarantee of origin

To preserve and emphasize an origin, the place grown, and a tradition

Local product development and promotion

To address the need for product uniformity, based on standards of quality, with the aim of entering new and more demanding markets

To preserve the prestige of a geographic name linked to milk product production activity

Regional development.
Formal entrepreneurs.

Consumer perception-based strategies

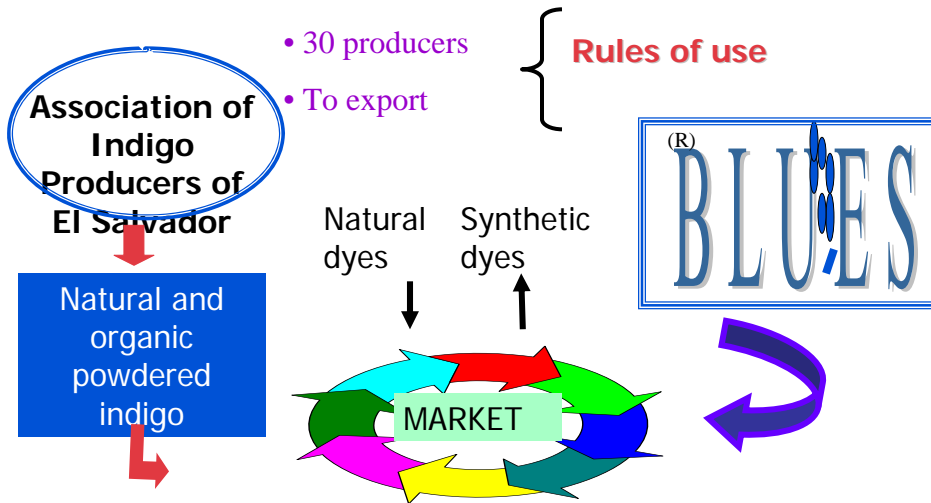
A trademark that concentrates quality and prestige aspects around agricultural products of a specific geographical area.

To distinguish themselves from the competition.

Differentiation based on origin, quality, and aesthetics

Today is a guarantee of origin

Promoting businesses collectively



Collective trademarks for business groups

Provision of tourist services under a trademark that ensures common characteristics of the products or services, duly authorized and controlled by the partnership, cooperative, or union itself.

Community tourism

Collective trademarks for business/industrial groups

Trademark for culinary services.
Image and differentiation.

- Integrating the “from sea to table” production chain by means of a trademark rights system

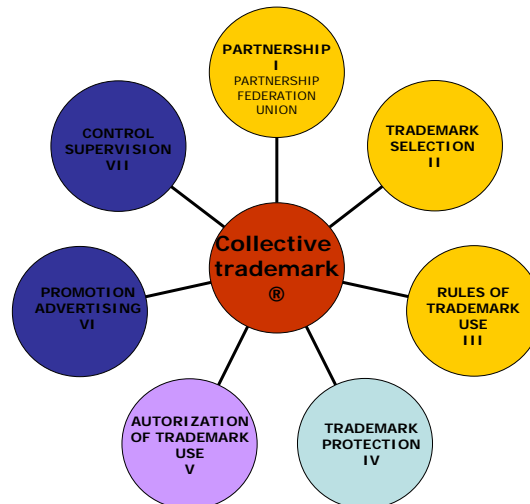
Implications of the use of collective trademarks

- **Partnership.** Development of a collective trademark necessarily implies the existence of partnership schemes. Businessmen must be brought together in an incorporated entity, which may be a partnership, union, or federation, etc.
- **Standardization:** Making uniform or standardizing the service or product to maintain the trademark’s value.
- **Self-management.** The conditions for addressing the market will be created by self-management mechanisms established in regulations, whose provisions are developed by the members of the partnership or union.
- **Marketing.** It is incumbent on all partnership or union members to advertise and promote the trademark.
- **Territoriality principle.** Need to register the trademark in those countries in which it is sought to protect the product or service.

Challenges of collective trademarks

- **Collective work.** To enable small business organizations to address the market as a group, making it essential for them to have a common strategy.
- **Access costs.** The trademark is exploited and promoted by different individuals. Accordingly, the costs of placing a product or service on the market are reduced.
- **Quality environment.** Shared use of a trademark means that the quality and specific characteristics of the products or services bearing the trademark must be standardized.
- **Standardization.** The supply of products or services of business groups are standardized or made uniform.
- **Local development.** This is a tool to promote advertising of areas or localities (development of local trademarks).
- **Marketing strategies.** The use of collective trademarks does not prevent the use of individual or own trademarks.

Stages in the development of collective trademarks



Certification or guarantee marks

Guarantee of characteristics and qualities based on control.

Third party prestige for competitiveness

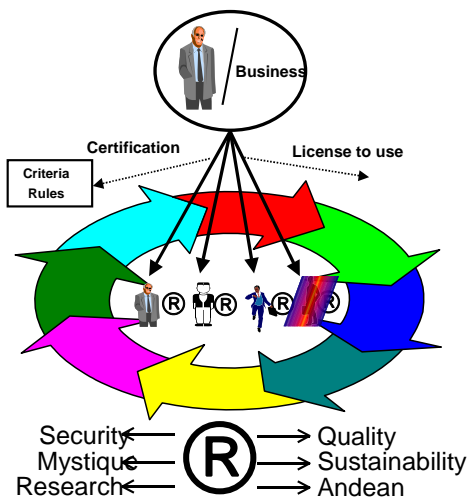
Description of a certification mark

- A distinctive symbol for application to products or services whose quality or other characteristics have been monitored, verified, or certified by the owner of the mark.

Function of certification marks

- To certify or guarantee that the products or services they identify are within the patterns or standards preestablished by its owner and that they have also been subject to prior and continuous monitoring by said owner.
 - The business strategy to use certification or guarantee marks involves the opportunity to go to the market incorporating prestige, generated by the owner of the certification mark, which adds value to the businessman's individual mark in forming part of a whole guarantee system.

Certification or guarantee mark



Guaranteeing quality and controlled characteristics

To convey to the consumer values of quality and health in food products.

Gaining customers and businessmen around a simple image and a system that guarantees the presence of values in products offered.

Guaranteeing origin and tradition

Guarantees originality, seeking to preserve original cultural and artistic aspects of Australian aborigines.

Creatively promotes and stimulates the handicraft business in that country.

Development of business partnerships based on the mark's identity.

Promoting local economies

The concept of “city - mark” may be a success factor that contributes to adding strengths and credibility to the identity of a company established in the locality, as well as the products and services it offers.

A certification marks also seeks to promote the region’s economies based on values in a management of excellence in which quality and corporate social responsibility must also be present.

Implications of the use of certification marks

- **Owner’s prestige.** The mark’s owner should have a major presence in the respective sector (tourism), credibility, and consumer recognition.
- **Strict rules.** Users of certification marks should voluntarily submit to the requirements (control) of a third party (owner). The strategy to develop mark should be developed by its owner.
- **Territoriality principle.** Need to register the mark in those countries where it is sought to protect the product or service.

Challenges of certification marks

- **Guarantee on the market.** Its use generates confidence in the market regarding specific characteristics of the product or service, since it is backed by a prestigious entity that guarantees such characteristics.
- **Owner's prestige.** Advantage is taken of the prestige of the mark owner's by using his/her mark as a license, the products or services being subject to strict control.
- **Improvement of the product or service.** This scheme makes it possible to modernize and, in turn, standardize the products or services offered. This will be necessary to ensure that the mark's prestige is not damaged.
- **Marketing costs.** Advertising and promotion of the mark are its owner's responsibility. Users of the mark advertise it indirectly.

Stages in the development of certification marks



Guarantees of Origin

Guidance to and certification of origin for the consumer.

Guarantee of quality and control of the stages of value added to the product.

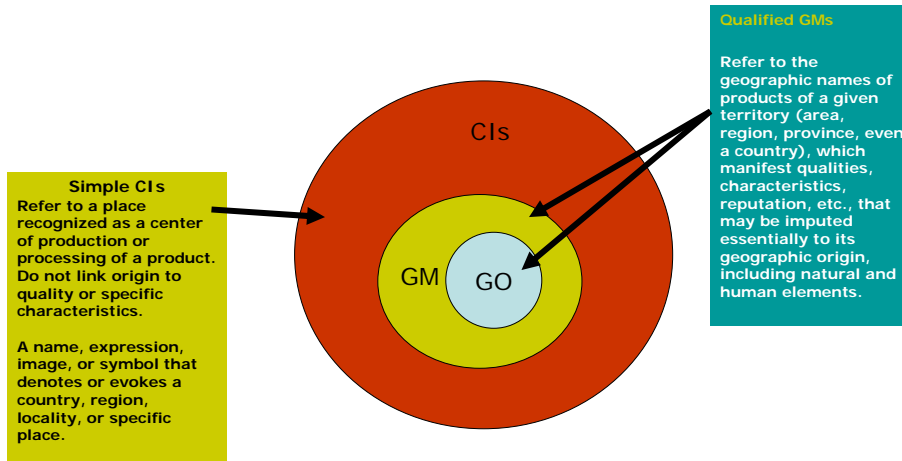
Guarantees of origin

An effective way to inform consumers of the **geographic origin** of products, and of their characteristics or **qualities implicit** in that geographic origin

Functions:

- To name the product with the guarantee of geographic origin.
- To indicate or identify its geographic origin. The product's origin with which its characteristics and qualities are associated.
- To prevent the possibility of the guarantee of origin becoming a generic guarantee.

Geographic marks (GMs)



Strategy: Value underlying origin

- Differentiated personalization of products
- Elements of its identity :
 - Geographic origin of the product
 - Tradition
 - Specialization at the time of production of high quality products
 - Differentiating personality
 - Regulations and production control mechanisms

Moving towards guarantees of origin. Company vision

- Creation of economic value in specific regional and local products. Promotion of local economies.
- Promotion and development of family businesses.
- Promotion of exports and adjustment to international standards, learning to work collectively on the basis of common quality parameters.
- Environmental conservation and preservation of local culture.

Consumer perception-based strategies

Conquering new markets.

A mark that concentrates quality and prestige aspects around agricultural products of a specific geographic area.

To distinguish themselves from the competition.
Usurpation

Differentiation as a function of origin, quality, and aesthetics

Seeks to provide a guarantee of origin

An exclusive origin; a lack of strategy

Aguardiente prepared exclusively from Moscatel of Alexandria grape.

Took the name of a Potosí town called Singani (Bolivia).

Bolivia, is the world's second highest country, after Nepal, so that Bolivian vineyards are the world's highest.

Preserve reputation to acquire more demanding markets

- Coffee such as Antigua does not come from the Antigua region
- Inappropriate use of the name “Antigua type” in cafés
- Loss of the region's reputation and credibility.
- Steep rise in production costs; labor shortage
- Urbanization

- A valley in Guatemala's central region
- Surrounded by mountains and volcanoes
- 1,350 to 2,010 meters above sea level
- Coffee grown in the valley and on slopes of mountains and volcanoes
- Produced by small and medium-sized farms
- 34 member association
- Accounts for approximately
 - 40% of area planted
 - 60% of production
- Produces 1870 coffee
- "Antigua" trademark first registered in the 1930s

Source: APCA

Cuzco Giant White Corn

Giant white corn is the crop whose production process requires the most labor. Unlike potatoes or coffee, which require 50 to 60 days' labor per hectare/crop area, corn crops require 180 days' labor per hectare.

This crop generates the most jobs in the area.

The value of exports of this type of corn has risen at a cumulative average rate of **88%**, i.e., from US\$31,650 to US\$4,983,960; and volume by **91%**, i.e., from 36,000 to 6,427,707 kilos.

CHULUCANAS: Guaranteeing tradition in modern times

Guarantees origin while seeking to preserve cultural and artistic aspects of the Chulucanas settlers.

Creatively promotes and fosters the handicraft business.

Uses traditional techniques of the Vicús and Tallán cultures, bearing witness to their deep-rooted historic ties.

The roots of the artistic claywork is date back to the settlers of the Chulucanas district and are present in their songs, poems, and economic activities. The artisans have a unique world view, rendering their ceramic objects particularly evocative.

Stylistic diversity of the ceramics, but they share:

- Geographic origin
- The clay
- The instruments or tools
- Reinstated techniques of the area's ancient cultures (Vicús and Tallán)

Thank you very much

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