THE ROLE OF BRANDING AGRICULTURAL PRODUCTS IN BETTER MARKET VALORIZATION

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ABSTRACT
The purpose of this paper is to consider role of branding agricultural products in better market valorization. The benefit of branding is especially significant for rural and insufficiently developed environment. The problems of rural environments are multidimensional, but revitalization and improvement of development leads to strengthening competitiveness of these areas. The higher price of products enables the increase of income of agricultural workers, as well as diversification of the rural economy and creation of conditions of better socioeconomic aspects in rural environments. Creation of a more desirable image of an agricultural product most often has a strong reflection on the area of origin, as well as on reformation of the social attitude towards that environment. Branded products and services have a higher market value, due to which legal aspects enabling not only branding, but maintenance of a brand as well, are of special significance.

Keywords:
agricultural products, branding, market valorization, geographical indications

JEL: Q13, K29

Introduction
The enormous competition has imposed the need for differentiation of products and services, and distinctiveness as a concept has risen to the fore. With the development of mass industrial production, trade, marketing and media, the need for marking products intended for wider markets arose as well, but also the process of their differentiation on the market (Ćemalović, 2019, 131). Average consumers cannot determine at first glance what product is of which quality, and thus they rely on their previous experience or the marketing message. This resulted in an increasing number of consumers buying...
less and less of the given goods and services, and more of their image. Brands attract, but also maintain the consumers. The creation of a brand is being conducted through branding, through which the companies wish to create a certain image in the eyes of the consumers.

William Bernbach, one of the giants of American advertising, believed that “producers make products, and people buy brands” (Renvoise, Morin, 2007). Non-material goods have become more valuable than material ones (Gobe, 2010, 13). The market competition is not what is being made by companies in their factories, but what is being added to these products in the form of advertising, positioning, financing, etc. It is noticeable that many producers do not produce goods – others do it for them, but they brand it (Klein, 2002, 16). Brands have become a commercial and cultural phenomenon (Olins, 2005, 62).

**Brand**

According to Cherry, “people buy certain goods not because of what they do, but also because of what they represent” (Denegro, 2014). Brand is a complex term consisting of many segments. No matter it is based on a product or a service, it contains legal elements (trademark, design, geographical indication of origin, patent, authorship), certain attributes (its material content, price, quality), as well as a marketing element used for gaining additional value through communication with consumers. A brand represents the sum of all associations evoked among consumers in relation to goods, services, company, certain personality or a state, including their reputation, image, as well as the visual and communicational identity (Šapić, 2004, 29).

In the process of constructing strong brands on the market, marketing, advertising and design are only a few of the channels used for sending a certain message. They are of essential significance for the creation of a competitive brand, but outside this circle, many other factors have the power to impact the attitude of consumers regarding certain products and services, and gaining control over them is hard. Social and societal impact of brands on feelings of consumers is based on psychological processes in the minds of consumers. The value of brands is founded in the readiness of consumers to pay more for branded goods in comparison to identical goods that are not branded. They enable product, goods, and company identification, but what is even more significant – their differentiation in comparison to competition (Anderson, Narus, 2008, 136). A good and positive brand is essential for competitiveness of products and goods on the market. Positioning on the market is most often conducted through brand image creation on the market (Gluhović, 2014, 87).

“Reputation is the foundation of competitive value, and due to that it is imitated with great difficulties” (Grgić, 2008; Lukinović, Dragojević, 2019). Reputation is not necessarily created through branding, but in the contemporary world, its existence or construction is almost impossible without that process. When choosing a product or a service, consumers do not make decisions solely on the basis of quality and the price of
the said product, but also based on their perception (Koteler, Gertner, 2014). Statistics show that more than 50% of consumers would rather pay a 20-25% higher price than replace their favorite brand (Neumeier, 2005, 100). Positioning is being conducted through taking a special place in the consciousness of a consumer within the targeted market segment through the act of offering and presentation of its image (Koteler, 2002, 202).

**Branding**

Due to enormous offers on the market, consumers are currently in a position that enables them to be increasingly demanding and picky. The brain of the contemporary consumer is filled with much information, and in order to preserve itself, it ignores the majority of them (Lindstrom, 2010, 16). The process of identification and promotion of products and services is being conducted through many different channels which, if articulated together, can be called product branding. The process of branding is compound and complex, including different aspects of communication with customers. Brand owners use the process of branding through marketing activities (commercials, advertising, promotions, etc.) to direct their activities towards the desired goal, depicted in a certain form of perception among the widest circle of consumers.

Relations between reputation, identity and brand of a certain area can be located within the borders of natural, social and cultural milieu. In the process of brand creation, image and reputation play quite a significant role (Morgan et al., 2014). The process of branding implies the use of many tools used for directing or rebranding the existing reputation within the scopes of the intended vision. There is an increasing number of individuals who wish to “improve, change, adjust, or in some other way direct their own reputation”, through communication which implies the branding process (Anholt, 2014). Marty Neumeier defines the process of branding as attempts by a company to construct permanent values that will excite consumers (Neumeier, 2005, 19).

Trends on the market have for many years now been directed towards biologically more valuable agricultural products that are ecologically clean, and natural (Vlahović, Šojić, 2017). The massive scale, as well as the existence of roots within the community, resulted in easier acceptance and understanding of messages directed towards consumers (Todorović, 1996, 157), with effective influence of such type of branding. In order to achieve competitiveness and differentiation in comparison to similar products or services on the market, it is necessary to single them out through an expressed identity, different from the competition. Branding is a tool for the creation and promotion of a brand (Rakita, Mitrović, 2007, 10). The existence of a vast offer on the market has put producers in a position that, if they wish to place their product on the market, they must attract the attention of consumers and single themselves out from the competition. Brands have overruled the physical characteristics of a product (Lindstrom, 2005, 7). Products without brands are impersonal, and through the process of branding, they are differentiated and personalized, thus becoming unique.
Trademark

In theory and practice, there is often a confusion between terms trademark and brand. This confusion, above all, is the result of the dominant role of trademarks in brand creation and preservation, and well as the insufficient proficiency in legal terminology of marketing and other participants in creative brand creation. Brand is a wider term, most often implying the trademark as well. A trademark is a legal term used for marking the rights used for protecting the mark that differentiates goods (that is, services) on the market from the same or similar item offered by another natural or legal person. According to The Law on Trademarks 6/2020 (Serbia, 2020), a trademark can be consisted of any signs, especially of words, including personal names, or drawings, letters, colors, tridimensional shapes, shapes of goods or their package, or the combination of these signs or sounds. A trademark is acquired through registration with the body authorized for intellectual property rights registration. Trademark registration is not a legal obligation but a possibility offered to every natural or legal person who wishes to monopolize a certain mark. The name of the product, that is, service, as well as its logotype, colors and other elements that can be legally protected are most often, apart from design, the only visible elements of a brand for a consumer, and therefore, they are quite significant.

Marking goods with a trademark enables the consumers to recognize goods and attribute their producer or marketer a certain responsibility for products, and thus a sort of a guarantee for the expected quality of a product, which results in reduction of risk and complexity that are an integral part of the decision for buying the given product (Varga, 2010, 250; Leković et al., 2022). Without a trademark which enables goods and services identification, there wouldn’t be a possibility of distinction, and thus favoritism over certain goods (Denegro, 2014, 24). Individualization of goods and services with the use of trademarks enables detection of its origin, that is, its producer, with the interest of protecting the average consumer from confusion on the market. Marking goods is rooted in the earliest history of the mankind, but only with the industrial revolution and occurrence of a variety of new products that were supposed to be presented on the market, the producers and merchants commenced more significant interaction with their consumers (Ind, 1992, 29).

Industrial revolution enabled the development of traffic and sudden growth of market which has, due to high demands, become rich in offers of same products, which led to development of competition and the need for improvement of marketing techniques, thus increasing the significance and value of trademarks. A trademark enables individualization of products and services on the market through their marking, and thus their differentiation in comparison to their competition as well (Krpan, 2014). The owner of a registered trademark acquires legal rights to forbid the use of the same or similar mark on the territory of countries where he is permitted to register the goods, depending on the types of goods and services approved for registration.
The symbolic and emotional value of a product is becoming more and more significant than its functional and generic function (Vrenješević, 2016, 13). Even in the nineties of the 20th century, professor Vesna Besarević noticed that the saying “quality sells goods” is overrated, and that, on the contemporary market, it can be replaced by the saying that “the goods are being sold by their trademark” (Besarević, 1984, 79). A registered trademark is not being used for protecting the product or the service, but the marks used for its marking and which make its visual identity. “Contrary to trademarks, which guarantee the continuity of quality, and which might even be constantly low or average, the guarantee function of geographical indications of origin are quantitatively more substantial since, apart for pointing the continuity of quality of the marked goods, geographical indications of origin also point to special features in comparison to the same product produced in some other place” (Lukinović, 2019, 181).

**Industrial Design**

Due to constant development, needs and demand of the market for changes, the significance of the role of design rose as well. From its initial role of being predominantly a packaging, design has become a first class means of publicity used independently for selling the goods it contains (Denegro, 2014, 27). Visual representation of goods through design is one of the key segments of the construction of identity of a certain brand on the market. Apart from the marketing function, the aesthetic characteristics of industrial design also have the differentiation function.

The majority of products have technical (material and method of production), functional (use and features of a product), aesthetic (external appearance of product), economic (production and market price) and psychophysical features (impression made on the consumer) (Fruht, 1987, 41).

High demand and wide offer have led to occurrence of self-service where consumers are given an opportunity to make independent decisions, which opened the field of “conflict” in which the producers wished to position as best as possible, sending a message to the consumers that their product is better than the competition. The external look of goods and their visual attractiveness have a significant impact on the decision-making process when speaking of purchasing a certain product, especially the goods of wide consumption (Lukinović, 2019, 166). In time, the designers developed a certain language of communication with consumers which, on a universal level, enables recognition of certain goods, their characteristics, use and even price (Lajfut, Gerstman, 2003). In the process of branding of products, an especially important role is played by visual elements; the form is not important only for the likeliness of consumers, but also for the message that can be sent by it to the consumers. Products communicate with consumers through their appearance.

The role of design is multiple – apart from attracting customers, it provides better marketing positioning and significantly contributes to defining, construction and shaping a brand, and a protected brand enables legal protection from unauthorized
copying and ensures the exclusiveness of its use, at the same time giving the opportunity of acquiring additional revenue by leasing the rights to design for a fee.

Through a formal procedure of registration of industrial design, its owner acquires exclusive rights and the ability to economically use the goods with visual characteristics (external features of industrial or handmade product) protected in an economic activity, its production and offer, selling of such product, import, export or transit of a product containing or using the design, as well as its storing. The said monopoly rights are being acquired through an administrative procedure before the Intellectual Property Office and are being ensured through the ability of adequate legal protection. Through registration, the holder of rights acquires exclusive right to protect their design from unauthorized copying and imitation by third parties (Lukinović, 2019, 171). Protection of industrial designs is territorially limited to the territory of countries where it is registered, lasting for 25 years from the date the registration application was filed. For the duration of its registration and on the territory of countries in which it is legal, “the holder of rights can make economic profit from different forms of use of design and conduct all actions directed towards this goal”.

The aesthetic appeal to every individual is conditioned by belonging to certain social groups, but it is also closely linked to culture and the region from which it originates (Todorović, 1996, 153; Milojević et al., 2021), thus making the design of agricultural products acceptable faster to consumers.

**Branding organic products**

Evaluation of market research showed a shift in attitudes of consumers in comparison to emotions expressed towards brands. An increasing number of responders preferred products with pronounced ethical connotation (Lukinović et al., 2017). Such attitudes are a result of raising awareness of the environment and ecological issues, as well as of products with higher health, dietary and hygienic standards. Moreover, better taste and higher quality are directly linked to organic products by an increasing number of consumers (Center for European Policies, 2015). Branding agricultural and organic products gains an additional value if it is based on authenticity if it is based on authenticity and tradition as essential elements of the identity that is being created. It should be a central point, a common ground gathering all producers of products with said characteristics from a specific area. The process of branding these products is most often initiated through the process of registration of a geographical indication of origin or collective trademark by a collective of producers. However, in order for a brand to truly start living, further support from local governments and the state is necessary when speaking of quality control and product certification, as well as its branding.

The growth of general concern for the environment, saturation with industrial products and care for personal health among a wider circle of consumers have developed the need for products for which it is believed to have certain features that guarantee better quality and wished organoleptic features. The majority of them relies on products that
are a result of tradition and local knowledge. The function of geographic indication of origin is similar to the function of trademarks, since both are used for differentiation of products on the market (Rački Marinković, 2013). In order to approve registration of geographical indication of origin, it is necessary the consciousness of the consumers has recognized special characteristics conditioned with natural and human factors of the region in which they are produced as a result of many decades of use. Geographical indications of origin rely on the strong belief of consumers that products marked by them have special features and quality, and thus also represent a powerful means of propaganda (Besarević, 1984, 87).

Quality schemes for agricultural products and foodstuffs

On the contemporary market, there is an increasingly pronounced wish of consumers for authentic products with special quality and based on tradition (Besarević, 1984, 87). In order to help the agriculturists and producers of traditional products with unique characteristics (Simović, 2015, 24), the comparative law recognizes different labels for marking such products. Depending on the form of legal protection, their powers vary. There are countries in which legal protection of these products is achieved through geographical indications of origin, others achieve it indirectly, through trademarks, especially through certification trademarks (Anglo-Saxon Law), while in certain number of countries, it is achieved through provision of law on unfair competition.

On the territory of the European Union, besides geographical indication, with the adoption of the EU Regulation No. 1151/2012 of the European Parliament and of the Council of November 2012 on quality schemes for agricultural products and foodstuffs, the issue of declaration of agricultural and dairy products was defined through introduction of quality schemes for products with specific characteristics for products that are a result of a special origin, specific ingredients or methods of growing and production. The quality scheme represents marks used for limiting the use of certain names of agricultural and dairy products with the goal of prevention of misconceptions among the consumers about their origin, nature and important features.

Promotion of products based on their protected origin enables an increase in their market value. It is based on an additional value based on a long-standing trust of consumers. Legal protection protects producers from surrogates on the market, thus giving them the right to exclusive use of the names of products. Nobody outside this area can use the said name, which at the same time nourishes uniqueness and legal protection.

Among the countries in the region, Montenegro passed the Law on Quality Schemes of agricultural products and foodstuffs (“Official Gazette of the RCG”, No. 22/2017) in which, the following is marked as quality schemes: appellation of origin, geographical indication, traditional specialty guarantee, indication of high quality, “mountain product” and “from my farm” label.

The quality schemes enable better representation of agricultural products with special characteristics through different levels of legal protection. Preservation of
characteristics of agricultural products and foodstuffs with the system of geographical indications is being enforced in more than 150 countries of the world, guaranteeing origin, production method, tradition, quality and product safety to the consumers (Lukinović et al., 2021). Collective term of geographical indication refers to appellation of origin and geographical indication. Appellation of origin is used for marking products with quality and special features exclusively conditioned with the geographical environment, including natural and human factors, and which production, processing and preparation is completely conducted in a specific area (state, region or locality). According to Law on Geographical Indications 44/2018 (Serbia, 2018), geographical indications are used for identifying products originating from a specific territory where a certain quality, reputation or other product characteristic can in essence be attributed to their geographical origin or which production and/or processing and/or preparation are conducted in a specific area. They represent a blend of tradition and identity of the region they originate from. Market valorization of these products is quite present on the territory of the European Union, where the products marked with these indications reach higher prices, ranging from 10 and 230% increase in price (vine) in comparison to the same products. Cheese in France, protected with a geographical indication of origin, are almost two euros pricier per kilogram in comparison to similar types of cheese, which impacts the purchase price of milk, and other factors in the production chain (Lukinović, Jovanović, 2019).

Geographical indications are acquired by registration with the Registry of geographical indications of origin and through administrative procedures before the authorized body. Their duration is not timely limited. By registering with the Registry, the authorized user acquires exclusive property authorization to forbid the use of the said geographical indication of origin. The status of the authorized user lasts for three years from the date of registration with the Registry, and it can be renewed unlimited number of times if all legal conditions are met cumulatively.

Contrary to our legal system, which does not recognize guaranteed traditional specialties, the European Union introduced this type of indications into their economic space. Guaranteed traditional indications of origin refer to agricultural products and foodstuffs produced in a traditional way (for the period of at least 30 years), that is, from traditional raw materials to which special features are attributed.

Republic of Serbia has grand potential in production of healthy and quality food, but in order to further develop this potential, suitable marketing support based on strategic positioning and perception of consumers when differentiating products is necessary (Mitić, Gligorijević, 2012). Development of special indications used for promoting additional value of agricultural products is significant in multiple ways for their producers. They are used for additional strengthening of trust of consumers, raising recognizability of the area from which the product originates, enabling protection from unfair competition, and reaching higher market value (Lukinović et. al., 2021).
The Decree on the labeling of agricultural products and foodstuffs with national quality label “Serbian Quality” 90/16 (Serbia, 2016) was introduced to our legal system as a voluntary quality scheme. This label can be used for marking agricultural products and foodstuffs that qualitatively differ from same type of products by their chemical content, physical, microbiological and organoleptic features, production method, used raw materials and/or ingredients, or by some other characteristic. Up until now, the Commission for Expert Assessment of special features of agricultural products and foodstuffs and determination of fulfillment of conditions for the use of “Serbian quality” quality label has passed a decision on the rights to use and labeling of nine products with this label.

Quality schemes for agricultural products and foodstuffs

The identity in contemporary communications is acquired through a complex concept which includes branding, image construction and communication with consumers. The said statement imposes a wrong conclusion – that branding refers solely to cosmetics, simple and superficial aspects of communication, as well as the attributes of products and services themselves. Many producers, in a wish to place their products on the market as best as possible, take such, but wrong construction of brands into consideration. Such brands do not have huge perspectives, and if they at one point start shining on the market, success is transient. Moreover, eight out of ten products on the market fail after the first three months (Lindstrom, 2010, 39).

Put in a historical perspective, it is not easy to convince the consumers to trust a certain brand. Nowadays, when almost everyone understands the significance of brand and branding, vast number of producers wish to position themselves on the market through singling out their product from the competition, which results in a forest of brands in which a single tree is hardly visible. A significant part of customers bases their decisions also on previously acquired, often stereotypical images of quality or some other features of certain products originating from certain countries. However, given that producers allocate their production facilities to countries where their production expenses are lower, this line as well is becoming less and less significant, thus leading customers to return more and more to traditional values and source products. Such a trend can be quite significant for development of rural areas, given that producers accept faster and easier the features attributed to a certain product if they are rooted in tradition and originate from areas with trustworthy geographical characteristics. Features that can be attributed to agricultural products are closely linked with social perceptions of the area they originate from. Branding of agricultural products is an integral element of rural development which leads to diversification of local economy and strengthening of competitiveness and its further development.

Construction of a brand without adequate legal protection is like making a sandcastle on the sea shore. The system of intellectual property rights offers adequate protection to holders of this right through registered industrial design, trademark, geographical indication of origin, but as much as registration is an important step, by itself, it will
not bring any benefit to producers if they do not use this right. It is a strong monopoly rights in action against everyone (erga omnes), offering protection of the said rights in comparison to all parties. However, a big problem is also depicted in the fact that only a handful of agricultural producers have the status of authorized users of registered geographical indications. This depicts not only their disinterest, but also the lack of a comprehensive system of protection of these products, especially through the system of control and protection of labeled goods. Better inspection and monitoring would have a beneficial impact not only on agricultural producers, but the consumers as well, given that the quality of products would be guaranteed. It is undoubted that brands represent a strong marketing tool that can contribute to better market positioning of a product, and thus the attractiveness of consumers. They provide consumers with freedom of choice. Still, we believe that the highest value of brands can be reached in poorly developed and rural areas, where higher financial value of a product might be a generator of stability, but improvements as well.

Conflict of interests

The authors declare no conflict of interest.

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