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Study on awareness mechanism and regulatory for buyers and sellers of registered geographical indication products

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Abstract

This research paper includes the study on marketing tools will create awareness to seller as well as buyers. It is important to have awareness mechanism and regulatory for buyers and sellers of registered Geographical Indication products. Geographical indication (GI) labels can be seen also as a tool to increase the sustainability of a production site, protecting biological resources and indigenous knowledge, helping the development of rural communities and adding better agricultural practices into the system in question (Rangnekar, 2004). GIs imply the belief that at least on a certain extent quality and value of a product is intimately linked with a place where it is grown/produced/processed; in fact, Article 22.1 of the TRIPS Agreement. (http://www.wipo.int/edocs/mdocs/sct/en/sct_9/sct_9_4.pdf) defines “geographical indications” as: “indications which identify a good as originating in the territory of a [WTO] Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.” This is a well-known signal of quality for many consumers and its use is heavily regulated in the European Union and in other countries.

Keywords: regulatory for GI registered products, marketing tools, awareness mechanism, origin labelled, brand labelling

Introduction

The economic rationale for protecting geographical indications fundamentally derives from the fact that Place of Origin may be used as a quality signal and that the resources of the region may be captured in the ORIGIN-LABELED product as quality attributes^[1]. Where place of origin is used as an attribute, resources of the region are used to increase the value of the product. These resources could include aspects such as production techniques, varieties and species, but also resources that are general to the region such as landscape, environment and culture. The added value derived from these resources leads to a differentiation based on product “qualities” and consequently to the creation of niche markets. The collective monopolies which result from the institutionalization process provide producers within origin-labeled niche markets the opportunity to protect and enhance their market and to transform the value added into an economic rent. Although this premium may be small, a geographical indication, by differentiating products by its area of origin, restricting supply and creating barriers to entry, may act as a powerful marketing tool which could improve market access^[2].

Marketing tool for GI registered products

The powerful marketing tool for GI registered products is Awareness Mechanism on basis of Active Labelling on Product. The objective of the active and effective labeling is:

- To Protect the interests of the buyers.
- Protect the interest of genuine Sellers and buyers of Silk
- Generic Promotion of Natural Silk.

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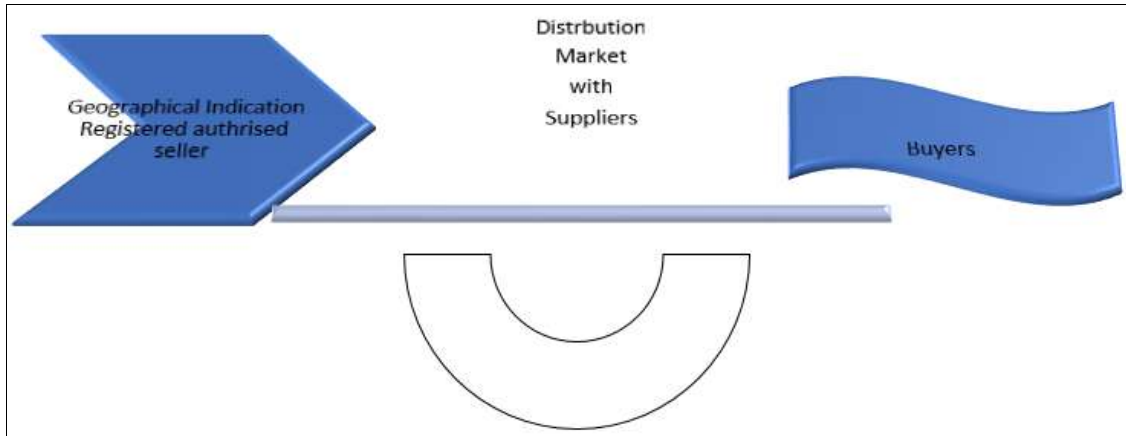
¹ Pacciani *et al.* (2001)

² *ibid*

Added Awareness Mechanism are

- Use of media for communication protect interest on genuine producer/seller as well as seller
- Certification mark
- Coordination with Textiles and Producers association
- Supply chain and distribution system Mechanism

The Fact is that the buyers of Kanchipuram Silk buyes the product as status, traditional wearing as such they are ready to pay the any cost/ price tagged. But some unauthorised seller takes the advantage of the GI registered product and sell the false product in market at high price in the name of GI registered authorised sellers.



Source: Compiled by field survey

Fig 1: Unauthorised Sellers in Market

To have check and control, it is necessary to have Awareness Mechanism for the GI registered products or produce at the initial stage. The suggested awareness mechanism as follows:

Concepts relevant to study

Labelling of GI on Kanchipuram Apparels

[3] A label is a piece of paper, polymer, cloth, metal, or other material affixed to a container or article, on which is printed a legend, information concerning the product, addresses, etc. A label may also be printed directly on the container or article. Labels have many uses: product identification, name tags, advertising, warnings, and other communication. Special types of labels called digital labels (printed through a digital printing) can also have special constructions tags, security printing, and sandwich process labels.

The Labeling categories classified into

- Voluntary Labeling and
- Mandatory Labeling

Voluntary Labeling

1. Branding Labeling

A brand is a name, picture, design, or symbol, or combination of those items, used by a seller to identify its offerings and to differentiate them from competitors' offerings. Branding is the set of activities designed to create a brand and position it in the minds of consumers. Branding is a process of creating a unique name and image for a product in the mind of consumer, mainly through advertising campaigns. A brand is a name, term, symbol, design or combination of these elements, used to identify a product, a family of products, or all products of an organisation.

Branding is an important component of product planning process and an important and powerful tool for marketing and selling products.

Elements of Branding

Brand includes various elements like - brand names, trade names, brand marks, trade marks, and trade characters. The combination of these elements form a firm's corporate symbol or name.

- **Brand Name:** It is also called Product Brand. It can be a word, a group of words, letters, or numbers to represent a product or service. For example - Pepsi, iPhone 5, and etc.
- **Trade Name:** It is also called Corporate Brand. It identifies and promotes a company or a division of a particular corporation. For example - Dell, Nike, Google, and etc.
- **Brand Mark:** It is a unique symbol, colouring, lettering, or other design element. It is visually recognisable, not necessary to be pronounced. For example - Apple's apple, or Coca-cola's cursive typeface.



Fig 2: Labeling Categories



- **Trade Mark** - It is a word, name, symbol, or combination of these elements. Trade mark is legally protected by government. For example - NBC colourful peacock, or McDonald's golden arches. No other organisation can use these symbols.



- **Trade Characters** - Animal, people, animated characters, objects, and the like that are used to advertise a product or service, that come to be associated with that product or service. For example - Keebler Elves for Keebler cookies.



2. Grading Labeling

Some products have given grade label. Grade label shows the grade of the product. It shows the quality of products by words, letters, or figure. A, B, C, D grade can be put on peas packed into cans. Similarly, grade label can be mentioned as 1,2,3,4 grades for packed wheat,. Some firms may use labels as good, better, best etc. on their products.



3. Certificate Labeling

A certification label is a label or symbol indicating that compliance with standards has been verified. ... While the certificate is a form of communication between seller and buyer, the label is a form of communication with the end consumer. For example: The Federal Alcohol Administration Act (FAA Act), 27 U.S.C. §205(e), authorizes the Secretary of the Treasury to prescribe regulations for the labeling of alcoholic beverages and

requires that the TTB administer those regulations in order to prohibit the use of misleading statements on labels, to assure the use of adequate information as to the identity and quality of beverage products, and to protect against consumer deception. Parts 4, 5 and 7 of Title 27 of the Code of Federal Regulations (CFR) regulate the labeling and advertising of wine, distilled spirits, and beer, respectively. Certificate of Label Approvals (COLAs) are required to ensure that distilleries, wineries, breweries and importers comply with these federal regulations when marketing and designing labels for their alcoholic beverages.

4. Informative Label

Informative label gives information about the product. Using method and security of the product, name of the producer, manufactured date, expiry date, name of intermediary, additional instructions regarding the use of the product etc. are mentioned in informative label. Descriptive label gives general information about the product whereas informative label gives maximum information about the product including its use, manufacturer etc.

5. Union Labeling

A union label (sometimes called a union bug) is a label, mark or emblem which advertises that the employees who make a product or provide a service are represented by the labor union or group of unions whose label appears, in order to attract customers who prefer to buy union-made products. The term "union bug" is frequently used to describe a minuscule union label appearing on printed materials, which supposedly resembles a small insect.



6. Registered number system

When the product has been packed in India, the registration number of the establishment (where the product was prepared) or its identifying mark must be shown on the label or embossed on the container, when the identity and principal place of business of the responsible party are those of the distributor or the first dealer and on the label of all shipping containers.

The registration number assigned to an establishment cannot be applied to a product prepared or packaged in another establishment. Products imported and sold in their original container do not carry a registration number since they were not prepared or packaged in an establishment registered by the Indian Food Inspection Agency. There are no objections the declaration of a registration number on a label of a product not covered under the PPR, but prepared in a registered establishment. The registration number may be shown anywhere on the label, except the bottom of the container, in a minimum type height of 1.6 mm. However, it

is recommended that the registration number be shown near the identity and principal place of business of the responsible party.

Mandatory Labeling

- a. Silk Regulation (1932)
- b. Wool Product Labeling (1939)
- c. Fur Products (Labeling 1952)
- d. Textile Fiber Identification (1960)
- e. Permanent Care Labeling Rule (1972)

The Silk Mark is already the mark used on product which indicates the authentication of product by seller. It also guides the buyers to buy the product as it has been popularised through proper communication to the buyers about the Silk mark as label on product. The detail of the silk marks as follows




Silk Mark – A Quality Assurance label

Research for the invention of a cheap imitation of natural silk may be in progress, but in the marketplace, there are numerous other materials sold under the name of silk, such as art silk and artificial silk. Silk Mark is here to help you to identify pure silk. The silk consumer has long struggled to

identify pure silk among numerous other fibers just like the consumer of gold had difficulty recognizing its purity before the introduction of hallmarks.

Silk Mark is a certification mark in India for silk textiles. The mark certifies that the piece of textile which bears the mark is made of pure natural silk. The certification is managed by the 'Silk Mark Organisation of India', a society set up by the state-controlled Central Silk Board of India. Even though promoted by the government of India, the mark is only advisory in nature and is not legally endorsed. The certification scheme was founded by the Central Silk Board in 2004. In the original format, the mark included a silk mark logo woven on a hang-on tag on which a unique numbered hologram would be affixed. But the hang-on tag tended to be faked (reused) hence, a new method with the mark woven onto the textile itself has been proposed. The certification scheme assures the consumer a facility for free testing of the marked product in Silk Mark Chapters (accredited labs) in case of doubt. Silk Mark is a quality assurance label and is used only on 100% natural silk products. The license for using Silk Mark is given after verifying the applicant for compliance of the requirements and surveillance is undertaken at regular intervals for adherence of terms and conditions set by SMOI.

Table 1: The current labelling system has three types of labels

S.NO	Label Type	Image
1	Hang tag with hologram	
2	Sew in label with hologram	
3	Fusion label with nano particles	

Source: www.silkmarkindia.com

The details of the Hang tag with hologram. Sew in label with hologram and fusion label with nao particle.

Tracing of manufacturer or retailer

Each label can be traced to the respective Authorised User using a unique number placed on these labels.

- 1. For Hang tag, an unique id is placed either in the hologram or the hang tag
- 2. In case of sew in label, the hologram carries the unique id
- 3. Each fusion label carries an unique id

Silk Mark Labels in hang tag form are affixed on silk products at Authorised Users level using plastic thread with the help of Clothing Tag Gun, whereas the sew in labels are stitched to the product. The fusion label is a process similar to printing, wherein the labels are heat set on the silk product and the resultant printed image is placed on the product. The existing paper hang tag is transferable and therefore likely to be misused by unscrupulous

trades/dealers. In the process silk consumers may get duped. Though this method has been in practice for last few years, there was a need to work out alternative method of labelling with improved security features and user-friendly technique. The new labelling system wherein Silk Mark labels can be fused on to the products can really boost the confidence of consumers in Silk Mark.

Fusion label – Futuristic security label

The new system of labelling is a process, in which label is heat transferred on the product itself and can withstand 3 – 5 washes. This fusion feature eliminates the misuse like removal of label and using in other products or reusing the labels. This label also will have an unique number, a random generated using software programming, which the consumer can verify the veracity through sms or website. The labels have other high-tech features in-built which are explained below:

- The label has hidden words which can be read using UV reader



- The label has unique nano markers, with codes in-built, which can be identified using infra-red/ laser lights. These nano particles, with the unique code/signature are patented and proprietary property and available as exclusive rights to Silk Mark on legal agreement. Because of the high-tech nature, exclusive patented technology and high cost of manufacturing, the system works as a good counterfeit solution.



An independent, dedicated software has been developed to manage the inventory and there are other add-on features for the Authorized Users to manage their inventories using this system.

Control at base -Distribution System

To reach Kanchipuram silk saree/ apparels from authorized seller to buyer, there should be labeling mechanism. So that unauthorized seller will not get chance for fake sell. As supply and distribution system should be there that at the initial stage, from the Kanchipuram silk apparels is distributed and then reaches to ultimate buyer, The GI Symbol should be there/imprinted or labled. it is necessary to know that the GI registered sellers’ products are labeled so at the initial stage the GI registration labeling as well as its appropriate communication to the sellers and buyers is necessary. In this distribution system of Kanchipuram Silk, the buyer may be further Seller or distributor in market.



Diagram 1: The hypothetical Distribution system of Kanchipuram Silk Apparels

From the above diagram 1 The hypothetical Distribution system of Kanchipuram Silk Apparels. It indicates the flow of the kanchipuram silk apparel distribution in the market. It involves the producers, Distributors, wholesalers and the

retailers. Here in the distribution system the buyer becomes the further seller, like the distributor or supplier is buyer for the producer. They further become seller to wholesaler. And the wholesaler becomes the seller to retailer. And retailer becomes seller to the buyer. So, either sellers or buyers it is necessary to be aware about GI registered products. Therefore, the further study was carried to know whether seller or buyer is aware about the element of TRIPS for regional products/ produce is Geographical Indication which has socio- economic as well as rural perspective. Therefore, the following hypothesis is framed to check the awareness mechanism among Mumbai Buyers and Sellers.

- **H2- Buyers awareness mechanism of Geographical Indication of silk apparels is compulsory through appropriate media:** The above hypothesis was formulated to analysis the awareness mechanism of Geographical Indication of silk apparels that whether it should be compulsory through an appropriate medium to avoid the duplication.
- **Ho- Buyers awareness mechanism of Geographical Indication of silk apparels is not compulsory through appropriate media:** The researcher wanted to analysis that why there is no compulsory mechanism to create awareness about the registered geographical Indication.

Qualitative data to explain hypothesis

The Demographic factors of the Sellers and Buyers Profile in this study

It is necessary to study the demographic factors of the buyers who become sellers for the same. Mumbai is cosmopolitan city with mix culture and very trendy in fashion and any new trends in wearing tearing is always welcomed and adopted. Kanchipuram silk apparels is preferred by every lady who desire to wear Kanchipuram silk during occasion. Other than that with mixed culture all types of festivals and occasion are being attended as such there is huge scope of Kanchipuram silk in Mumbai market always. In Mumbai Buyers are well-versed, educated and active buyers for any products and ready to pay the any price quoted. Therefore, the analysis the market for the authentic buyers for GI registered Kanchipuram Silk Apparels and its advantages to the authentic and authorized producer, it is necessary to analysis the demographic profile of buyers and seller. So whether to analysis marketing tools like labeling of GI symbol on product. But at first stage it is necessary to analysis the demographic profile. The demography factors of the ‘Buyer Profile as follows: The buyer of the Kanchipuram silk apparels further can be seller of the Kanchipuram silk apparels. The consumer profile parameters include:

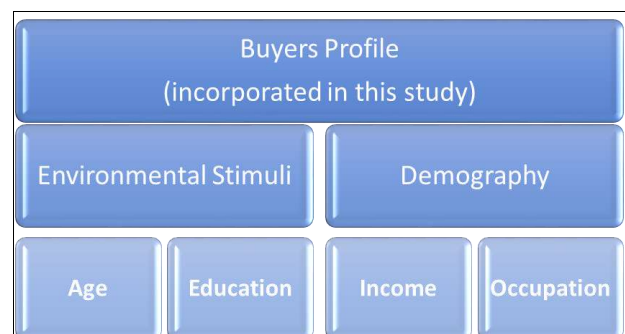


Diagram 2: Buyers profile (incorporated in this study)

The above diagram 2 expresses the buyer’s profile that is considered to be the respondent profile in this research. To get the authentic prospective buyers and further sellers for the study, the researcher studied the profile to categorize the buyers for their further preference study and awareness mechanism. The field –survey with structured questionnaire was conducted which includes Age, Education, Income, Occupation to identify Borrower’s Profile. The details of respondent profile on the basis of field survey have been explained further.

- The four parameters were scale in their respective ranges to get appropriate response like:

Age	• 25-35,36-45,46-55, 55-above
Education	• S.S.C-H.S.C ,H.S.C-Graduate ,Graduate-Post Graduate, Higher/professional, others
Monthly Income	• Less than 15000, 15000-25000, 26000-30000, 31000-50000, 51000-75000, 76000-above
Occupation	• Government Service, Private Service, Business

- It has been analyzed from the diagram 2 that populous AGE in the range of 36-45 is higher side. Responses from this age group becomes authentic to make the finding on awareness mechanism as this age group are responsible with decision making to buy or to sell.
- It has been analyzed from diagram 2 that the populous Education is between. H.S.C and Graduation, good qualified respondents. This indicates that the respondents have basic H.S.C or graduation. The buyers with education base is important respondents as they expects proper labelling and awareness about the product.
- It has been analyzed that from diagram 2 that out the total respondents, the Government Service person is more. This factor of analysis can be a fixed salaried income people. Further these can be the prospective buyers of the silk apparels for their consumption.
- It has been analyzed that from diagram 2 that out of total respondents, monthly income is higher side towards 76000 and above as well as monthly income between 51000-75000 is also higher side of the respondents.

Parameters and Variables of the study towards Awareness Mechanism

The survey is presented through proper Graphical presentation on question wise asked to the respondents of Mumbai region. The variables like Transparency, Reliability and Credibility have influence on Perception of Symbolic presentation of GI registered products. The Transparency factors involved the Price, Quality etc. This was considered as Paramateres and the Variables of the study. The study revolved around these Paramaters and further moved to analysis the Variables: Price, Quality, Warning.

Labeling on Silk mark: Price, Quality, warning

The table_ and graphical presentation on Labeling on silk mark as well as Price, Quality and warning are been presented through separate tables as well as graphs below:

Table 2: Labeling on Silk mark: Price, Quality, Warning

Labeling on Silk mark: Price, Quality, Warning	No. of Respondents	Silk Mark	Price	Quality	Warning
Seller’ Central zone’	93	Yes	Yes	Yes	Yes
Seller’ Western zone	153	Yes	Yes	Yes	Yes
Seller’ harbor zone	54	Yes	Yes	Yes	Yes
Total Buyers respondents	87	Yes	Yes	Yes	Yes
Total	387	100.0			

(Compiled from the field-survey)

The table 2 indicates Labeling of Silk mark with Price, Quality and warning. From the above table it indicates that as per the zone-wise all most all the respondents have seen the labels of Silk mark or aware about the silk mark on silk apparels. This indicates that with proper system of labeling on products the buyers are aware about the product, they are buying. The research further analysed the responses on the Price labelled. The table 2 indicates the Price labelled: Table. 2.

Table 3: Price Labelled on Silk apparels

Price labelled		
High	Moderate	Low
82%	6%	0%

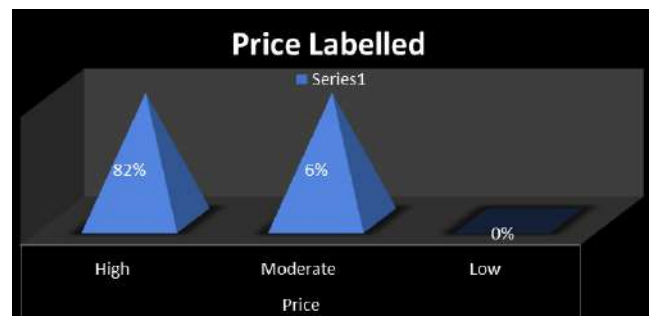


Chart 1: Price Labelled on Silk apparels

Table the chart 1 indicates the Price Labelled on Silk apparels. To get the responses and further to analyses the researcher had scaled the Price variable into HIGH, MODERATE, LOW. This helped to analyse that most of the respondents are aware about the labelled price of silk apparels are always higher side. It means the authentic silk apparels with high price is acceptable. But if it is not labeled than paying high price and buying becomes beleivable. But the labelling it not there, that raise further query on quality which is the important factor in silk ‘about considering Quality.

Table 4: Quality Labelled on Silk apparels

Quality Labelled		
High	Moderate	Low
82%	6%	0%

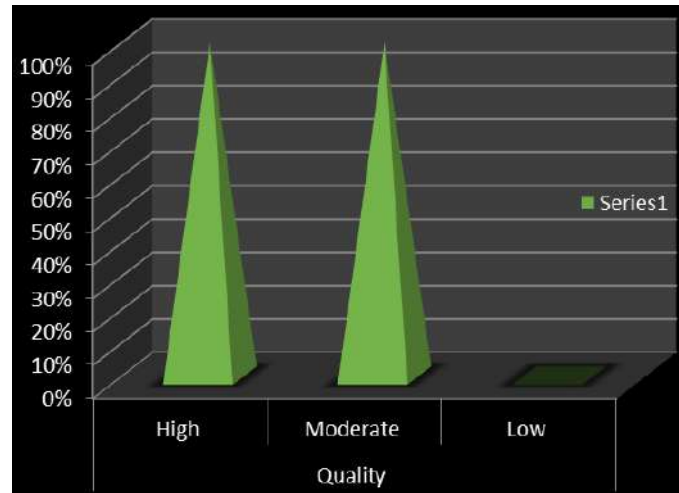


Chart 2: Quality Labelled on Silk apparels

Table and chart 2 indicate Quality Labelled on Silk apparels, the survey was conducted with the questionnaire to analyse whether labelled quality in authentic to fix high price of the product. The responses indicates that the buyers believes in quality which shown on labelled product and ready to pay the high price. Therefore, the research intension with this analysis is to find out that labelling plays important role in silk apparels as well as benifits the sellers because buyers are ready to pay. Thus on the basis of this the researcher wanted to find out that with silk mark label (as it is popular through appropriate communication and promotion to Buyers and Sellers) Can the GI symbol will benefit the sellers and buyers.

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Conclusion

The regulation of GIs is based first and foremost on a system of self-enforcement by producers. GIs can also be enforced through informal mechanisms, such as mutually agreed social controls and unwritten rules of practice and standards. Self-regulation and self-enforcement alone can apply locally in very specific contexts. When relationships among producers are not strong and/or marketing abuses (imitation of the product and GI usurpation) are common either nationally or internationally, legal protection of the GI may be considered by local stakeholders as a tool for effective regulation. Even when no problems of imitation or divergence in local production practices emerge, the establishment of formally recognized rights over the GI could be important, inasmuch as a formal recognition of the GI, whether legal or not, could prevent registration of the GI by other actors.

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