

GI AS MARKETING PRODUCT: A STUDY ON ITS POTENTIAL IN INDIA

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ABSTRACT

The main principle of Geographical Origin is linking products to their origins. The reason behind the concept of GI was to safeguard products in long-drawn-out markets. These are novel expressions of native agro-ecological and cultural characteristics that have returned to be evaluated and guarded in several countries throughout the globe. A GI could be a distinctive and vital type of collective intellectual and cultural property, with varied rights. In this, Geographical Indication (GI) can be seen more as the marketing product than an origin-based indication of goods. The research paper is a study about the value addition done by Geographical Indication in India, comparison between brands and GI and its potential in India. Moreover, cost-benefit analysis as well the consumer-owner analysis has given the research a much broader aspect. The suggestions are given for increasing the marketing value of GI which in turn will help the producer and economy of the nation as a whole.

INTRODUCTION

GI's and Brands: A Comparison

GIs and brands, both are protected by different Acts. Historically the 1st trade marks were in the form of symbols indicating the geographical origin of goods. Traders used these symbols to segregate merchandise produced in different regions and to convey a sense of quality by exploiting the local reputation. However, the Trade Marks Act does not consider geographical names as distinctive or capable of distinguishing goods, and accordingly does not register them as trademarks. GI names can be registered only under the Geographical Indications of Goods (Registration and Protection) Act 1999, subject to satisfying certain conditions¹. The names then enjoy protection by an action for infringement as well as other benefits of registration. Once the GI is registered it must exhibit the attributes of a brand and maintain a high level of quality, worth the price that it demands. To charge high price the product should have something which no other similar product offers, evoke a feeling of pride and confidence among its users and emerge as a special regional brand.

GI's and Brands: Difference

Brands and GIs also differ in terms of ownership of legal right. In case of trademarks, the right is owned by an entity (mostly a company) whereas in case of a GI, the right is owned by the community. Collective ownership of GIs within a certain specified area is assumed to exert collective control over the production and marketing of the product. In case of brands, control lies with the entity that owns the trade mark. After having agreed on a common code of practice, there is agreement on the mechanism to conform to product specifications.

Why protection is needed for GI and brands?

The reason for protecting GIs and brands, it is important that:

- Marketing distortions between producers and consumers are eliminated;
- Adverse impact of information asymmetry on product quality is minimized. The law intends to prevent confusion for the consumer at the time of buying or using the goods in the case of

both a trade mark and a GI, but for the latter the indication is a regional symbol used to recognize goods having distinct features originating from a specific geographical region.

COST AND BENEFITS OF GI

COST	BENEFIT
Establishing domestic legal structure	Improved market access
Defining exact physical boundaries	Increased sales
Establishing the criteria and standards	Increased value/profitability
Local or domestic information-education	Assurance of qualities or characteristics and authenticity
Control and certification fees	Traceability
Marketing and promoting	Complementary effect on other products in region
Assessing and applying for protection Overseas	Elevated land values
Infrastructure and production Investments	Induced tourism
Adaptation to rules, methods, and Specifications	Increased employment
Commercial or technology limitations	Increased differentiation or competitiveness as a “brand”
Vigilance and maintaining protection	Coalesced local governance
Administrative and bureaucratic costs	Socio-cultural valorization ⁱⁱ

GI and its potential to become a brand

GIs carry a label or categorization title on the output or turn out. This label or categorization is granted to a select/qualified cluster (called "registered users" as per the Indian GI Act) by a government authority (Registrar of GIs within the case of India). Registered users use the GI to ascertain the presence of bound attributes within the product as believed to be inherent within the GI. Solely registered users are allowed to use the label or create such a claim and anybody creating an unauthorized use of constant is susceptible to be prosecuted underneath the GIs Act 1999. However, there are a variety of points that differentiate GIs and types. Brands are owned by one legal entity (a company in most cases) whereas GIs aren't owned within the standard senseⁱⁱⁱ. The GI Act doesn't grant the right to ownership; it's merely the right to say as being one. Not like brands, GIs don't have a definite visual part that helps in straightforward recognition and that is common to any or all people who claim it. This makes GIs "pseudo" or "half" brands. All GIs carry the identity of the class (the GI) and therefore the identity of the manufacturer. For example there are multiple completes of Darjeeling tea sold out within the market being a "Darjeeling tea" also a particular brand. Since brands are registered as logos whereas GIs aren't, brands are powerfully protected by law however GIs are liable to misuse by unscrupulous players misusing GIs attributable to the absence of a powerful part of identity.

GI: Competitive Positioning

TRIPS Agreement acknowledges a previous concept: the existence of a link between a product and its place of origin. For hundreds of years, geographical place names are a tool for competitive positioning and for communication the name of origin merchandise, like Champagne, Parmigiano Reggiano, Darjeeling, Gayo low, Kobe beef, or Argan oil. Although their impact varies with the context, GIs enable producer teams to face economic competition through economic recognition of the particular quality of their product on the market^{iv}.

Geographical Indications Marketing Perspective

Many case studies nationwide and internationally show that it's the power to form niche selling and product differentiation. Consumer demand for native foods has been progressively drawing

attention throughout the globe, significantly in industrialized countries. In the selling framework, price creation depended on a spectrum of qualities of the product and ready to sense that distinction in client purchase. It's usually in agreement that GIs promote expansion as a result of them:

1. Facilitate producers get premium costs for his or her product while guaranteeing safety and quality to customers.
2. Improve distribution of the added price to the actors (producers, processors, etc.) throughout the assembly chain.
3. Bring added price to the region of origin.
4. Increase production, produce native jobs
5. Preserve landscapes, content, and diverseness.

A geographical indication will have a major impact on a region's economic performance and cultural heritage as a result of it protects the identity of indigenous product. Geographical indications are progressively viewed as useful tools for achieving product differentiation, and might increase economic potency as a result of such measures give producers with incentives to deliver adequate right to the Geographical indication results in the higher added product through product differentiation supported bonded quality; it protects customers as a result of it provides formally certified info concerning product attributes; and it enhances and preserves the identity and cultural heritage of the region terminated that customers of regional products assign high importance to labels that contain regional certification. They according to that GI labels absolutely have an effect on customers 'willingness to pay, relative to the protected regional product.

POTENTIAL OF GI AS MARKETING PRODUCT

As mentioned above, while the concept of origin based products is deeply entrenched in European culture, products with a regional identity display similar elements worldwide, suggesting that it is a universal concept. Indeed, there are globally many examples of cases where regional origin is used in the marketing of local products. An emblematic illustration of this is the case of Darjeeling tea which is produced in the state of West Bengal, India. The tea produced in this region has become known for its distinctive flavor that is attributed to the specific agro-climatic conditions and production techniques used in this region. Another lesser known example from Benin is Gari Missé, a dried, flour like product produced from the cassava root. Although gari is produced throughout Benin, the Missé district has become known for producing a drier, less fermented gari through a unique process that is limited to the region^v.

The potential for value addition

The connotation of GIs for Southern countries powerfully derives from the promoting dimension and also the economic potential connected thereto. Territorial origin provides a strategic tool for differentiation and for the creation of another worth supported perceived product qualities. Trends within the food sector over the past decade indicate that customers are progressively putting worth on products they'll go along with an explicit place and suggests that of production. Although goods costs might not still decline, their volatility has considerably rose in recent years, and so the potential for disconnecting product from these international trade conditions could be a powerful drive for GI primarily based differentiation. Producers among origin labeled niche markets have the chance to safeguard and enhance their market and to doubtless rework the worth another into an issue^{vi}.

Consumer and owner centered benefits and harms matrix of GI

CONSUMER

OWNER

BENEFITS	Higher quality and unique products for consumers available and encouraged	Higher prices for producers
	Conveys messages and minimizes “search costs”	Protection of local tradition and cultural Practices
	Producer or manufacturer liability more easily determined and secured (traceability)	Market for differentiation and exclusivity
	Can provide a means by which universal values (cultural, traditional, environmental) may be preserved via market mechanisms	Positive local externalities including better employment, rural development, governance, etc.
HARMS	Exclusivity may elevate costs	Higher costs of production
	May reduce innovation or improvement	May reduce innovation
	Public GI systems increase public costs of governance	Likely to require greater local governance and institutional capacity and costs
	May reduce competition and increase protectionism	If not state-run, will elevate costs of legal protection ^{vii}

Brand-Building, Promotion and Marketing

When it involves reaping business edges out of GI standing, it must be recognized that GIs don't sell themselves. The market potential for this “niche” is really contingent on the buyer recognizing and valuing the product–place link. It takes huge time, patience, resources, internal control, and a well-crafted promoting strategy, to call some, to form a valuable GI. “Champagne”, as an example, is alleged to own taken as long as one hundred fifty years to develop that premium whole image. Promoting of GI products in foreign countries is definitely more difficult than doing thus within the domestic market, notably for that GIs that don't have any name within the world market. The best challenge during this respect is an exhibit by the developed countries, wherever customers even have ample incomes doubtless to pay a premium. whereas promoting efforts in these countries need a sustained commitment of resources for a protracted amount of your time, there's no set formula to confirm the success of a rising GI in these markets, neither is there any guarantee of such success^{viii}.

Potential in India

The challenge lies in placing the proper balance between the 2, which is less complicated aforesaid than done. Returning to India, as mentioned in “Registration procedure of GIs in India”, there's a provision within the Indian GI Act and Rules that necessitate furnishing of data on the “particulars of the mechanism to confirm that the standards, quality, integrity, and consistency or alternative special characteristic. That is maintained by the producers, manufacturers or makers of the products. It additionally needs the soul to furnish the “particulars of the scrutiny structure, if any, to manage the utilization of the GI. Whereas it's imperative on the part of the GI register to implement these provisions strictly, it's additionally necessary for the stakeholders of GIs in India to confirm that acceptable internal control mechanisms are set. In fact, several GIs in India are already taking steps in this direction. “Darjeeling” may be a rival in this regard.

In the case of “Chanderi Fabric”, quality is turning into an essential thought in selling particularly for high-end customers in India and abroad. Hence, the GI implementation methods of the Chanderi Development Foundation (CDF)—the registered owner of this GI—include for the standard facet, among alternative things: use of the GI standing as an identifying selling tool; make sure the quality uphold the GI standards; complete building efforts through – use of the GI emblem on every product; – the creation of comparable bill book by all users; and – use of tags, brochures, etc. for awareness building of consumers; sensitization workshops and subject matter campaigns for GI in numerous cities; and creation of a cluster-level web site for a bigger stretch. once “Pochampally Ikat” became the primary loom product of India to get GI standing beneath the GI Act in December 2004, it attracted media attention, which helped within the revival of this complete. The multi-pronged approach of the Cluster Development Programme, under that the GI was registered, conjointly helped in the development, diversification, style innovation, internal control, among alternative things, and contributed in building the complete image of “Pochampally Ikat”. Curiously, a number of the producers of “Pochampally Ikat” conjointly had their own logos registered with the aim of developing their own brands, like “Chikat” and “Ikat Art”. The most recent initiative of building a Pochampally loom Park is aimed toward developing “Pochampally Ikat” as a complete and taking it to a different level. Several registered GIs in India are, however, to

venture effectively into this risky and difficult territory. Hence, despite their GI standing, such merchandise is unlikely to sell at a premium everywhere in India, unless applicable selling and promotional efforts are undertaken to make them as brands a minimum of inside the country, if not within the remainder of the planet.

Example

Pochampally Ikat

“Pochampally Ikat” could be a distinctive old cloth (silk, cotton, or mixtures thereof) woven within the Nalgonda and Warangal districts of the Indian state of the province. The material is formed by a method of ligature and dyeing the yarn before weaving. Whereas sarees comprise the lion’s share of production, the cluster conjointly produces alternative merchandise, like bedsheets, home furnishings, and dress materials. The bulk of the remaining 1,200 looms are operating for the Master Weavers. There are around a hundred Master Weavers in Pochampally. They need an association referred to as Pochampally loom Tie and Dye Manufacturers’ Association. Before the Cluster Development Programme was undertaken, the cluster was showing an overall declining trend since the Nineteen Nineties, notably within the face of competition from power loom-made imitations. The low productivity of ancient pit looms; the grind of the weavers and near-stagnancy in their skills; lack of innovative product coming up with and diversification; and short promoting efforts were a number of the key tributary factors behind the declining trend of the cluster. Weavers were extant in a very vulnerable condition. Usually, the Master Weavers/cooperative societies would give silk yarns amounting to a warp of eight sarees to weavers. The weavers would then perform the pre-weaving tasks (such as ligature and dyeing) still as weaving. A warp of eight sarees would take any place between thirty and forty-five days to complete, with the involvement of nearly all the members of the family. The value of one “Pochampally Ikat” silk frock usually would vary between Indian rupees (INR) 1,500 and 2,500 (US\$36–61, with US\$ 1 =INR41.29 as per the common charge per unit in 2007), whereas some could also be priced even higher. The wages accruing to the weaver for the total warp of eight sarees, however, would be as low as INR1, 500–2,500 (US\$36–61, with US\$1=INR41.29 as in 2007), looking at the styles of the sarees plain-woven. Given such abysmal wage rates, it's not stunning that before the Cluster

Development Programme was initiated in Pochampally, around five-hundredths of the families were found to be living below the personal income, with nearly twenty-fifth of them combating acute economic condition. Whereas the common size of the weavers' families was 5, the common annual financial gain of a family was found to vary between INR8, 000 and INR10, 000 (US\$194–242, with US\$1=INR41.29 as in 2007). Given the poor financial condition of the weavers, once the merchandise was prepared, they might not afford to attend for a higher worth and were forced to sell them off though the costs were non-remunerative, simply to avoid accumulative interest and to stay them engaged in weaving. This enclosed talent up-gradation; development and diversification; technological advancements; quality up-gradation; and whole building and improved market linkages, among alternative initiatives. The Textiles Committee, unitedly with a couple of alternative organizations, expedited the GI registration of "Pochampally Ikat". The applying was filed within the names of "Pochampally loom Weavers' Co-operative Society Limited" and "Pochampally loom Tie and Dye Manufacturers' Association". Registration was awarded by the GI written account on thirty-one Dec 2004, creating "Pochampally Ikat" the maiden loom product to be registered as a GI in India. Straight off once the registration, "Pochampally Ikat" received the large message within the media, still as in exhibitions. As a result, the cluster that was troubled to dump unsold stocks simply a year back suddenly practiced a major surge in demand. The demand for "Pochampally Ikat" sarees exaggerated by 15–20%. This spurt in demand provided a faster realization of returns. The weavers conjointly started taking revived interest and care in their work, leading to exaggerated productivity. Throughout the post-GI registration amount, the market demands have influenced product still as style diversification. Whereas the sales turnover is ascertained to grow by twelve.01% in 2004–5, it's fully grown by fourteen.31% within the following year. Productivity has conjointly exaggerated by the next rate in 2005–6 (5.88%) compared therewith in 2004–5 (4.35%).^{ix}

SUGGESTIONS

1. Retail marketing- GI can be a useful tool in the retail marketing. It can be done by using latest data analytics techniques about the population, target customers, preferences, Location of stores etc.
2. Understanding consumer's tastes and preferences according to their needs and in turn offering products to the them
3. Hedonic pricing- Hedonic pricing may be a helpful approach to review the connection between worth merchandise quality and has been widely employed in client political economy to judge the characteristics of agrifood products. The strategy uses regression analysis of the value on the characteristics of the product. The implicit worth of a personality is outlined because of the by-product of the value with relation to the product attribute. The hedonistic price operation captures the connection between the determined worth and therefore the quantity of every characteristic contained within the product. The partial differential of the hedonistic worth operate shows the shadow worth of the characteristic
4. Conjoint Analysis- This analysis may be a significantly helpful technique to estimate the consumer's overall preference for a product that supported by its most significant attributes. It's a variable technique that enables the standard of a decent to be analyzed and also the product attributes' contribution to total disposition to pay to be calculated supported the assessment of the utility that customers attribute to individual product characteristics. "To determine the mixtures of the attributes which provide customers bigger utility; to evaluate the relative importance of every product attribute or feature for the shopper's utility or preference; to calculate the market share supported the consumer's analysis of attributes and their individual levels within the product; to phase the market through the study of consumer preferences; and to evaluate market potential or opportunities by exploring inaccessible attribute mixtures
5. Potential Income Effect- Preventing usurpation of origin-based products and protective the name of those products may probably have a powerful developmental impact through an improved financial gain impact. Ultimately this might contribute to enlarged employment and improved livelihoods

CONCLUSION

The stronger the product and also the region, the stronger will be the competitive advantage. It can be concluded that the geographical Indication of any goods can be looked as the marketing product due to its price, place, product, and promotion. Moreover, the GI acts as the brand for that region due to its distinctive characteristics. It can help in boosting the economy of region if a GI is treated more like a marketing product than as origin-based product. This will also help the local producers of the nation to increase their revenue by showing the end consumers its unique selling point.

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ENDNOTES

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