

Product Differentiation and Structuring of Alliances in Beef Productive Chain: The Brazilian Certified Angus Beef Case

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Introduction

The new dynamics in the world scenery indicate a series of organizational changes that should be followed when success is longed for. Beef productive chain also suffers the effects of these alterations and it is articulating attempting to adapt and survival to this new reality.

The bovine meat is in disadvantage regarding substitute products since it presents a relative lack of product variability and convenience. Additionally can be emphasized the quality inconstancy and difficulties in the standardization of the raw material, allied to the lack of commitment of producers, processors and distributors.

Consumers are evolving quickly in response to social, cultural, economical and ethical changes. It is observed that great lack of available information exists and ignorance in relation to the product for part of the consumers. This way, it is quite difficult that these consumers are willing to pay a differential price for a quality product, since there are no guarantees about this (Ferreira and Padula, 1998).

On the other hand, niche markets for beef quality products grow where consumers satisfy such subjective needs as ethics, health, animal welfare, environmental preservation, among other (Grunert, 1997). In this sense, the agents that are able to signal to the market

that its product can satisfy the consumers' desires and needs have larger success chances. Additionally, those that can maintain this leadership position through reliable brands, can stay at the top of market. This way, turning them unique, there is more chance to increase the commercialization margins and its profitability.

One way found by the companies to improve their profitability is look for the differentiation of their products. This strategy can be developed in different ways, such as brand development.

In that sense, organizations form new relationship arrangements among the agents of the productive chain, in order to make possible this strategies implementation. These new inter-organizational arrangements are formed based on the interdependence premise among the links of the beef productive chain, because a differentiated final product depends on the raw material guarantee and specific productive processes, that would be difficultly obtained in market transactions (Williamson, 1985).

Objectives

This article analyzes the structuring of a new relationship arrangement in the beef productive chain, evaluating its adequacy to the markets demands. In the studied case, an association of producers and a slaughterhouse are working in an integrated way, with the objective of improving their competitiveness in the beef market. The final product of the initiative seeks to assist a demand for quality meat, aggregating value to a product traditionally considered as a commodity. The valorization of the Angus beef and the differentiated remuneration of the producers are the main objectives of the Association, while the offer of a final product with superior quality standards to the market is the main objective of the industry, seeking to assist this emerging demand.

Procedures

The method used in the research was the case study (Yin, 2001), being the analysis object the established alliance. In the characterization of this alliance, the authors analyzed:

- its structure;
- the objectives of each agent involved;
- the adopted strategies for differentiation and demand attendance, involving marketing aspects and brand creation;
- the specifications of the products;
- finally, the product flows, resources and information among the links.

The data collection was accomplished from semi-structured interviews with the top managers of both organizations, which were recorded and transcribed for subsequent content analysis. During the analysis, the authors also tried to identify the advantages and disadvantages for each part involved.

Results

The results indicate that the new relationship arrangements in the beef productive chain have turned possible for the agents a better attendance of the market demands, effectively improving their competitiveness. Commitment, contractualization, standardization, trust and quality management are concepts that emerge, providing new insights and real advantages by this change. If we conduct an analysis of the predominant (and tradicional) relationship between the productive and industry links, it is noticed that significant progresses were obtained by the studied agents, so that they could be capable and open to suffer such transformations.

Conclusions

This new form of acting also implicates in larger individual gains for the partners and in larger competitive gains in global terms.

Besides, this alliance makes possible the value aggregation of the product, trough the identification of Angus Quality Beef. For this, however, it was necessary to certificate the product, involving other agents and giving credibility to the initiative.