

## **Perspectives and possibilities of development for traditional Greek products: The Kozani's Saffron case**

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### *Abstract*

*The local products are the core for the development of a region since they can make it widely popular. The more a region is developing and establishing contact with the outside world, the better are the chances to make its local products popular. The European Union has defined the terms in order to characterize a product traditional. A wide range of traditional products that have gained consumers' trust and preference are available in Greece. However, in order for them to be successful on a global level, they have to be promoted based on some economic and commercial criteria. Traditional products face a few difficulties on a commercial level. An empirical research was realized in order to thoroughly study the contribution of a traditional product on local development and record any singularities as far as its production and its trading is concerned. The field of study is Saffron and its cultivation area of Kozani. The research findings show the contribution of traditional products to the economic development of the area, the advantages from the production of Saffron, the problematic and negative issues and the future perspectives. The future is not promising because of the high value of the root of saffron, of bad weather conditions and of high cost of employment.*

Keywords: traditional products, local development, Kozani's saffron.

JEL classifications:L32,D29

### **Traditional products**

Each region produces some products that are considered to be special for they attribute an individual identity to the region and they define the savory preferences of the population as well as the cultural influence of the outside world upon them. The local products are the core for the development of a region since they can make it widely popular. The more a region is developing and establishing contact with the outside world, the better are the chances to make its local products popular.

In order to define a product as a local traditional product we need to take into consideration the basic characteristics of the products that are directly related to the culture of the region. The traditional product of a region remains intact from generation to generation and continuous to exist either through the way it is produced or through the raw material it uses.

A traditional product has the following characteristics<sup>1</sup>:

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<sup>1</sup> Tasiopoulou., S., (2007) "The institutional frame and he perspectives of development for traditional products in the European Union", Harokopio University, p. 7

- There is a certain method or recipe that is being followed from generation to generation.
- The product has been used at least since 1950 until today.
- The modernization of ways of production and technological evolvement has not altered the traditional product at any level.
- The traditional product is not industrialized but "handmade". There are cases where manual labor is central to the definition of a traditional product.
- The traditional product is usually produced on a local level unlike industrial products that are widely used.
- Apart from the product itself, the technology used might be traditional as well as it has been transferred from generation to generation.
- A product can be traditional when it is produced by traditional raw material.
- Finally, a traditional product does not use chemical conservatives but it is preserved through traditional methods.

Usually, the traditional products are promoted and traded by local associations, local small businesses and even cottage industry. Through all those means of promotion the products become widely popular and as a consequence they boost the development of the region they come from.<sup>2</sup>

The European Union has defined the terms in order to characterize a product traditional. The Regulations that govern Traditional products in the European Union are: Council Regulation EEC No 2082/92 of the European Council, Council Regulation (EEC) No 1848/93, Decision No 93/53 (EEC), Regulation (EP) No 852/2004 of the European Parliament, Regulation (EP) No 509/2006 of the European Parliament and the Guide 2000/13 of the European Parliament and Council.

In Greece, provision businesses are governed by the Regulation 852/2004 of the E.U. According to this Regulation, Greek businesses are obligated to apply the processes of HACCP. Depending on the products and the activity, all businesses have to be controlled by the responsible public or private commissions. The businesses that alter products of natural source are being controlled by the respective Agricultural development Departments. The rest provision businesses that process food such as restaurant, hotels, bakeries ect., are being cotrolled by Hellenic Food Authority (HFA) and the Administration of Hygiene as to whether they apply the processes of HACCP.

The businesses are certificated by the Hellenic Organization for Standardization and also by private commissions such as: HELLAS, TUV NORD, DQS, EQA, QMS, SGS. The products of biological farming are controlled by the Hellenic Organization for Standardization and by private commissions such as: BIO Hellas, DIO, QWAYS ect. The certification of the products as to whether they satisfy the requirements of PDO and PGI, Special Poultry Farming is realized by the Agricultural Products Certification and Supervision Organization, under the distinctive title AGROCERT.

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<sup>2</sup> Petridis., T., (2008), "the necessity of using local products and their contribution to Agrotourism in Greece", Karpathos, 28-5-2008

## **Economic and commercial criteria for promoting traditional products**

A wide range of traditional products that have gained consumers' trust and preference are available in Greece. However, in order for them to be successful on a global level, they have to be promoted based on some economic and commercial criteria. The aim of those criteria is to better promote the products on a national and international level and thus to enhance the national and local economy.

### **Economic criteria**

The production of traditional products has to be performed under certain economic criteria. The traditional products should be produced in ways that would enhance the local and national economy of the country. The criteria are:

- The traditional products should take into consideration the consumers' needs inside and outside the Greek borders. The traditional products that are produced in isolated or insular areas satisfy a narrow range of consumers and it is thus difficult to be further promoted.
- The traditional raw material should be enough for the production of the traditional products. A traditional product is no longer traditional if the producer has to import raw material in order to cover the production. Therefore, this is the original rationale behind the traditional products, the use of traditional raw material.
- The majority of traditional products are produced by agricultural associations that are very important for the sustainability of local economies. Thus, the state should support and utilize those associations in order to keep producing traditional products and enhancing the local economies.<sup>3</sup>

### **Commercial Criteria**

Commercial criteria are related to consumers' preferences. Nowadays, consumers are presented with a wide range of products that they are expected to buy in order to cover their needs and utilize them in the best possible way. This means that the product has to be easily accessible to the consumer. There are certain characteristics that influence consumers' choices and make the products more competitive. Those characteristics are:

- The easy use of a traditional product. The package should be practical and sufficient in size. Furthermore, it has to appear nice in order to attract consumer's attention. The appearance can be either modern or traditional.
- The nutritional value of the product is a very important criterion for the consumer. This means that the package should mention all the constituents that the consumer is fully aware of what she/he consumes.
- The availability and accessibility of the traditional product is one of the most significant commercial criteria. Consumers in the

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<sup>3</sup> Tasiopoulou., S.,(2007) "The institutional frame and he perspectives of development for traditional products in the European Union", Harokopio University, p.34

big cities are not always able to access traditional products. If those products were promoted to small business districts, shopping centers and local markets the trade rates would increase.

However, traditional products face a few difficulties on a commercial level:

- 1 The traditional products are produced in distant areas and often there is no ability to promote them outside the local community due to infrastructure problems or limited interconnection between the producer and the seller.
- 2 Big shopping centers emphasize in promoting products of mass consumption rather than traditional products. Consequently, the promotion of traditional products to certain spots is not always easy.
- 3 The lack of cooperation between producers of traditional products is a major problem. If they worked together they would acquire a stronger power to negotiate and it would be easier for them to get their products promoted.
- 4 Advertisement is not always an option because of the high cost for the producers.<sup>4</sup>

However, if the producers were to cooperate towards the common aim to strategically promote their traditional products, those difficulties mentioned above could be surpassed.

### **The contribution of traditional products in the local development**

There have been attempts from many years ago to develop the local mountainous and isolated areas. Development can be achieved through proper utilization of natural resources and proper promotion. It is also necessary to adopt a strategic plan and profitable measures. In other words, local development is possible through sectoral politics and not only through proper utilization of indigenous human and natural resources.<sup>5</sup>

The production and promotion of traditional products highly contributes to the local development of the area. To be more specific, the promotion of traditional products makes a region popular. The trade of the traditional products enhances the income of the local community and facilitates the cash flow in the region.

At the same time, new employment positions are created, many people return to farming, young people return to their routes and help the development of their region. This is how these regions can be awakened and revitalized.<sup>6</sup>

Every place has its own characteristics, natural resources and a special identity that makes it unique. All those characteristics should be designated and the traditional products should include the cultural identity of each place. The local producers should produce

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<sup>4</sup> Tasiopoulou., S., (2007) "The institutional frame and he perspectives of development for traditional products in the European Union", Harokopio University, p.39

<sup>5</sup> Research Center of Piraeus University, 2005, "Success factors for businesses that designate, promote and develop local products-The Greek and the European experience", Piraeus University, p. 16

<sup>6</sup> Petridis., T., (2008), "the necessity of using local products and their contribution to Agrotourism in Greece", Karpathos, 28-5-2008

traditional products in sufficient quantities in order to cover not only the local needs.

### **The contribution of traditional products to the economic development**

The traditional products are directly related to the culture, the history and the customs and traditions of a region. The protection and designation of traditional products help significantly the enhancement of the local economy and the maintenance of the individual identity.

The local production and the traditional products are the main vehicle that leads to economic and social growth. During the past few years, consumers tend to prefer quality products and local production. Consumers like to know the identity of each producer, the constituents of the traditional product and how they are benefited by its consumption.

Traditional local products are gradually gaining preference in the consumers' conscience and they significantly contribute to the economic expansion of the countryside and of the less advantaged places of the country. Traditional products are able to revitalize a local system of production that preexisted. That would be possible if local communities take initiatives, make proper use of their advantages and do accept economic and technical restraints. Human resources, education, dexterities, social capital, technical knowledge, customs and traditions are all factors that further boost the entrepreneurial activity and the establishment of cooperations.

The development of a strategic plan to promote the traditional products presupposes the complete restructure of the primary sector of production. To be more specific, the quantity of the traditional products produced has to be adequate to cover the demand and build a basis for economic growth and extroversion.

The Greek products that are famous for their quality and individual identity are able to enhance the local production and cover the consumers' needs so that there won't be dependence on imported products. Where there is competitiveness and intensity in local production, the income is rising, employment is rising and so is the local economy.

The basis for economic development is the strong identity of traditional products, the connection of the primary sector of production to tourism, culture and customs of a region. Those are the advantages of each place and they should be properly utilized.<sup>7</sup>

Briefly, the traditional products contribute to the local development and economy because they help a place to become popular, they created employment positions, they enhance the local income and finally they revitalize the place when it comes to production and tourism. This leads to further economic development.

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<sup>7</sup> Boutaris., J., (2011) "The contribution of local products to the economic and social development", Municipality of Prespas, p.6

## **Production, certification, promotion and trade marking of Greek traditional products**

Our country has been able to trade mark products and the European Union has established the logos PDO Protected Destination of Origin and PGI Protected Geographical Indication. Products like feta cheese, Greek yogurt, olive oil, Chios Mastiha, Greek red saffron, fish eggs from Messologgi ect., are rather competitive and popular products.

There have been attempts and initiatives to trade mark the traditional Greek products. Especially during the period 2000-2006, some Developmental companies took the following initiatives:

- The Agricultural Development of Corfu S.A adopted the initiative: "Ensure the quality, designate the identity, project and promote the Local Product", having as a guideline Tradition and Culture.
- The Agricultural Development of Limnos S.A adopted the initiative: "earth of Limnos, Environment, Goods, People, Civilization". It was a proposition for youth entrepreneurship based on tradition, sustainability and quality.
- The Developmental of Dodekanisa S.A promoted the initiative: "Utilization of local products and facilitation of market accessing, especially for small units".
- The Development of West Creta Organization S.A. adopted the initiative: "Designation and Utilization of the identity of local products, facilitation of market accessing through intrasectoral relations and sustainable managing of natural and cultural resources".
- The Developmental Company of Thessaloniki S.A promoted the initiative: "Taste of life, from the villages of Thessaloniki".

All the initiatives listed above aimed to promote the traditional products of each region, to make them known to the consumers and enhance the local economy.

On a peripheral level there have been recorded many actions and studies in collaboration with the Developmental companies and enterprises<sup>8</sup>. More specifically:

- The Centre of Strategic Planning PINDOS S.A. in Epirus made a research in order to point out the Protected Destination of Origin and Protected Geographical Indication products in 2000-2001.
- At the same time the Consortium of the Developmental companies of Central Macedonia (Developmental Company of Thessaloniki, Developmental Company of West Macedonia, Developmental Company of Xanthi, "PROMAGRO") organized a program to project and promote quality products (PDO, PGI, biological farming, traditional wine).
- Since 1992, the Food Industrial Research and Technological Development Company (ETAT SA), has participated in many researches in order to upgrade the quality and promote the competitiveness of Greek Traditional Products. Those researches were realized in collaboration with research organizations (National and Kapodistrian University of Athens, Agricultural University of Athens, Aristotle University of Thessaloniki), state organizations

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<sup>8</sup> Tasiopoulou., S.,(2007) "The institutional frame and he perspectives of development for traditional products in the European Union", Harokopio University, p.34

(Hellenic Food Authority, General Chemical State Laboratory) and other enterprises.

### **The traditional product "Greek Red Saffron"**

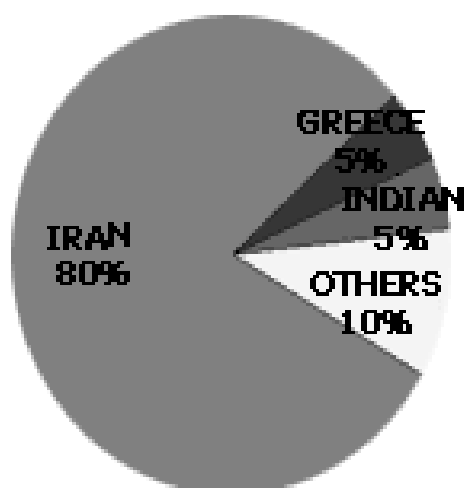
#### **Saffron**

Saffron is one of the most expensive spices available in the world. Saffron comes from the pistil of the flower of the saffron plant, the scientific name of which is *Crocus sativus* L. and it belongs to the family Iridaceae.

The only place in Greece that saffron is growing is the Municipality of Kozani and more specifically, in the villages Krokos, Kariditsa, Agia Paraskevi, Ano Komi, Kato Komi, Lefkopigi ect. Saffron has been cultivated in this area since the 17<sup>th</sup> century when people from Kozani transferred its cultivation from Austria<sup>9</sup>.

#### **The purchase of Saffron**

Saffron is mainly grown in a belt of land ranging from the Mediterranean in the west to Kashmir in the east. Annually, around 300 tons of saffron is produced worldwide. Iran, Spain, India, Greece, Azerbaijan, Morocco, and Italy, in decreasing order of production, are the major producers of saffron. Iran with its cultivation of different varieties is the largest producer of saffron with 93.7% of the world's total production. According to FAO statistics (2004), Iran is the number one exporter of saffron in recent years and Iranian saffron is exported to many countries.



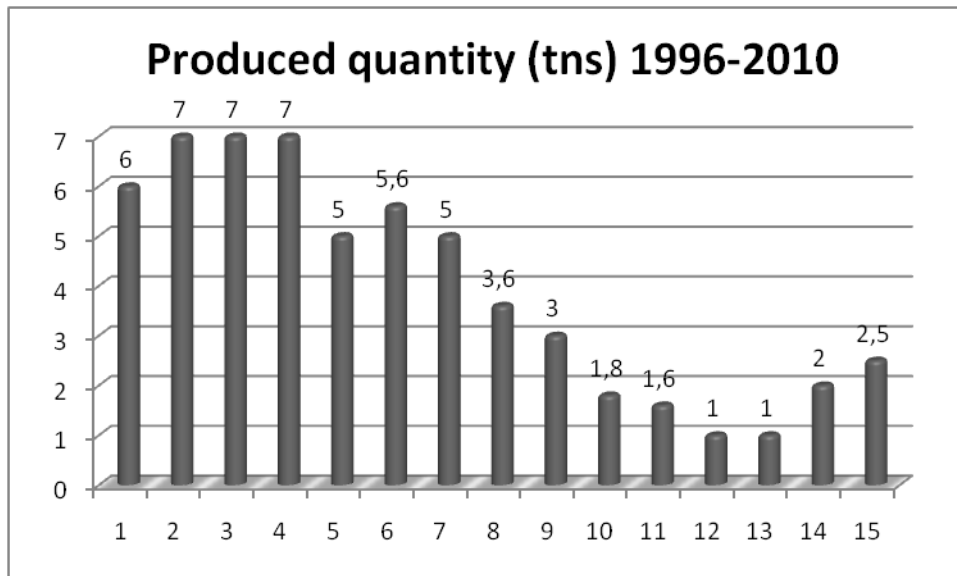
**Figure 1: World market of Saffron**

*The Figure is based on FAO statistics (2004).*

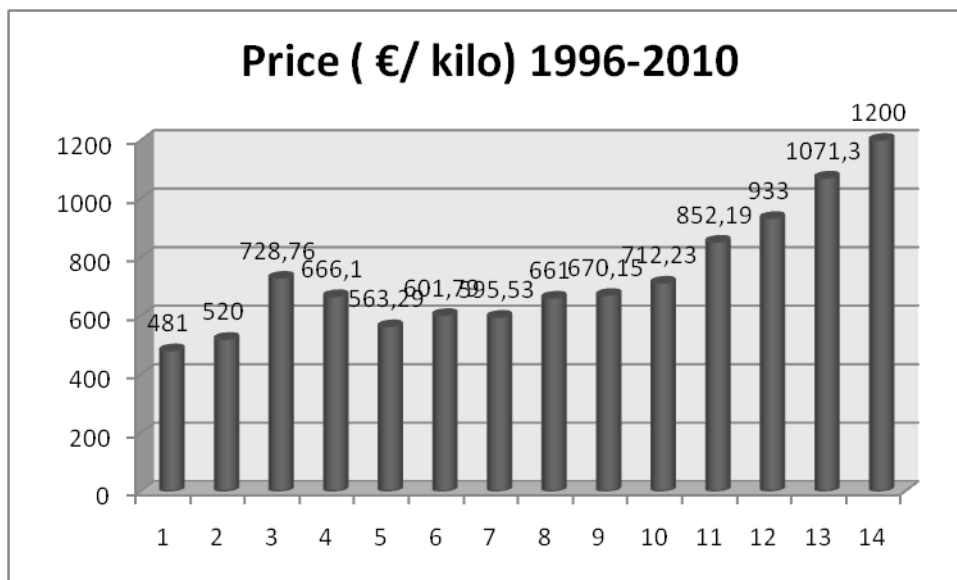
The countries that mainly buy the Greek Red Saffron are Australia, Spain, Italy, the USA, Switzerland, England, Germany, the Scandinavian countries and the Netherlands, Kuwait, Brazil, Argentina, Japan and some Hinduism countries. Recently Cyprus has entered this list.

<sup>9</sup> Papanikolaou., A., (1997), "Saffron-Safran, A pure natural product for health nutrition", Thessaloniki, p.80

Even though the demand from these countries is already big, the Association wants to discover new markets by introducing new products<sup>10</sup> (beverages) and maintaining the quality of the product competitive. This attempt is targeted to Russia and Saudi Arabia.



**Figure 2: The evolution of Saffron production 1996-2010**  
 Source: Ministry of Rural development and Food



**Figure 3: Evolution of price ratings for Saffron 1996-2010**  
 Source: Ministry of Rural development and Food

<sup>10</sup> Traditional portal of the Prefecture of Kozani, 2011 "Kozani's Saffron smells good and is ready for new markets" <http://www.sourdos.gr/news.php?extend.3499> - 02-2012



## **Disadvantages and problematic issues in trading Greek Red Saffron**

The organization and trade of the Greek Red Saffron is exclusively at the hands of the Exclusive Association of Saffron-producers in Kozani. The Association promotes the product to domestic and foreign markets.

### **Advantages- Local economy**

The high quality of the saffron compared to other countries' saffron is a very important advantage.

In 1992, the Association labelled the product as Protected Destination of Origin product under the distinct name "Kozani's Saffron". In 1997 it applied the Quality Control Assurance System according to ISO 9004:2004 and also got certificated by ISO 9001:2000 from the Bureau Veritas Certification<sup>11</sup>.

The association has been successful in: growing the certificated biological cultivation of Saffron (40% of the production), becoming a member of "EUROPAM" and initialling research through the Saffron Institute that studies the plant, its sub-products and develops new food technology<sup>12</sup>.

The trade of Saffron is a great source of income for the place and it also contributes to the decrease of unemployment since more and more young people decide to cultivate this plant due to the rising demand.

The cultivation of Saffron in Kozani has created a more tight together community that is trying hard to maintain tradition and local colour and to develop financially in order to avoid isolation.

It is also important to mention that the package meets all the European requirements and effectively reserves the quality of the product. The demand is continually rising because of the variety of recipes and sub-products make the Saffron even more popular. Finally, it is worth saying that the medical contribution of Saffron places it among the most important product globally<sup>13</sup>.

The exclusive Association of Saffron-producers in Kozani successfully collaborated with the private company Korres. The Association and the company established a new enterprise with the distinct name "Products from Kozani's Saffron", which produces beverages based on saffron for the past one and a half years. 55% of the company belongs to the Association and 45% belongs to Korres who invested approximately 2, 5 million euros on his venture. The company produces 7 different beverages, such as saffron with lemon and honey, saffron with menthol, saffron with green tea ect. The enterprise plans to widen

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<sup>11</sup> Grouiou., Ch., (2011) "The influence of branding on the evolution of monopolies: The case of Kozani's Saffron", Technological Educational Institute of Thessaloniki, p.101

<sup>12</sup> Patsiouras., N., (2011) "'Exporting Saffron in Past and Future", the Exclusive Association of Saffron-producers in Kozani".

<sup>13</sup> Papanikolaou., A., (1997), "Saffron-Safran, A pure natural product for health nutrition", Thessaloniki, p.43

the range of the produced products. They also intend to promote the beneficial characteristics of the Greek Saffron<sup>14</sup>.

The collaboration of the Association with private sector can be considered rather successful for both parties it projects all the relative advantages of the private sector (flexibility and effectiveness) and it avoided the disadvantages of Associations. The success should be also attributed to the powerful product, saffron.

The enterprise is currently promoting its products cross the borders of Greece and pays extra attention to the delivery and quality of the product.

Kozani's Saffron is a traditional product that empowers the economy of the whole Prefecture of Kozani<sup>15</sup>. It helps to increase employment, to grow the farmers' income and to project the Prefecture internationally.

### **Problematic Issues**

Saffron deals with many problematic issues that have to be faced now so that the product will keep developing freely.

Trading the saffron is not easy because it is very fragile and may not bring about the expected amount of production and the expected quality. This fact limits the possibilities of promotion. Another issue that used to be rather extended was the impurity of the product that caused decrease in demand. Nowadays, the Association ensures the purity of the Saffron with constant controls.

At the beginning of the operation there was a big problem caused by the collaboration of the Association with intermediary sellers. The following years of experience taught to the Association that those kinds of collaborations should be avoided<sup>16</sup>.

## **The empirical research**

### **The research Methodology**

In November 2011, an empirical research was realized in order to thoroughly study the contribution of a traditional product on local development and record any singularities as far as its production and its trading is concerned. The field of study is the cultivation area of Kozani's Saffron. The study includes two axes.

The first axis concerns a research with questionnaires that were completed after personal interview to members of the Association and to presidents of local authorities in the area of saffron cultivation. The questionnaires included four questions that were about the contribution of the Association in the production and trade of the saffron and the contribution of the traditional product on the local development.

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<sup>14</sup> Grouiou., Ch., (2011) "The influence of branding on the evolution of monopolies: The case of Kozani's Saffron", Technological Educational Institute of Thessaloniki, p.105

<sup>15</sup> Patsiouras., N., (2011) "Exporting Saffron in Past and Future", the Exclusive Association of Saffron-producers in Kozani".

<sup>16</sup> Soldatos., A., (2005) «Production and trade of Saffron in the Prefecture of Kozani", Harokopio University, p.46

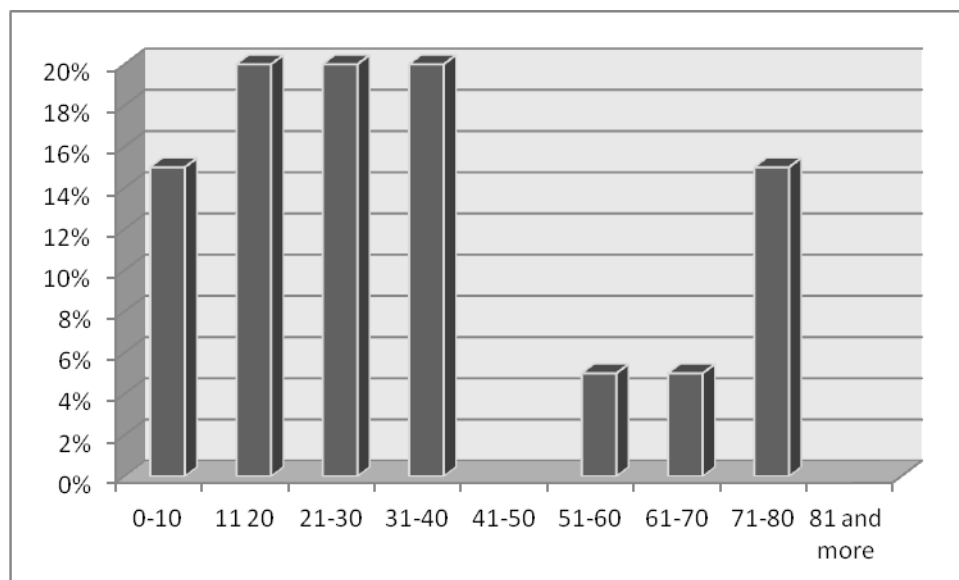
The second axis of the research included an in-depth interview with farmers-cultivators of Saffron, in order to record the circumstances of production, the difficulties, the perspectives and the possibility of further local development. The participants were chosen randomly from the telephone catalogue. Eight interviews took place.

### The research findings

After the statistical analysis of the completed questionnaires we conclude that:

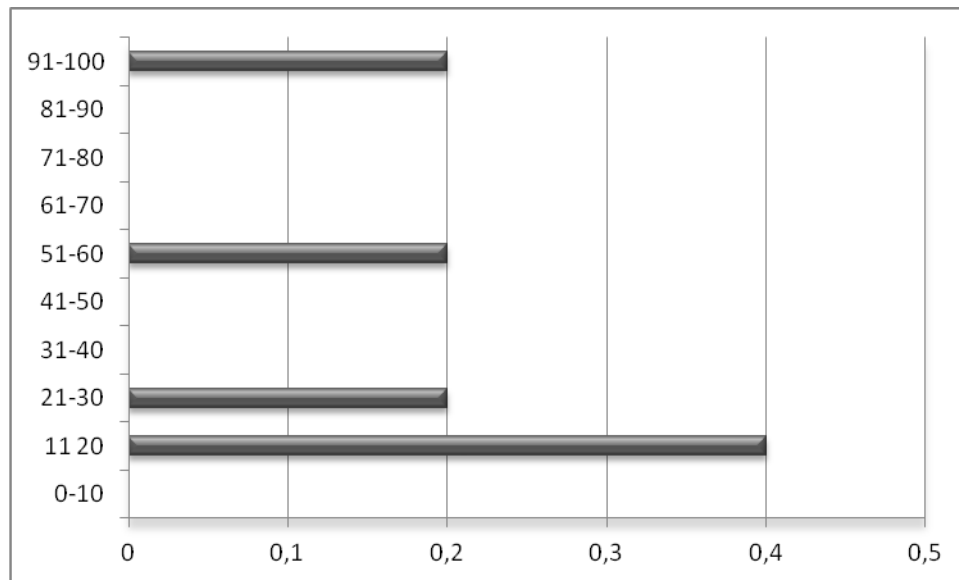
All the participants agree that the operation of the Association was fundamental for the improvement of Saffron production. They also agree that the Association is updated on the international changes.

The assessments of the dependency of the local economy on the saffron are dispersed. 15% of the participants assess the degree of dependency 10%, the 20% assess the degree of dependency 20%, another 20% of the respondents believe that the degree of dependency is 30%, another 20% estimate the degree of dependency 40% and only 15% of the participants consider that the local economy is highly dependent on the saffron (degree of dependency 80%).



**Figure 4: The degree of dependency of local economy on the traditional product**

The percentages are also dispersed for the question about the positive contribution of the Association to the local economy. 20% of the participants think that the degree of contribution is 30%. 40% of the respondents argue that the degree of contribution is 20%. 20% of the answers assess the degree of contribution 60% and another 20% considers that local economy is exclusively connected to the Association (100% degree of contribution).



**Figure 5: Degree of contribution to local economy**

The advantages from the production of Saffron are:

- The production of Saffron considerably contributes to the development of the area. It attracts many farmers that do not have to worry about finding costumers because the whole production is absorbed by the Association.
- The traditional product (saffron) is the identity of the region and it thus projects and improves the region developmentally and financially.
- The Association operates very effectively, having all the necessary infrastructure and underlying organization.
- The product is very effectively promoted but cannot cover he demand.
- It can be found in super markets, a fact that makes it very well-known.
- The Association uses effectively all the means of promotion, internet, papers, television and recipe books. The Association also participates in national and international expeditions that make the product even more distinctive.

The problematic and negative issues are:

- The cultivation and processing of saffron is a difficult think to do.
- The uncontrollable weather conditions can destroy the cultivation at any given time. Especially, if it cold during the collection of the saffron (which lasts 2-3 days), the plant spoils and requires many hours of non-stop collection.
- It is difficult for young people to learn how to collect the saffron unless they are taught from older generations.
- There are no organized programs of education that would specialize new farmers into this process of production.
- The high price of the root of the plant demotivates new farmers to produce saffron. In order to gain a profit, the producers have to cultivate at least 20 acres which means more employees and as a result bigger cost of production.

- Very expensive traditional products are difficult to sell no matter how good their quality is. Thus, economy cannot be enhanced.
- The demand of saffron is gradually rising and the only way to address this demand is to decrease daily wages and the price of the roots so that more farmers will decide to produce saffron.
- The current infrastructure of the Association will be insufficient in case of further expansion. New investments and facilities will be necessary.
- The state does not support the producer in case of destruction due to bad weather. There is no compensation, no funding and no support from the E.U.

Future perspectives:

- The future is not promising because of the high value of the root of saffron, of bad weather conditions and of high cost of employment.
- The state should make the scientific staff of rural areas and agriculturalists available to educate farmers into more effective ways of production and collection of the plants.
- The Association wants to replace the ineffective cultivations, to withhold the human resources of the area by offering employment. The Association also intends to increase the income of the average farmer, to utilize women especially those of old age, to make the uses of saffron widely known and to expand the economic utilization and development of the region.

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