



“THE IMPORTANCE OF CERTIFICATION FOR OLIVE OIL MARKET IN ALBANIA”

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Introduction

In recent years, the importance of certification of food products and the implementation of food safety management systems has been increasing worldwide, reflecting the importance of the agro-food sector standards. The international food market have a large number of certification schemes, they are becoming increasingly common in the agricultural sector and food industry. Continuity traceability and quality assurance are considered important elements for European businesses operating in the Agro-food sector (Theuvsen L., and Hollmann-Hesos T, 2005). Also, the contracts that olive oil producers have with larger supermarkets in European markets oblige them to certify the product. Also, European Union is encouraging food industry including olive oil producer to certify their products according to the EU (European Union), regulation and systems such PDO (Protected Designation of Origin) and PGI (Protected Geographical Indication). But despite the elements mentioned, the olive oil production sector in Albania is not developing with the same pace. This study analyzes the schemes used and their necessity. In focus are also the benefits that companies benefit from quality assurance scheme.

A review of certification schemes in food sector in Central and European Countries

Food quality and certification in agro-food sector have been on the focus of various studies, especially in recent years where this sector has suffered drastic changes. According to (Meuwissen

et al., 2003), certification is a voluntary process approved by an accredited third part or an accredited standard. But in fact it can be considered as a voluntary process by the company only in cases when there are no legal requirements that a food sector business be certified or follow a certain standard of quality verification. Certification is not performed by public authorities tasked with monitoring and controlling the food sector but by independent third parties who makes the process more credible. Food products' safety is an essential element in the food chain, not only for the company but also for the consumers. In recent years, the importance of certification of food products and the implementation of food safety management systems has been increasing worldwide, reflecting the importance of the agro-food sector standards. Over the years certification schemes have gained interest all over the world. Western Europe plays an essential role in the international food supply chain. The certification schemes that they use are considered models for Eastern and Central European companies that want to certify their products. In so many countries such as Poland, Slovenia, Slovakia, Lithuania, Hungary, Albania, Croatia, the Czech Republic, and Bosnia/Herzegovina, farms are certified the Global-GAP (Global Gap, 2020). Processors have been certified according to the International Food Standard in Albania, Bulgaria, Poland, Rumania, Slovakia, Slovenia, the Czech Republic, and Hungary (International Organization for Standardization, 2020). This study is based on certification schemes; the most prevalent procedures used are (ISO 9001; 2000, Global GAP, Q&S, Demeter, BRC Global Standard, IFS, and PDO/PGI and TSG systems) which are described below: (Jana-Christina Gawron and Ludwig Theuvsen, 2020).

ISO 9001:2000: ISO 9001 is a private standard developed by the International Organization for Standardization. This type of standard focuses on the management system and covers all agro-food chain steps except agricultural production. ISO 9001 is a standard spread worldwide. ISO 9001 does not include any sector-specific aspects, such as hygiene rules, because they are certified with HACCP certification, sensory tests, etc.

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Global GAP: This Standard was developed by retailers in 1997 organized in the so-called Euro-Retailer Produce Working Group and, therefore, is a private standard. It is a Business to Business standard. The main objective is to improve food safety by guaranteeing minimum standards. Unlike ISO 9001-2000, Global GAP is fixed only on agricultural production. Just like ISO 9001, it is a quality management system audit (Global Gap, 2020).

BRCGS: is a leading global brand and consumer protection organization. **BRCGS** was established by retailers who sought to harmonize food safety standards throughout the food supply chain. It is one of the most rigorous third-party certification schemes; also, they have and highest trained auditors who give the best results possible. BRCGS is a market-leading global brand that helps the companies to build confidence in the supply chain. His Global Standards for Food Safety, Consumer Products, Agents and Brokers, Packaging and Packaging Materials, Storage and Distribution, Retail, Gluten-Free, Plant-Based and Ethical Trading set the benchmark good manufacturing practice. Also help to assure customers that the products are safe, under legal rules, and of high quality(BRCGS 2020).

Q&S: the quality scheme was established in 2001 in Germany for food security from the farm to the store. All Q&S partners reliably enforce food safety standards, and they have a correctly documented and monitored lifecycle. The main focus of Q&S is the quality management system and covers the whole supply chain from agriculture to the final consumer. Products certified under this scheme have a blue logo. According to Q&S data, most certifications are made within Germany, but the demand for this quality scheme outside Germany has increased in recent years. (Q&S)

PDO/PGI/TSG: PDO (protected designation of origin), PGI (traditional specialties guaranteed), TSG (promote and protect names of quality agricultural products and foodstuffs), all three of these are European Union schemes. The EU supports their operation. The legal framework is provided by the EU Regulation No 1151/2012 of the

European Parliament and the Council of 21 November 2012 on quality agricultural products and foodstuffs schemes. This regulation is implemented within EU countries but is also being expanded internationally based on bilateral agreements between the EU and non-EU countries. The purpose of this regulation is to protect the name of the regional foods. To help producers get a premium price for their authentic products, promote rural and agricultural activity, and eliminate the unfair competition and misleading of consumers by non-genuine products, which may be of inferior quality.

International Food Standard (IFS): Was founded in 2003, The IFS Food Standard is a GFSI (Global Food Safety Initiative) recognized standard for auditing food manufacturers. The focus is on food safety and the quality of processes and products. It concerns food processing companies and companies that pack loose food products. IFS Food applies when products are "processed" or a hazard for product contamination during primary packing. The standard is essential for all food manufacturers, especially for those producing private labels, as it contains many requirements related to compliance with customer specifications. This standard helps the marketing and production department by helping to ensure quality and brand security. IFS Food involves active way certification bodies, retailers, the food industry, and foodservice companies. (International Food Standard, 2020).

Demeter: is one of the first private ecological associations to adopt guidelines regarding organic products' production. As well as the three EU schemes mentioned above, product differentiation is its primary objective. Demeter is the largest certification organization for biodynamic agriculture and is one of three predominant organic certifiers. It is a Business to Consumer standard and is communicated to the final consumer by a product label. It mainly addresses the production process in agriculture. Certificates are conferred on producers and processors in many countries (Demeter 2020).

From the above information, we see different certification schemes, each focusing on various issues. The company data that produce olive oil in Albania shows the use as a certification of ISO and



Organic Certification. Many of the above schemes are not recognized in the Albanian market. Although they are well aware of the benefits that can come from certification, Albanian olive oil companies do not have sufficient financial budgets to cover the costs of a certification scheme, so they are limited only in the domestic market.

Certification process in Albania

The demand and production of organic products in the European market has increased, the European Union has increased its efforts to implement policies, standards and monitoring in this regard. In Albania, the number of companies involved in olive oil production has increased considerably from the 1990s but over the last decade the companies are aiming on being certified and producing according to the European standards.

Due to changes in population consumption patterns and optimization of consumer needs many companies tend to develop products and production processes. Satisfying in this way the social psychological demands of consumers, (Sijtsema et al, 2002). In developed countries with high living standards and incomes it has been determined that a complex set of factors influence purchasing patterns (Nikolas Katsaras, Paul Wolfson, Jean Kinsey and Beb Senauer, 2001). Changes in demographic and socio-cultural variables, consumer attitudes and the development of new lifestyles define the consumer preferences for food. As a result of numerous scandals and crisis that have affected the food industry in recent years consumers have lost confidence in relation to the quality of food products. In order to protect consumers from possible frauds and crisis industrialized countries are implementing new food policies.

These policies are related with the design of instruments, both of a public and private character, to guarantee the safety and quality of food products. Among these instruments are the use of certified labels or seals that guarantee determined differentiating attributes of a product (Oyarzún and Tartanac, 2002). The use of quality labels or stamps is an added attribute offered to the consumer. In their studies (Christos Fotopoulos Athanasios Krystallis Mitchell Nessc, 2003) mentioned that the instruments of quality management, such as labels and seals, can transform the quality aspects to actively sought food attributes, facilitating the

consumer purchasing process. This has prompted consumers to seek new, more sophisticated and safe food products, while private businesses and the public sector are making countless efforts to regain consumer credibility and trust. The most affected group by these new food demands are undoubtedly small producers and processors, as they have had to face additional costs related to quality assurance and the implementation of new marketing systems for their products. It is important to note that diverse empirical studies (Oyarzún and Tartanac, 2002); (Govindasamy, Ramu ; Italia, John, 1999); (Loureiro and Umberger, 2003), have shown that certain market segments are willing to pay a higher price for food products when these contain particular differentiating quality attributes.

These conditions and requirements for local organic products in Albania have increased not only to meet the needs of the domestic consumer but to fit the European market. One of the most well-known companies in the production of olive oil in the country is the company "Shkalla". In 2002 they are certified from "Bio Inspecta", a Swiss certification institution. After certification, this organization helped them on finding the routes to export the products in the Swiss market in 2003. The olive oil of "Shkalla" company was exported out of Albania, as the first organic Albanian OO, initially in Switzerland, which is a qualitative and difficult market to be part of. This export has been consolidated and has been ongoing for around ten years. For more than a decade, the company "Shkalla" exported 50% of the olive oil produced at their factory in Switzerland.

As the certification process is becoming more and more necessary in Albania, there are independent parties that offer businesses operating in the agro-food sector, including the olive oil industry, to be certified in one of the above mentioned schemes. Albinspekt is the first Albanian Certification body listed from European Union in the List of Inspection and certification bodies recognized by EU (Albinspekt, 2020).

The certification process is important as it protects the manufacturer and the consumer and gives more value to the product.

For companies that produce olive oil in Albania, certification is certainly an advantage because this process will open the door to the commercialization of the product worldwide. Olive



oil exports are very low and non-compliance with European standards is one of the obstacles.

Some of the benefits that companies have from the certification process are as follows: is a label that proves food safety, provides control and knowledge about the product production process. The product is differentiated from competitors' products and is positioned higher in the market; we have a product revaluation and the opportunity to enter new markets. Through the certification schemes the company has a tool to manage and control food safety. Optimize the traceability system within the organization and through the food chain and minimizes the costs of unsafe food.

According to (Marino, D., Nobile, S, 2007) certification provide consumers with a set of indications in regards not only to the product origin, but also the relevant production processes and other aspects, including safety, environmental and ethical aspects, all of which constitute the core of the quality concept. In a consumer point of view certification is an element that determines product quality.

Research Methodology

The research proposed has a combination of primary and secondary data. Secondary data are gathered from various sources such academic articles, books, online marketing research, reports from academic institutes, government sources. Primary data is collected from the questionnaire, a sample of 400 Albanian consumers. . Questionnaire was used to gather primary data to test the hypotheses formed and to answer the research questions. The questionnaire it was prepared based on the literature review, expert knowledge consultation.

All the interviewees have 18+ years old, and on the focus of this study are only those who consume olive oil in the cases where they answer that not use the olive oil the questionnaire is interrupt. The target group of this study will be habitants of Tirana and Durres metropolitan area. A specific questionnaire was submitted to the people in order to collect socioeconomic information and information for their knowledge on certification ISO and Organic. The data collected has been analyzed through SPSS (Statistical Package for Social Sciences).

Data analysis

According to (Migdalas et al ., 2004) olive oil

is a processed food product essential for the agriculture of Mediterranean countries as well as for consumers' diet. But nonetheless consumer demands for certified products are different and certainly vary from consumer to consumer. Certification plays an important role in consumer preferences. Based on the literature, the most used schemes in Albania are ISO and Organic, so in this study we analyze the knowledge that consumers have about the certification process and how socio economic factors like education affect the process of purchasing certified olive oil.

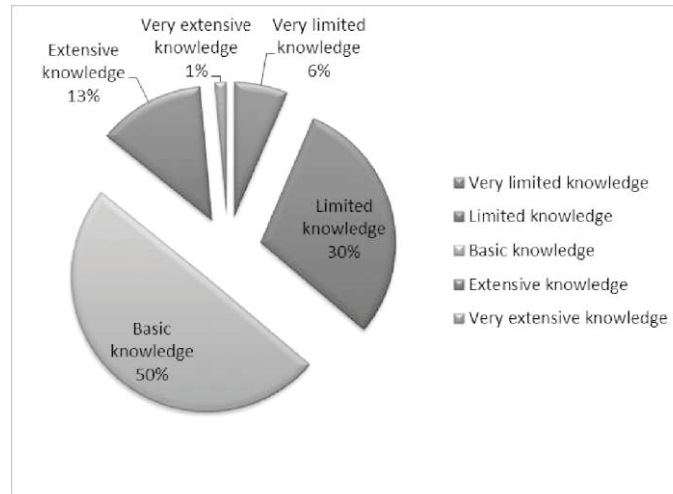
Knowledge on the certification (ISO & Organic) of food products and olive oil

According to (Marino, D., Nobile, S, 2007) certification provide consumers with a set of indications in regards not only to the product origin, but also the relevant production processes and other aspects, including safety, environmental and ethical aspects, all of which constitute the core of the quality concept. In a consumer point of view certification is an element that determines product quality. The knowledge that consumers have about food products certification in general and olive oil in particular influence the selection they make when purchasing OO. Customers have answered in regard to the knowledge that they have referred to a scale of up to five where 5 represents the highest knowledge and 1 lowest knowledge possession. Euro barometer survey conducted in 2012 has shown that Italian consumers are the most attentive to quality labels in Europe, with 35% of Italian interviewers declaring that at the time of purchase they always check whether the product has quality labels guaranteeing specific characteristics. Graph 1 shows that the interviewees' answers to question. *How much knowledge do you have on the food products certification and olive oil (ISO & Organic)?*

50 % of the interviewers have basic knowledge about ISO and Organic food products certification and olive oil. Around 6 % have very limited knowledge, 30% limited knowledge, 13 % extensive knowledge and only 1% of them have very extensive knowledge. Based on these answers we conclude that most of the interviewers have marked their knowledge with 3(basic) in a scale from 1 to 5 .



Graph: 1 - Knowledge on the food products certification and olive oil (ISO & Organic)?



Source: Primary data

From the collected data on the below table we see that 282 of 400 interviewers use olive oil and only 170 of them purchase ISO certified olive oil.

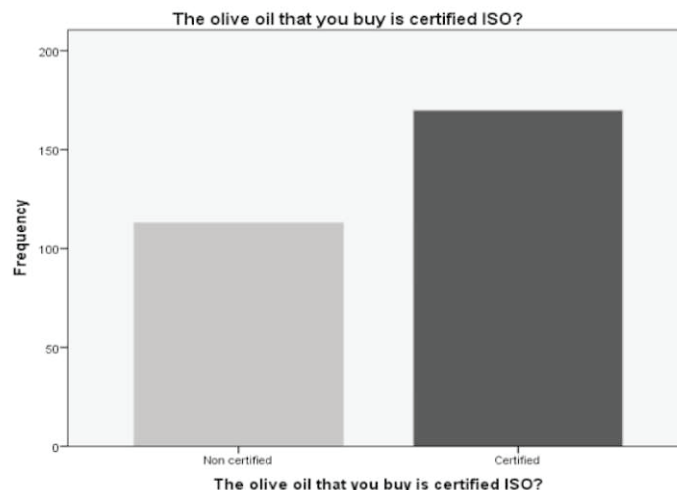
Table 1: The olive oil that you buy is certified ISO?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Non certified	112	28.00	39.7	39.7
	Certified	170	42.5	60.3	100.0
	Total	282	70.5	100.0	
Missing	System	118	29.5		
Total		400	100.0		

Source: Source: SPSS output

Consumers declare that they trust the producer or farmer where they buy olive oil and do not pay much attention to the certification of the product offered but value other attributes. The graph below shows the type of olive oil consumed by the interviewees ISO certified or ISO non-certified.

Graph 2: Certified non-certified ISO olive oil



Source: SPSS output



Consumers list olive oil attributes in different ways, in a study conducted in Greece consumers appreciate the quality certifications (HACCP, ISO) as the third attribute after origin of the product and the organic label .

From the gathered data it is noticed that the use of ISO or organic certified olive oil is low. The following hypotheses are formulated to test the influences of education as a socio demographic factor on consumer preferences for buying ISO certified olive oil.

H₀: Consumers who buy ISO certified olive oil have not a higher level of education than those who do not buy ISO certified olive oil.

H_a: Consumers who buy ISO certified olive oil have a higher level of education than those who do not buy ISO certified olive oil.

We have two categorical variables and we are going to test them on SPSS using a Chi-square test:

Table 2: The olive oil that you buy is certified ISO? * Education

Count		Education					Total
		Basic (4 years)	Elementary school (8/9 years)	High school (12 years)	University (15 years +)	Other	
The olive oil that you buy is certified ISO?	Non certified	1	12	59	39	1	112
	Certified	1	22	54	84	9	170
Total		2	34	113	123	10	282

Source: SPSS output

In the above table we see that the consumer who purchase ISO certified olive oil have different level of education. The difference between who purchase ISO certified OO (olive oil) and have as level of education high school with those claiming to have a university education and buying ISO certified OO is low. The results indicate that there is no statistically significant relationship between the level of education and consumer who purchase ISO certified OO. As we see on the below table the p value is 0.006 so we will accept the H₀

Table 3: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.507 ^a	4	.006
Likelihood Ratio	15.215	4	.004
Linear-by-Linear Association	5.969	1	.015
N of Valid Cases	282		

a. 3 cells (30.0%) have expected count less than 5. The minimum expected count is .80.

Source: SPSS output



The other scheme taken in the analysis is organic certification: The organic certification represents an element of product differentiation, related to safety and the environment, which the consumer clearly appreciates and also represents a growing market in the international food industry. Aspects of organic and sustainable production are conveyed to customers through the use of certifying bodies symbols and logos (Hoogland et al., 2007), elements that help them in decision making.

The effect of organic certification has been analyzed by many studies in the past, where organic certification generally affects the willingness of individuals to pay.

Table 4: The olive oil that you buy is certified as Organic?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Non Certified	162	40.5	57.5	57.5
	Certified	120	30.0	42.5	100.0
	Total	282	70.5	100.0	
Missing	System	118	29.5		
Total		400	100.0		

Source: SPSS output

From the table above we note that 57.5 % of the interviewers use organic non-certified olive oil and only 42.5 of them organic certified olive oil.

Using the following hypotheses we will test the relationship among education and consumer who purchase certified organic olive oil.

H_0 : Consumers who buy Organic certified olive oil have not a higher level of education than those who do not buy organic certified olive oil.

H_a : Consumers who buy Organic certified olive oil have a higher level of education than those who do not buy organic certified olive oil.

To examine the differences between categorical variables we will use a **Chi-Square Test**.

Table 5: The olive oil that you buy is certified as Organic? * Education

Count		Education					Total
		Basic (4 years)	Elementary school (8/9 years)	High school (12 years)	University (15 years +)	Other	
The olive oil that you buy is certified as Organic?	Non Certified	1	16	77	63	5	162
	Certified	1	19	36	59	5	120
Total		2	35	113	123	10	282

Source: SPSS output



The above cross tabulation represent the distribution of certified and non-certified olive oil among the level of education. It is noticed that there is no big difference in certified organic olive oil and education. The number of respondents who declare the university as the highest level of education but also who are not users of certified organic olive oil is higher than those who declare that they buy certified organic olive oil.

Table 6: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.011 ^a	4	.061
Likelihood Ratio	9.123	4	.058
Linear-by-Linear Association	.370	1	.543
N of Valid Cases	282		

a. 3 cells (30.0%) have expected count less than 5. The minimum expected count is .85.

Source: SPSS output

In the above statistical results we see that the p value is .061 we can accept the null hypothesis and conclude there is not a relationship between consumers who buy Organic certified olive oil and their level of education. Although it is assumed that individuals with higher education level are more informed about the certification process and food safety in this study this connection was not present. So we conclude that in the both cases education do not affect the purchasing process of certified or non-certified olive oil.

Conclusion

Our analysis shows that in Central and Eastern European countries have a large number of quality assurance schemes but the most used in Albanian market is ISO and Organic certification.

Very few Albanian businesses operating in the olive oil sector can afford the costs of a certification scheme, due to the lack of certification labels the Albanian companies that operate in the olive oil sector, are obliged to trade only in the local or national market significantly reducing the level of exports. Despite the support given to the olive oil production industry through government grants or European schemes, again this sector in Albania needs improvement and at the current stage Albanian companies cannot compete in international markets. Albania is still in the process of developing certification schemes that would be a good opportunity to reduce food insecurity. Results obtained from the collected data show that Albanian consumers are not users of certified olive oil, and as we noted from the above hypotheses, the level of education does not affect the increase in demand for

certified products. The information that the interviewed consumers have about the certification is basic and in this case we suggest that the companies that invest in certification schemes use their benefits as marketing elements. Because in this way they inform also, the consumers.

But despite the preferences of Albanian consumers, olive oil companies need to increase the quality of production and to apply quality insurance scheme in order to produce according to European standards and be competitive in the market.

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