

KOZANI (Western Macedonia, Greece)

## Kozani saffron



### The action

In 1992, the "Kozani Saffron Producers Cooperative", which was founded in 1971, decided to develop its on the spot production by developing a strategy to valorise a product by improving its quality, installing packaging and packing equipment and drawing up commercial strategies to promote the product.

### Key elements

- > The production of Kozani red saffron ("*krokos* from Kozani") has a high value added, which should be kept as much as possible in the place of production.
- > The production is of a high quality and can help develop the image of a region principally known for the production of lignite and electricity.
- > By creating seasonal employment and providing an additional form of income to some 1500 families, the valorisation of saffron production can encourage people to remain in the area, whose population density is one of the lowest in Greece.
- > The cooperative chose to target the international market, principally by emphasising quality.

### Context

The cooperative, with its head office in Krokos ("*krokos*" means "saffron" in Greek), has 1500 members in 40 communes throughout the Kozani region. A quarter of them are full-time farmers, the others primarily builders or non-qualified workers who are involved in saffron growing to supplement their income. Under the law, the cooperative was given the exclusive rights to harvesting, packing and distributing the *krokos*. However, the law is open to all saffron producers and candidates for producing saffron and imposes no restrictions on the type of soil necessary for cultivating it. Therefore, most families plant as much saffron as they can. Abundant manpower is required for growing saffron: flowers can only be hand-picked and between 150,000 and 200,000 flowers are needed to obtain one kilo of saffron. On average, one half-hectare per farm is devoted to this, but since the selling price is very high (it retails at up to ECU 1,500 per kilo), this can amount to a considerably high additional income. Total production, although dependent on the weather, is between 6 and 7 tonnes per year.

### Starting point

Initially, the cooperative was only responsible for gathering saffron and transporting it in bulk, since the final packaging was carried out by foreign distributors who were not concerned with its origin. Therefore, a considerable proportion of the value added went to outside the cooperative. Furthermore, despite its better quality, Krokos saffron was sold at the same price as saffron produced in other countries. As a result, the cooperative's Board of Directors realised that a global approach was necessary and a strategy for the entire

circuit (production, packaging, preparation, marketing) defined, while emphasising its quality at every level, from the producer to the customer.

### Implementation

The action was started in the first half of 1992. Following an information campaign on the LEADER programme launched by the Kozani development agency (ANKO S.A.), the cooperative asked for a grant to modernise its equipment, since ANKO's research department had studied the possibilities of modernising, the feasibility of developing the product on the spot and the commercial prospects beforehand. LEADER funding enabled the cooperative to install highly technological Italian machines for processing, packaging and packing the product: activities which until then it had been unable to carry out. A quality control laboratory was also installed.

Since access to international markets is dependent on quality, a rigorous control system, subject to European standards, was set up for each stage of production, from cultivation to final packaging. Furthermore, regular contact was begun with the Agricultural University of Athens and the Faculties of Chemistry and Agronomy of the University of Thessaloniki. A process carried out in March 1996 should make it possible to obtain the certificate of quality of the International Standards Organisation (standard "ISO-9002" of 1994). An application to register the place of origin was also submitted.

The product was placed directly on the retail market in the form of filaments or powder, in luxury packages of 1, 2, 4, 10 and 30 g, depending on the customer's requirements. Suddenly, the price of *krokos* tripled, from ECU 435 to ECU 1500 per kilo.

With regard to the Greek market, the cooperative chose to initially concentrate on the major stores: annual marketing contracts were drawn up with Athens and Thessaloniki supermarkets and hypermarkets. A proportion of production is also sold to large hotels.

Annual market research is carried out with a consultant specialising in food technology and who is a professor at the University of Thessaloniki to identify new trends in both the domestic and foreign markets. Its participation each year in at least three international fairs in Europe, the United States and an Arabic country has also been considered vital. The product is currently exported to Spain, Italy, France, Germany, Sweden, the United States and South Africa. While waiting for the new strategy to be fully implemented, the cooperative continues to deliver saffron not packed in large quantities (especially in the case of Spain), which still accounts for 50% of annual production.

The number of Greek and foreign customers increased and sales rose from ECU 2.4 million in 1994 to ECU 4 million in 1995. However, Krokos saffron is in competition with Iranian saffron, which is sold for a third of the price on European markets, but whose quality and regular supply is not guaranteed. Under LEADER II, the cooperative proposed that an institute for research into the qualitative characteristics of saffron be created.

Since the local packing of saffron began, the cooperative has employed 40 seasonal workers over three months and 6 full-time employees. The employees responsible for packaging followed a training course which was part-funded by the ESF. 93% of the profits from sales go to producers, the remainder being used to cover the cooperative's expenses.

### Budget and sources of funding

The overall cost of investment amounted to ECU 447,673. The European Union contributed ECU 198,240, the other public institutions ECU 61,065, while private contributions totalled ECU 188,369.

The breakdown of the funds provided by LEADER I was as follows:

- > ECU 189,104 for product promotion (market research, exhibitions at fairs, distribution samples);
- > ECU 30,433 for the preparation and packing training seminar organised for the benefit of the cooperative's employees;
- > ECU 228,136 for purchasing machines and extending premises.

### KOZANI

The Krokos area is located to the south of the Kozani region, the only place in Greece and one of the few in Europe where saffron is grown. 800 to 1200 ha. are devoted to this activity, which is a three-century old tradition. The population has increased by 5% in ten years and the 10,000 inhabitants are spread out over 40 villages. 23% of the working population are employed in agriculture and 37% in the secondary sector. Despite the crisis, industry continues to occupy an important position in the local economy: the Kozani thermal power stations, which run on lignite, provide 75% of the electricity produced in Greece.

### Innovative elements for the area

#### *The area's identity and image*

- > The product is sold everywhere under the name "Krokos Kozanis". An application to register the name as a trademark has been submitted.
- > This label has helped improve the image of an area particularly known for being a polluted industrial region (lignite).

#### *Competitiveness and access to markets*

- > Saffron production is difficult to delocalize, thus the area has few competitors.
- > The emphasis on quality has further increased the value of the saffron. Links with the universities ensure that this quality is regularly improved.
- > Through specific market research and involvement in international fairs, market trends can be observed.

#### *Activities and employment*

The cooperative has created 6 full-time jobs and 40 seasonal jobs but more than one thousand families benefit from the additional income from growing *krokos* from Kozani.

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