

Conference proceedings

Alternative circuits on agro-food markets

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An illustration of a train with a crowd of people on a red carpet. The train is grey and black, and the crowd is diverse, including people on bicycles. The scene is set on a red carpet that extends from the bottom right towards the train.

Abstract

The increasing development of alternative forms in production, marketing and consumption in the agro-food sector makes us to reflect on how to explain these different modalities using a model of production and consumption in which the neoclassical theory of supply and demand is still central in explaining individual and collective behaviours.

The analysis starts by developing a taxonomy of alternative market systems in order to identify specific characteristics of producers and consumers.

The taxonomy of alternative market systems concerns the identification and description of alternative markets and the definition of features that may characterize the markets in order to put them in a taxonomic classification

Among the common features of the markets we find the type of product, usually food, whose quality characteristics are defined by the producer-consumer interaction. The alternative marketing channels are usually locally based.

The experiences analyzed are developed according to the logic of communicative rationality which explained consumers and producers behaviour in a complex economic system.

In some cases the communicative rationality is more evident, in other it is less, but it is always based on direct contact between producers and consumers.

In this analysis, the need to make a critical reading of the market economic theory, in the light of the diversity that exists in human behavior, has been central, trying to build an interpretation model of the consumption and production systems.

Starting from the analysis of the mechanisms leading to the choice of alternative agri-food markets, it has been possible to develop an explanation for the differences in the behavior of producers and consumers.

This idea was verified by direct analysis, through questionnaires given to the users of different ways of commerce like Solidarity Buying Groups (SPG). For the formulation of the questionnaires different socio-economic variables useful to create the basis to understand social behaviour of both producers and consumers, were taken into consideration .

This paper highlights heterogeneity in the behaviour of actors in the economic system showing experiences where the communication and definition of quality criteria, shared by producers and consumers, allows the survival of small local farms. The particular case of Solidarity Buying Groups shows

us that degrowth is possible focusing on demand change towards the production of relational goods rather than material ones. Farmers therefore are not rewarded according to the quantities produced, but in relation to their behavior, respectful of the environment and of human life

Keywords

Solidarity, purchase, communication, agro-food, market.

1 Introduction

The modern agro-food system is characterized by long chains. These are part of a global market where the necessity of standardization of consumer goods brought a homologation of production and consumer preferences (Brunori, 2007). Against the globalization in the food sector, "alternative" systems of production and consumption of local products are spreading: Farmer's Markets, Solidarity Purchasing Groups, Last Minute Market-Harvest, District of Solidarity Economy, Products Adoptions...

Each marketing system can be described, in a taxonomic scheme, through the analysis of demand, supply, communication and social relations, relationship with intermediaries and institutions, pricing. In terms of demand the analysis is aimed to characterize consumers who prefer these types of purchase.

This study is about the empirical observation of behaviour of certain groups of consumers. Behaviours that apparently are not directed to individual utility maximization in an economic way, not leading to an improvement in the material condition of the subject. In this research we have focused our attention on Solidarity Purchasing Groups as an experience of relocation from the point of view of consumers. G.A.S. (Gruppi Acquisto Solidale), Solidarity Purchasing Groups (SPG) constitute social networks rooted in the territory based on shared principles such as ethics, mutual aid and voluntary components. Within the groups, social bonds are created and a strong membership sense is developed.

The SPG model was considered as a complex system not inclined to maximize a single variable but to maximize different socio-economic variables.

The system's variables can not be analyzed individually but must be considered in their interaction.

The final result is not determined by the initial conditions, but develop in the time moving toward a stationary state not toward a state of equilibrium. (Bertalanffy, 1971)

Considering the complexity of the system the subjects will try to find an agreement according to the principles of communicative behavior. The result of the dialectic interaction leads to the shared agreement between the parties. (Gottardo, 2008)

The Solidarity Purchasing Groups are composed by people meeting to make collective purchases of different food and no-food products. People who are part of the buying groups are linked by shared consumption choices. The products to buy and producers are chosen with attention to production methods, normally organic, and producer characteristics favouring small farmers. Purchases are made in different ways in relation to the product. As for vegetables the purchase is made once a week, for longer storage products two or three times a year.

2 Aim

The research objective is to explore the social and economic relations in the new food market channels through the analysis of a case study of the Solidarity Purchasing Groups in Friuli Venezia Giulia, Veneto and Trentino Alto Adige regions in the North East of Italy.

In particular, we interpreted the systems of production and consumption by using different economic theories based on communication and relationship logic such as the agency theory and the stewardship theory.

3 Method

The case study analysis was developed by a direct survey. The questionnaire has been prepared and submitted by email to the group leaders of the Solidarity Purchasing Groups of Northeast of Italy (Trentino Alto Adige, Veneto and Friuli Venezia Giulia). The groups' leaders then distributed the questionnaire to their local SPG network. From this network the questionnaires were addressed to other groups which are not registered in it. 202 questionnaires were collected from 24 Solidarity Purchasing Groups registered in the official SPG web site and 5 non registered SPG.

The first part of the questionnaire aimed at characterizing the consumers through a series of questions regarding both general information about them and their behaviour as consumers.

The second part of the questionnaire submitted specific questions on the activity of SPG (Solidarity Purchasing Groups) and the expectations that consumers have towards the group.

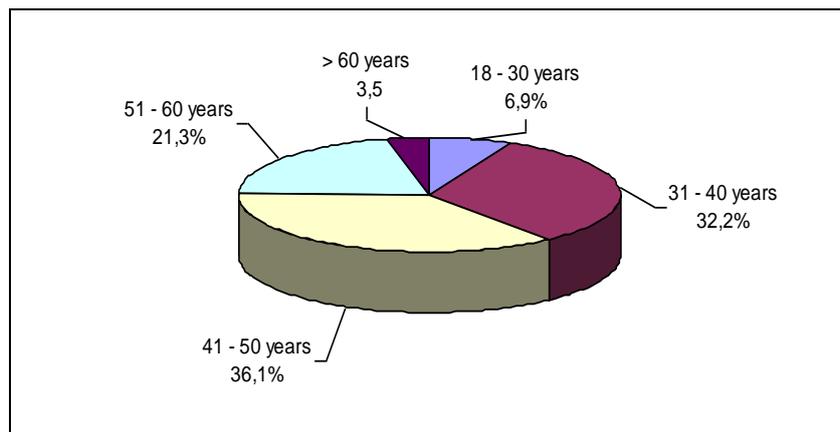
The last part of the questionnaire included questions about the motivation that drives consumers to participate in the Solidarity Purchasing Groups. Finally we have tried to understand what is the overall satisfaction of participants.

4 Results and discussion

4.1 Solidarity Purchasing Group

Most consumers surveyed by questionnaire, are in the age between 31 and 40 years (32.2%) and between 41 and 50 years (36%). Well represented is also the age between 51 and 60 (21.3%) while the ages less than 30 years and more than 60 years, are underrepresented.

Fig. 1 Age of consumers



On average, each Solidarity Purchasing Group consists of 58 units (in almost all cases the family is composed of two or more members with a higher concentration of families formed by 4 people, 43%). Considering the number of questionnaires collected we can estimate that members of buying groups in Triveneto are about 4500 families composed in large part by families of 3 and more people. Overall, we can estimate that about 15000 people may be interested in the Solidarity Purchasing Groups in the north east of Italy.

4.2 Consumers feature

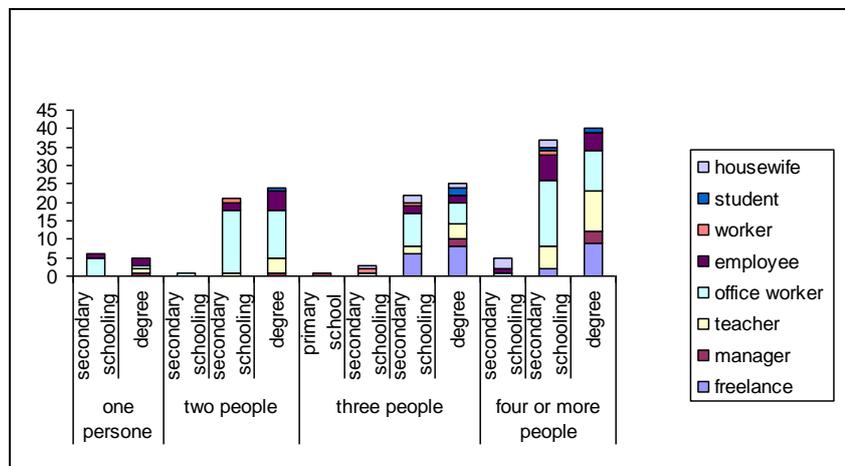
Consumers who responded to the questionnaire had been mostly part of a SPG for no more than 2 Years (64.4%) while only a few people have historically been part of the group.

Data analysis shows that consumers who purchase in this manner have a high level of education (51% are graduates), are part of a family composed of more people (70% had more than 3 family members) and participate in associations in the field of culture (34.7%), voluntary work (23.8) and environmentalism (25.2) (Fig.2).

The high education level and participation in associations underline that people who are involved into a SPG try to understand the environmental and social meaning of their purchasing choices.

The graphic (fig2) explains who is the main consumer through: education, family and employment characteristics.

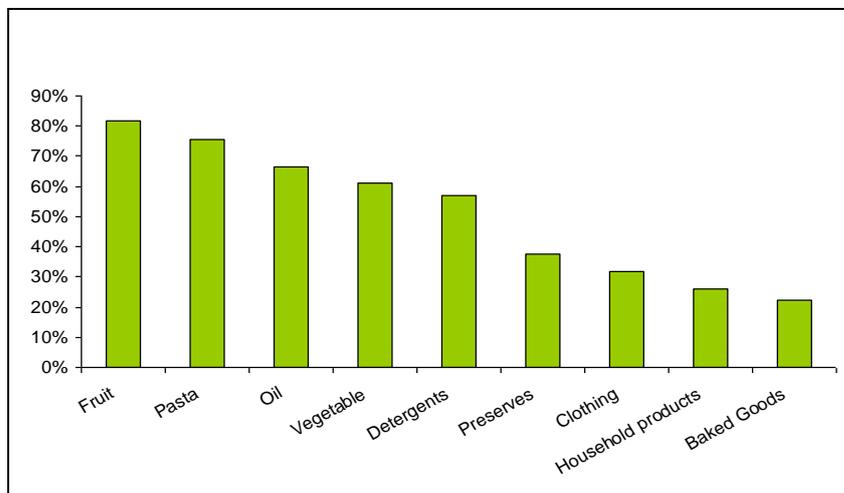
Fig. 2 Consumers characterization



4.3 Eating and purchasing customs

The products usually marketed in buying groups are: fresh food like vegetables and fruits, processed foods like pasta and tomato sauce, oil, household cleaning products, other products like shoes and clothes. In addition, other products are purchased such as meat, cheese and honey (fig.3).

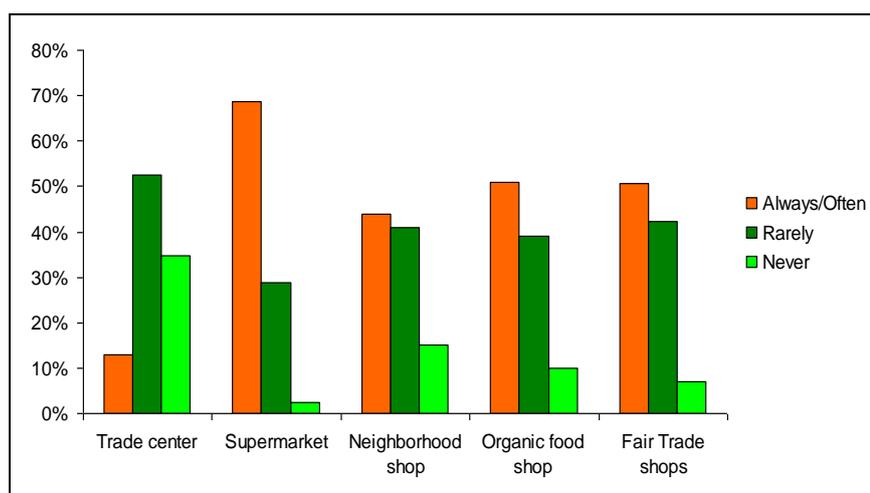
Fig. 3 Purchased goods



As for the analysis of eating habits, there are very frequent cases where organic products are used in the preparation of meals, 21.3% of subjects “always” use organic products in meal preparation while 67.3% indicated that they “often” use them. Concerning the consumption of the fresh-cut produce can be seen that is nearly absent with a percentage higher than 90% who “never” or “rarely” consume them.

With regard to spending habits, 47.5% do the shopping “once a week” and 31.2% “sometimes” a month. The majority of respondents “rarely” go to shopping centres (52.5%) and prefer to make purchases in the supermarkets (61.4% of the sample “often” go to the supermarket), 40.6% “often” go to local shops, while about half of the sample “often” buys in organic shops (45.5%). Finally 84, 7% of the people goes to fair trade shops (fig.4).

Fig. 4 Purchasing places



SPG components keep a strong consistency between personal reason for join the group and daily customs. These people look for local product, grown in an organically way both in alternative market circuits and in the large scale retail. The idea to develop a change starting from small daily actions is rooted in the thinking of participants in the SPG

4.4 Communication and social relationship

A special characteristic of the consumer that is part of Solidarity Purchasing Groups, is the use of Internet as a channel for communication and information (89.6% of respondents). 94.1% of respondents said that the group organizes meetings of various kinds, namely 90% have participated in briefings and 64.9% in moments of conviviality such as lunches and dinners.

Both within groups and between different groups virtual network are created to exchange ideas. Social networks are also created to meet personally. Personal meeting and direct communication are very important and allow recovery of the human relationship between people.

In the SPG communication the constitution of network is essential. The group members indeed are nodes of a network which acquire and share information. Through an interactive process between members it is possible define quality criteria of products commonly accepted.

4.5 Producer-consumer relationship

Regarding the relationship with agriculture, especially with local products or short chain, 77.2% of the sample “often” buy local products and 59.4% go directly to the farm to buy products.

The gas purchasing way puts consumer and producers in direct relation. The meeting and interaction between the two parties leading a dialogue and the achievement of an agreement between the

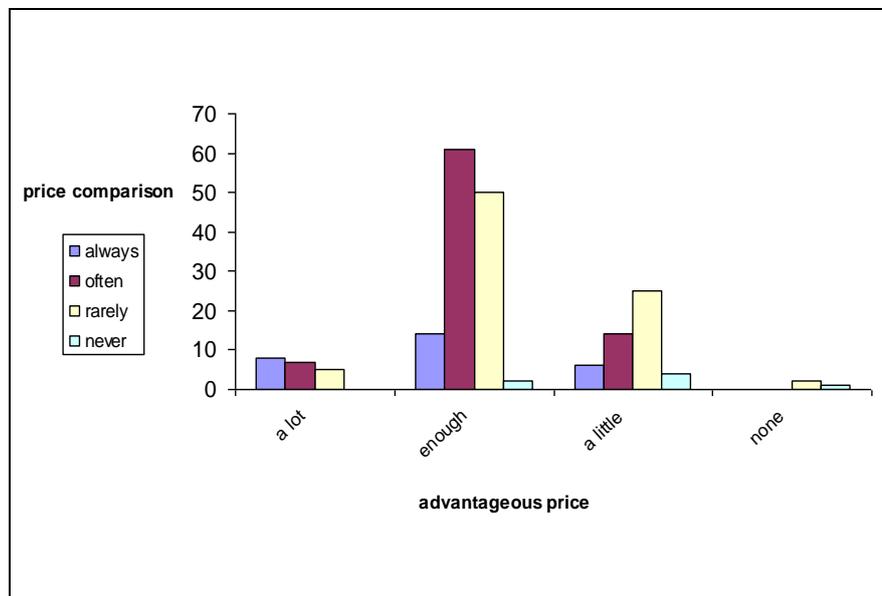
subjects. Not all group members can interact directly with the producer, it is therefore basic the leader function. The leader is a consumer, he undertakes the relations with the producers and verify that they have the characteristics required by the group. SPG requires producers achieve environmentally friendly products and labour people respectful. The SPG look for producers nearest in the territory to limit environmental impact of moving goods.

By this system based on trust it is possible to maintain a long term relationship between subject involved

4.6 Motivations

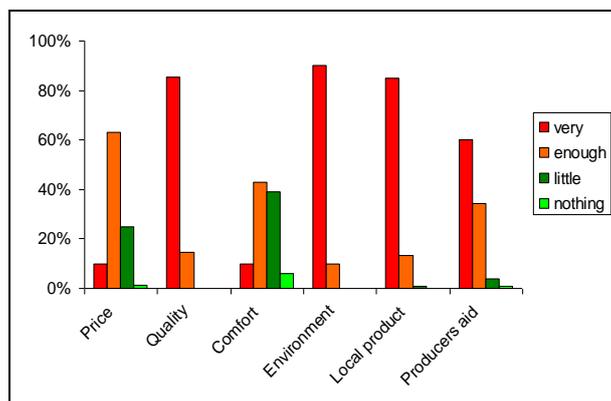
In the characterization of a new relationship between consumer and producer it is interesting the analysis of product prices (Fig.5). The first proposed question was: do you compare the product price with market price? The possible answer was in a scale from “always” to “never”. The second question was: do you think that the SPG price is advantageous in relation to the market price. The possible answer was in a scale from “a lot” to “none”.

Fig. 5 Relationship purchase - price



Purchasing by the group, directly from the producer, consumers can obtain better prices. The importance of product price increases with the size of the household. The price factor is not the only factor of choice for consumers. There is an influence of other aspects such as solidarity, the support given to local producers in difficulty, the quality of products and the environment which play a much bigger role in the factor of choice (Fig.6).

Fig. 5 Reasons for joining the group



SPG participants don't seek to maximize personal savings by purchasing of low cost products but they try to achieve a compromise between price, environmental protection and solidarity with small farmers. They maximize collective utility earlier than personal utility.

The analysis of the results allows to identify specific characteristics of producers and consumers of the Solidarity Purchasing Groups (tab1) that can be summarized through a taxonomic scheme. (Gottardo, 2008).

The results were interpreted according to some variables used in the definition of market systems such as final demand, supply, intermediation, communication and pricing.

Table 1 Taxonomic scheme of alternative systems market: Solidarity Purchasing Group
Source: Gottardo, 2008

Demand	Aggregated demand in groups of different sizes and networks. The categories of consumers are highly heterogeneous but linked by shared principles of critical consumption.
Supply	<p>The supply is composed of all possible goods in the market. Their production system must meet the criteria defined by the group.</p> <p>The circuit of sale "post-modern" (Brunori et al.,1999) is based at the same time on a form of E-commerce and also on a direct knowledge of the company by some consumers.</p> <p>The market is very open to a local scale and closes more gradually when increasing the distance of the group.</p>
Relationship with intermediaries and institutions	<p>Intermediaries are people in the purchasing group that do not profit from this activity and are also they, consumers. Sometimes the consumers contact intermediary to transport goods.</p> <p>The relationships with the institutions are highly variable, the groups may have legal status or be represented in the form of free associations.</p>
Communication and social relations	<p>Communication is maintained through a network of contacts. It is very effective on a local basis, it becomes progressively less effective with increasing distance.</p> <p>Social interactions are realized in two different ways: first through a computer network and second by direct meeting of consumers. Through the computer network consumers acquire information about the producer and the product; through meetings they interact and discuss about the choice of suppliers.</p>
Pricing	Starting from the market's prices, the cost of inputs and the cost of living, consumers choose those companies engaged in a price considered fair, equitable, with respect to the parameters considered and established within the group. The price of the products can be bargained before buying.

5 Conclusion

The study shows some interesting elements in the relationship between producers and consumers, in the characteristics of different stakeholders and in the marketing systems adopted. In particular, the short chain enhances producers finding new market spaces to reposition themselves in the processes of globalization of the agro-food system (Brunori, 2007).

The relationships between market participants are explained in a logic of interaction within a complex system based on communication (Gottardo, 2008).

Alternative systems of production and consumption in the food industry, as in the case of SPG, seek to recover the link with the farmer and the land, creating a complex network of relationships based on communication and cooperation between the actors. The recovery of the social bond brings the economic system at a high level of complexity that would be lost with the breakdown into individual variables.

Increasing the system complexity, communication takes on greater importance, based on finding an agreement between the parties

Alternative systems of production and consumption in the food industry, as in the case of SPG seek to recover the link with the farmer and the land, creating a complex network of relationships based on communication and cooperation between the actors (Saroli, 2003). The recovery of the social bond brings the economic system at a high level of complexity that would be lost with the breakdown into individual variables

Increasing system complexity, communication takes on greater importance, based on finding an agreement between the parties

The key feature to communicate within the buying groups highlights the need to find an optimum size where there is direct contact between participants. So one group gives rise to other groups when the number of participants increases above a certain level

As the results showed, most of the groups organize information meetings and occasions of conviviality in which the participants will exchange opinions/ideas and compare information, organize new activities and analyze the performance of existing ones. This will create relational networks within the group and often between different groups: real networks, made of meetings and personal communication, alongside the virtual networks that contribute to rapid and widespread dissemination of information among consumers. The virtual network works through the mechanisms of trust generated during direct meetings.

In the context of relations between farmers and consumers within the GAS, it is noted that these interactions lead to changes in consumers behaviour, changes in farm structure, changes that can be seen as adaptive behaviours towards the environment and at the same time changing the environment itself. The communicative action is achieved in practice by determining the characteristics of the products purchased by consumers and the characteristics of the products produced by the manufacturer. The G.A.S. turn to organic producers, so a producer who seeks contact with a purchasing group must be first adapted his farming system to organic farming

Regarding the pricing of products, most of this experience is not established by agreement but by comparison with the market price and production costs

As regards the study case we see that consumers are very sensitive to price, although price is not the main reason for which the GAS was born and to which individuals adhere. The cost of products is an important question in families of four or more persons for which too high price could be unsustainable even if justified by the Commercial and environmental quality of the product. The focus on price may have different meanings: saving money through mechanisms of short chain, fair price for the farmer, to avoid

opportunistic behavior in price formation.

Some economic theories related to the definition of business logic that is based on the communication of two parties (principal and agent), where one person (the principal) delegates to another (agent) a portion of personal powers to achieve a certain goal (Eisenhardt, 1989) as agency theory and the stewardship theory (Davis, 1997), appear to be helpful in the study of mechanism that regulate alternative systems of production and consumption of foods such as solidarity purchasing groups.

In particular, the stewardship theory tries to explain the reasons leading to psychological and environmental situations of cooperation between principal and agent. In this case, producers and consumers are very sensitive to environmental issues, protection and solidarity of small farmers and share these objectives. The shared objectives serve as a union between the work of producer and consumer confidence, we can say that this system has a high level of identification for both parties. In the logic of Solidarity Purchasing Groups there is no real logical hierarchy, there is rather a division of labour and cooperation among participants. These observations suggest us that the relationship between producers and Solidarity Purchase Groups could be explained in a logic of Stewardship Theory, in which producers and consumers represent a human model different from that generally described as individualistic, opportunistic and self-referential. This consumer satisfies his existential needs through the achievement of shared goals. This kind of man seeks a compromise between his own utility and the usefulness of the community to which belongs. Its utility is maximized in the achievement of common goals.

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