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Solidarity Purchasing Groups as social innovators: an analysis of alternative food networks in Italy / *Cooperativas de consumo solidario: un análisis de las redes alimentarias alternativas en Italia*

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ABSTRACT

The marketisation of food and the rise of mass retailers have created an unbalanced supply chain where, above all, small producers and customers are weaker. In contrast to this scenario, in the last twenty years agriculture and food markets have become an increasingly relevant space for the experimentation of innovative social practice in order to fix this anomaly and try to rebalance the distribution of value in the whole supply chain. Solidarity Purchasing Groups (SPGs) are one of these innovations and they could represent one of the most relevant tools to combat the buying power of mass retailers. However, the analysis in the paper shows that SPGs are social innovations that only partially achieve this goal of reducing the economic marginalisation of their suppliers by setting up an alternative distribution channel.

Keywords: political consumerism, solidarity purchasing groups, buying power, social innovation, marginalisation.

RESUMEN

La mercantilización del sector de la comida y la creciente importancia de los minoristas de masas han creado una cadena de suministro desequilibrada donde, sobre todo, los pequeños productores y los consumidores son más débiles. En contra de este escenario, en los últimos veinte años la agricultura y los mercados de proximidad se han ido situando como espacios relevantes de experimentación de prácticas sociales innovadoras con el objetivo de solucionar esta anomalía y de reequilibrar la distribución del valor en el conjunto de cadena de suministro. Las cooperativas de consumo solidario forman parte de estas experiencias innovadoras y pueden representar una de las medidas más relevantes para contrastar el poder de negociación de los minoristas de masa. No obstante, el análisis en este artículo muestra como las cooperativas de consumo solidario son innovaciones sociales que sólo consiguen parcialmente el objetivo de reducir la marginalización económica de sus proveedores al crear una cadena de suministro alternativa.

Palabras clave: consumismo político, cooperativas de consumo solidario, poder adquisitivo, innovación social, marginalización.

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INTRODUCTION

The need for social innovation in the domain of agriculture and food is sound. There is a growing interest on the part of scholars and activists who are mobilising around food, both in northern and southern countries, asking for more equity and transparency along the supply chain. The reason lies in the progressive marketisation of food and primary goods delivery following the success of mass retailers. This puts in question fair access to goods which are basic for life (The Foundational Economy Collective, 2018).

In the industrial era, the expansion of large retailers in the food market was often associated with several socio-economic narratives that could be represented as “*flattering promises*” for customers and producers. Large retailers would improve the efficiency of the supply chain, ensuring a good profitability for food producers and more benefits for consumers in terms of more various, healthier and cheaper goods. However, several studies have shown that the buying power of the major retailers (Dobson, 2005; Dobson and Inderst, 2007; Foros and Kind, 2008), rather than increasing the efficiency of the supply chain, has led to a deterioration in the relationship between producers and distributors, with significant regressive effects on consumers (*i. e.* reduced control of food sources, risk of fraud and adulteration, even higher prices § par 5). Such dynamics have promoted the emergence of processes of “*resistance*” (De Certau, 1988) or “*reconnection*” to the “*foundational value of the food markets*” (Bowman *et al.*, 2014: 58)¹.

New trends have started to emerge in order to re-organise agro-food practices. There is a greater tendency to downsize store formats, trying to retrieve a relational dimension with the customers, but also to develop new formats of short supply chains, emphasising the need for restoring and protecting an entrepreneurial pluralism and pro-

moting a new retail “*bio-diversity*” alternative to the supposed one-way system represented by mass retailers. The movement is sustained by an activation of consumers at the individual and collective level, theoretically defined as “*political consumerism*” (Micheletti, 2003). Consumers choose products based largely on ethical-political considerations and, through their choices and behaviours, try to renegotiate the spaces that consumers hold in the current value chain.

This paper analyses the potential role that *Solidarity Purchasing Groups* (SPGs)² —as a relevant example of social innovations inspired by political consumerism— can have in disrupting pre-existing socio-economic dynamics that might determine the marginalisation of suppliers in the food chain. *Alternative food networks* (Murdoch *et al.*, 2000) —to which SPGs belong— are configuring as a new form of *civil economy* (Bruni and Zamagni, 2007; Lyson, 2005) which is based on the self-organisation of consumers and producers who collaborate in the food supply chain with a strong ethical concern. In experiences like SPGs, consumers and producers make choices that are oriented from specific values and ethics, *i. e.* the sustainability of production, the respect of local traditions or the compliance with labour standards. Consistent with the frame of *political consumerism*, consumers’ interests in SPGs are organised in a collective way, capable of proposing ambitious transformations and of promoting projects for systemic change.

The scope of the paper is to exploit the concept of social innovation to analyse the impact of SPGs in reducing the economic marginalisation of their suppliers. Therefore, the goals of the analysis are: i) assessing the impact of SPGs in the Italian food supply chain; ii) assessing SPGs’ capacity to increase the economic margins of producers and to foster their social participation. In particular, the paper focuses on evaluating how much social innovation was experienced by the Italian SPGs in terms of reducing the marginalisation of small suppliers,

1 These scholars argued that some specific needs and products (*i. e.* food, energy, water, electricity, transportation, health) represent the “*infrastructure of everyday life*” (p. 25), crucial for well being and for social reproduction process. Their provision nowadays was compromised by the privatisation of public utilities or by the oligopolistic role of big player of retail strongly supported by financial actors.

2 The English name of solidarity purchasing groups reprises the Italian name of *gruppi di acquisto solidale*, usually shortened to the acronym GAS. In order to make it comprehensible to English readers in the article we will use the acronym SPGs across the text.

and whether they represent a viable alternative to the buying power and hegemony exercised by mass retailers in the food supply chain.

THE THEORETICAL DEBATE ON SOCIAL INNOVATION AND ITS ROLE IN THE ANALYSIS OF ALTERNATIVE FOOD NETWORKS

The concept of social innovation (SI) is an increasingly successful one, which has been widely used in the past to analyse several issues in social sciences. However, it carries the risk of becoming a buzzword, rather than an analytical concept, due to its widespread use in the recent sociological debate (Ziegler, 2017), and due to the ambiguity of the term for which there is no true shared and universally accepted definition (de Bruin, 2012).

Zapf (1991) linked the concept with the modernisation theory, as a bridge between structural and action-centred approaches to the analysis of social change. Some other definitions, such as that promoted by Stiglitz (2011) or Nesta (2008), stress above all the dimension of “novelty” of these experiences. Social innovations tackle human needs that are in some way not solved by the current market system and public action is directly based on them. They appear to be more efficient and sustainable, and capable of creating widespread value in society as a whole, rather than favouring enrichment and value appraisal by a few (BEPA, 2010). Other definitions, however, refer to the concept of “openness” that characterises these forms of innovation in which citizen-consumers actively participate in the construction of these solutions, according to a logic that destroys every hierarchy and brokering in the processes of relationship (Franz *et al.*, 2012). These innovations promote a new social economy based on the intensive use of distributed networks to sustain and manage relationships, helped by broadband, mobile and other means of communication; blurred boundaries between production and consumption; an emphasis on collaboration and on repeated interactions, care, and maintenance rather than one-off consumption; and a strong role for values and missions (Mulgan *et al.*, 2010).

Moulaert *et al.* (2009) maintained that the concept allows focus on local scale and on the role of local communities, with greater attention to the integration of people who are deprived or marginalised or penalised by the current production system. Socially innovative solutions are based on new governance of the local development processes, changing relations and power in strategic decision-making.

The food supply chain represents, nowadays, one of the major areas of “*experimentation*” for SI (Moulaert *et al.*, 2013; Eggers and McMillan, 2013; Loconto, 2014) and SPGs represent one of the most interesting examples within the laboratory of alternative food networks. Solidarity purchasing groups have several characteristics that are typically attributed to SIs for the “novelty” of the proposed model and how it changes governance within the food supply chain, both for the size of openness that characterises the system as well as its vocation to the local dimension. Process is based on *voicing*, that is giving voice to actors —like consumers— who are usually considered powerless compared to big economic actors, such as corporations or mass retailers³.

The main aim of the SPGs movement is to promote new forms of relationship between consumers and producers. This spontaneous and bottom-up organisation of consumers, mainly operating at an informal level, decide to meet directly with local producers to buy the wholesale food they need using solidarity and ethical concerns as the main criterion of choice. The advantages of this short cycle allow the group not only to save money, but also to ascertain more easily the ethos of producers, defending the local production from the increasing buying power of the large retailers. The operation is based on proximity. The SPGs require the coordination of households who live near to each other for shipping and distribution of food, so groups’ activities occur at town level (in the smallest localities) or at neighbourhood level (in the biggest cities).

3 The concept of voicing derives from a long-standing debate in sociology and economics, since the publication of Hirschman (1970) “Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States”. Cambridge, MA: Harvard University Press.

The local relevance of the SPGs phenomenon is an important factor, not only because it confirms the interest in a shrinking supply chain, as a strategy for better value for money, but because it releases relational content to household consumption, stimulating a community and mutual solidarity (Rebughini, 2008). However, previous studies on SPGs have so far generally concentrated on the political participation of these actors, as for example Grasseni (2014), Forno and Graziano (2014), Guidi and Andretta (2015), while the interest in their economic impact on suppliers and local communities remains marginal. In fact, the role of social innovation in tackling marginalisation is somehow taken for granted and less attention has been given to how, and how much, a concrete experience of SI by SPGs is able to reduce the risks of social exclusion of their beneficiaries.

Stemming from theoretical perspectives on SI, the aim of this paper is to frame the SPGs experience as a social innovation and analyse the impact on the Italian value chain. After a methodological section in which the research project, objectives and the method adopted are presented in detail, the subsequent analysis reconstructs the Italian scenario through the available data and documents in order to historically and economically position SPGs experience in the specific national context. Then, there is deeper discussion of the dimensions of innovation in the SPGs Italian experience, from a critical point of view. Finally, the relationship with the suppliers and its impact on the supply chain re-configuration is examined, followed by a concluding paragraph summarising the main evidences.

METHODS

The impact on marginalisation of suppliers is the least stressed aspect in the current literature about SI. It is the main original element in the analysis proposed, as well as the framing of SPGs as a social innovation in order to assess their concrete impact on the supply chain. To achieve this goal, the analysis is divided in two main sections. In the first, we analyse the opinion of SPGs members on their role as social innovators and examine what type of actions they pursue in favour of

suppliers. In the second, we investigate how those actions impact on the economic marginalisation of current, past and potential suppliers of SPGs. The article uses empirical materials stemming from the EU-funded project CrESSI, whose main aim was to investigate the underpinnings of cases of SI in fostering the social and economic participation of marginalised groups in Europe. The empirical enquiry has been based on a combination of qualitative and quantitative methods, which investigated both sides of the relationship between consumers and producers. Methods included semi-structured interviews of social innovators (consumers in SPGs) and an online survey for beneficiaries of SI (producers potentially/currently in contact with SPGs).

The research design utilised a mixed-method research strategy (Bryman, 2012). The information gathered from the social innovators' interviews was used for the development of questions proposed to the SPGs suppliers, so that a complete correspondence could be made between the content emerging from the semi-structured interviews and the items presented in the questionnaire. With particular reference to the analysis of SPGs as social innovation, the questions directly derived from interview content covered activities in which the person can be involved as a beneficiary of the SI, the main beneficiaries of the SI and type of benefit gained through the participation with the SI. A focus group with a selected group of suppliers was also organised to investigate which were the dimensions of autonomy associated with participation in the SI and the results have also been used to compile the autonomy section of the questionnaire⁴.

Defined as an instrument development approach in Bryman (2012), the mixed-method strategy employed in CrESSI also aimed to answer different research questions involving the different populations of the project (social innovators vs. SI beneficiaries). The role of consumers was analysed via 35 semi-structured interviews plus 35 short

4 The CrESSI research design is based on a complex theoretical framework, called extended social grid (Nicholls and Ziegler, 2019). For reference, a complete review of the empirical material collected and the mixed-method strategy applied in CrESSI can be found in von Jacobi *et al.* (2018).

questionnaires (part of the data collected with the short questionnaire is presented in Tables I and II of the appendix); the unit of analysis was the SPG group, not the interviewee/s as member/s of SPGs. The range of the analysis covered the entire country of Italy, distributing SPG cases in an equivalent proportion between affluent contexts, prevailing contexts and vulnerable contexts, on the basis of an index of vulnerability calculated at NUTS3 level⁵. An outline of the groups interviewed can be found in Table I of the appendix, while Table II of the appendix contains a resume of basic information about the SPGs distinguished by the vulnerability of the context in which they are active. Although the SPG groups included in the qualitative analysis were selected randomly from the Retegas SPGs census⁶, the data collection for this research does not presume to be representative of the SPGs currently active in Italy.

The semi-structured interview investigated the history of the single group, its main objective, values and activities. It also invited the respondents to reflect on their group as a SI, with a dashboard of 12 items that took into account the main elements that the theoretical debate associated with the SI (innovation, relations, participation, change, empowerment, inclusion, diversity). Then, the interviewees were asked to consider the SPG movement in its entirety and find evidence of the social and innovative characteristics in it. Finally, a wider section investigated the relation with the suppliers (who are beneficiaries, what type and frequency of contacts, type of activity in which suppliers are involved, dimensions of marginalisation associated

with them). The material collected was analysed through a content analysis and the main sensitising concepts (Blumer, 1954) applied in the analysis were derived from the SI theoretical debate. Interviews were analysed using Atlas-Ti, version 6.

The impact on suppliers, who were considered to be the main beneficiaries of social innovation were investigated through an online survey, which gathered 2965 questionnaires. The survey population consisted of 925 beneficiaries and 2040 individuals in a control group of suppliers with social and economic characteristics similar to SPG suppliers, but who had never been in contact with social innovation. The respondents comprised small family farmers, social cooperatives and local artisans in Italy who had been, are or could potentially be in contact with SPGs. A list of SPG suppliers was not available given the informality that characterises this social innovation. Therefore, the analysis cannot be representative of the entire population of SPG suppliers, nor was the control group randomly selected to be representative of the wider population of potential SPG suppliers. About 63.8 % of the sample was constituted of the control group, of which about 5.2 % had never even heard of social innovation. The respondents involved in the social innovation and control group can be distinguished in terms of gender, with more women in the first group (41.3 % vs. 33.4 % in control group). In terms of age, those in contact with social innovation were slightly younger with a mean age of 47 years, compared to those in the control group who had a mean age of 49 (see Table III in appendix for further details).

A typology was built to analyse the economic marginalisation of SPG suppliers through a combination of principal component analysis (PCA) and a following cluster analysis run on the components. The variables included in the principal component analysis were the following: educational level (8 classes), income (18 classes), type of benefit received from SPGs (no collaboration, no relevant change, only a personal benefit, personal and financial benefit), trust in SPGs, in farmers' associations and in biological certification (scale from 0 to 10) and a dummy with a value of one if the person had never heard of SPGs (see appendix Tables V, VI and VII for statistics about PCA). Using components in the cluster analysis avoided the two main risks

5 The index of vulnerability is formed by a combination of three different indicators: at-risk of poverty-rate (NUTS2), occupational level (NUTS3) and GDP per person (NUTS3). The 35 interviews are distributed as follows: 12 interviews belong to affluent contexts, 13 to prevailing contexts and 10 to vulnerable contexts (see Table 2 in the appendix).

6 The list published on www.retegas.org is the most comprehensive database available for assessing the number of SPG groups that are currently active in Italy and it constitutes the usual data source for research on SPGs (Forno and Graziano, 2016). The population at the date of sample selection (September 2015) was composed of 990 groups, considering only the SPGs and not their network aggregation (about 11 networks).

that might affect results related to the choice of variables, as it standardised the variables and avoided multicollinearity (Punji and Stewart, 1983; Ketchen and Shook, 1996).

In a second step, a cluster based on a hierarchical cluster algorithm (single-linkage) (Punj and Stewart, 1983) was run on the seven components to plot a dendrogram, which allowed us to decide which were the most efficient number of clusters that best fitted at our data (with a cut-off value of two). Then, we ran a k-means cluster (Punj and Stewart, 1983) in four groups to divide our data into the types analysed in the article: potential beneficiaries, discouraged, promoters and neutrals. To avoid any potential issue with the k-means cluster, a non-random starting point was specified (Punji and Stewart, 1983). This two-step procedure for cluster analysis maximises the validity of solutions (Ketchen and Shook, 1996). Further information about the final typology is given in the appendix, Table VIII.

Based on the steps described so far, the analysis presented in the paper refers to the subsample of respondents who provided valid answers for the variables included in the PCA and in the cluster analysis (1.055). The analysis has been conducted using STATA v.15. Given the previously evidenced limits, the study did not aim for statistical representativeness of the phenomenon in Italy, nor was this its scope. The results presented in the next paragraphs are only valid for the population of the respondents to the CrESSI survey.

The next sections cover the empirical materials. Section 4 uses contextual data from different sources to put into evidence the extent to which small producers are economically marginalised in the Italian food supply chain. Section 5 uses extracts from the CrESSI semi-structured interviews with social innovators to investigate the activities that SPGs promote as social innovations. Finally, section 6 uses data from the CrESSI data collection to ascertain the impact of SPGs on suppliers.

FOOD MARKET TENSIONS AND THE RISE OF SPGS IN ITALY

The global food market is experiencing deep tensions between farmers, food companies and re-

tailers (Wilkinson, 2015; EU Parliament, 2015; Velázquez and Buffaria, 2017). On the one hand, large producers and distributors impose the weight of their buying power mainly on the smallest companies and local actors. On the other hand, consumers are trapped within an increasingly polarised market, in which they may opt between low-cost but also low-quality products and products of high-quality, which can only be accessed by those who have high spending power. Fair relations within the agro-food chain are considered crucial for the European Union, which has recently launched the “Green Paper on unfair trade in the supply chain between food and non-food businesses in Europe” (EU Parliament 2015). The problem of buying power is a global issue and the European Commission has enabled the establishment of a multi-stakeholder forum “For a Better Functioning Food Supply Chain”. This centrality of the food market necessitates close examination of the organisation and coordination process within the supply chain, looking also at the peculiarities of specific national contexts.

This is particularly true in Italy, a Mediterranean country with a strong agricultural tradition and a great interest in the food market. Italy is also a country with the largest density of small shops (one for every sixty inhabitants). However, since the financial crisis in the early nineties, there has been a dramatic decline of these small retailers (from 49.8 % in 1996 to 26.5 % in 2017), while the large retailers have expanded (Federdistribuzione, 2017). Large retail operating in Italy showed a growth in the density that has reached about 312 square metres per 1,000 inhabitants, covering more than the 73.5 % of the food market share. This growth accelerated further after the end of the 1990s with the liberalisation of trade market measures promoted by Minister Bersani (d. lgs 114/98).

Despite this huge growth, the C3⁷ index shows a highly fragmented market at a national level but

7 C3 Index is an index that measures the concentration of a market by adding the shares held by the top three companies with the highest odds. The C3 index is preferred by several Italian institutions like Banca d'Italia and the Anti-trust Authority to monitor concentration in

an inhomogeneous distribution of large retailers with a local monopoly in specific regions. The first three national operators hold approximately 36 % of the national market, compared with 61 % of the equivalent companies in Germany and the UK, or even 54 % in Spain. However, if we measure the level of concentration at the regional level this proportion rises to almost 50 %. In some regions, such as Tuscany and Emilia Romagna, the first three firms have a 78 % or 80 % market share. This condition is an Italian peculiarity generated by a specific institutional asset that attributes the trade sector to regional competence. In these areas, there is a low level of intra-type competition that limits the potential benefits to consumers in terms of assortment and price. Furthermore, because the leading chains often belong to the same purchasing central point, the conditions of purchase and variety are standardised without producing any welfare benefits for consumers. A recent study by the European Central Bank (2011) among six European countries, including Italy, confirmed this situation and highlighted how a higher level of concentration in central purchasing within the food and beverage industry excludes an automatic transfer of benefits for customers and rather indicates an appropriation of value by distributors.

The situation doesn't seem little better for producers and suppliers. The Italian Anti-trust Agency (AGCM, 2012) surveyed a representative sample of 471 food firms. The results of the survey underlined that in 67 % of cases distributors asked producers to change the economic agreements already defined in earlier negotiations (rarely in a written form), in many cases (almost 40 %) with a retroactive effect. In cases of refusal, 74 % of respondents claimed to have suffered some consequences, such as cancellation from the supplier list or a deterioration in the buying conditions of the next supply. Moreover, the supplier is required to make contributions to the distributor for services that are not really realised or not clearly accountable in almost a third of cases. Such unfair practices are a heavy burden for smaller suppliers who have revenues

less than 10 million euros, who serve a limited number of chains (between 1 and 3) and who do not have a leader product. Small producers are the most widespread actor in the Italian food market.

According to the Italian Institute for the Agricultural Market (ISMEA, 2018), in relation to the Italian value chain for agricultural products, the most vulnerable actors in the supply chain are producers. Out of 100 euros of consumer spending on fresh agricultural products, only 22 euros remain as added value to producers. This must cover depreciation and pay salaries, resulting in a net profit of 6 euros against the remaining 17 euros in the hands of commerce, distribution and transport businesses. In the case of processed food, the net income is equally compressed. On the same figures, only 1.6 euros is reserved for farmers, while the net remuneration for the entrepreneurs in commerce, distribution and transport remains at 11 euros.

In this scenario, the role of SPGs could become crucial in the Italian context. Although the historical roots of the SPGs can be traced back to the nineteenth century, when purchasing groups were promoted by working-class groups in order to ease access to basic goods for low-income classes, it was only after the 1980s that they started to promote ethical principles via consumption by applying them in local markets. Officially, the first SPG in Italy was born in Fidenza in 1994. The experience then began to spread to Reggio Emilia and Piacenza, but it was with the increasing popularity of the no-global movement that they became known all over the country in the 2000s. Thus, the formal rise of the movement is quite coincident with the consolidation of the mass food retailers in the Italian market.

The number of SPGs in Italy, according to the BIO Bank Report (2016), continues to increase significantly, even if less quickly since the recent economic crisis: from 330 in 2006 to 635 in 2010, to 877 in 2015; between 2011 and 2015 the growth was just 2 %. In addition, in 2015, there was a decrease in terms of balance between closed groups and new well-founded groups. In the previous year, 30 groups ceased their activity and only 16 new groups were born in the following year. However, the distribution of SPGs on national territory is profoundly uneven, with a prevalence of these groups

the Italian food industry. In relation to the reliability of using the C3 index, we refer also to the work of Rhodes S. A. (1995).

in northern Italy, which is more affluent and urban, compared to the regions in the centre and south of the country. Despite their limited extent, the number of SPGs in the last five years grew mainly in the centre and in the south, rising from 24 % to 29.4 %, and from 9.3 % to 12.2 %, respectively. The regions with the largest number of SPGs remain Lombardy, Tuscany and Lazio. However, given their informality, figures are only indicative. It is very difficult to clearly estimate the number of SPGs and how many participants are involved, as there is no obligation for the groups to participate in any associative or formal structure, although they can voluntarily ask to be recognised as an official group in a national coordination network (see note 10).

As can be seen from Table I, it is clear that in regions where the mass retailer market concentration is stronger (*i. e.* it exceeds 70 %) it is much more likely that the number of SPGs is higher than other areas, with an impact on the highest total population and a higher market share. For example, this is the case in Lombardy, where the C3 index reaches 71 % and the number of SPGs reaches 253, one per 39,536 inhabitants. Similar dynamics are found in other equivalent regions, such as Tuscany, Lazio and Emilia Romagna.

In conclusion, the extremely small dimensions of agricultural companies magnifies the economic marginalisation of the sector. The situation varies based on their geographical distribution in Italy. Italian farms are characterised by their small size, low work intensity and low production revenue. There is a strong presence of the farm household, but this trend is more evident in certain areas of central and south Italy (see Table IV, appendix).

THE INNOVATIVE PRACTICES OF SPGS

SPG members were not easily willing to call their activities innovative, as they associated innovation with the idea of something being new (only 17 interviewees agreed). They had two arguments: first, SPGs reprise practices that have been forgotten during the age of mass retail, but which were normal in the past. Second, SPGs may have been an innovation at the beginning of their development, but now they are in a mature phase and are

no longer innovative. Anchored on the same ideas, those who agreed with the idea of being innovative argued that compared to the mainstream economy the practices promoted by SPGs are still entirely innovative, as people who do not belong to the sub-culture of political consumerism are not aware of these purchasing alternatives.

There are people who are not aware of what an SPG is and that you can do your food shopping in a different way. That is, I don't know, for sure it is innovative in this perspective [SPG 2].

The association of SPGs with a social aspect was more immediate and, as a matter of fact, all participants were willing to agree on the capacity of SPGs to create new relations, being open to participation and improve the living conditions of those who are involved. The capacity of fostering new relations and generating networks of relevant personal relations is one of the dimensions that theoretical debate usually associates with social innovation (Mulgan *et al.*, 2010). In several qualitative studies on SPGs (Rebughini, 2008; Paltrinieri and Spillare, 2015), it emerged that the birth of SPG is sustained by the importance of the collective purchasing process as a social activity in itself, in which participants exchange information and even mutual help in moments of need. In fact, investigating in greater detail the type of relations fostered by groups, it emerges that significant relations are more likely to occur within groups and among SPG members, being one of the motivations behind the activation of consumers in the groups. However, when asked if groups have the capacity to foster the inclusion of marginalised groups only a minority of respondents agreed, despite declaring that the main purpose of the development of SPGs is to help suppliers, offering them benefits like a fair price, an end market and personal relationships with consumers. There are two reasons that explain this apparent contradiction: first, respondents were reluctant to consider their suppliers as a marginalised group and second, they did not involve them in their groups as members with equal roles and duties, as happens in other forms of alternative food networks (*i. e.* community supported agriculture).

Table 1. Indicators on SPGs distribution by region in relation to mass retailers.

	Leader*	C3 Index*	Leader Market Share*	SPGs groups ^{a**}	% SPGs share ^{**}	Pop/SPGs ^b
Piemonte	Carrefour	53	22.3	99	10.0%	44,692
Valle d'Aosta/ Vallée d'Aoste	C3	83	40.1	5	0.5%	25,660
Liguria	Coop	49.7	28.4	33	3.3%	47,978
Lombardia	Esselunga	71.1	39.2	253	25.6%	39,536
Trentino ^c	Agorà	77.4	30.4	21	2.1%	50,283
Veneto	Selex	50.1	31.1	86	8.7%	57,298
Friuli-Venezia Giulia	Coop	61.4	29.8	17	1.7%	72,184
Emilia-Romagna	Coop	74.2	41.1	88	8.9%	50,574
Toscana	Coop	80.3	48	126	12.7%	29,783
Umbria	Auchan	64	29.5	13	1.3%	68,828
Marche	Conad	54.2	20.3	33	3.3%	46,994
Lazio	Coop	76.7	29.1	90	9.1%	65,471
Abruzzo	Conad	54.5	26	14	1.4%	95,112
Molise	Conad	41	16.3	3	0.3%	104,449
Campania	Conad	71.4	24.9	27	2.7%	217,094
Puglia	Selex	56.6	38.5	27	2.7%	151,485
Basilicata	Selex	55.8	22.6	4	0.4%	144,155
Calabria	Conad	39.5	16.9	11	1.1%	179,694
Sicilia	Auchan	42.7	19	29	2.9%	175,589
Sardegna	Conad	47.9	17.5	11	1.1%	151,208

Source: Author's calculation on data *AGCM (2012), **retegas (2015), Eurostat (2015).

^a Number of SPGs groups has been taken in retegas database, accessed in September 2015.

^b This indicator gives back a relative measure of the number of SPGs groups on the total of population. The number indicates the ratio between resident population and the number of groups. Indicator from population at 1 January 2015 is taken from Eurostat regional database.

^c The province of Trento and Bolzano (NUTS3) are autonomous entity of Trentino (NUTS2) and usually data are given for the separate entities (see Table 4). In this case, since AGCM data are given at NUTS2 level we give results at NUTS2 level.

Suppliers were considered the main beneficiary of SPGs actions, but they were not considered marginalised by social innovators (16 positive answers out of 35 groups). Usually, marginality is not due to the suppliers' position in the supply chain but derives from the vulnerable biographies of the owners/workers (*i. e.* health problems or disabilities) or the small dimensions of their economic ac-

tivities. If, in general, the disconnection from the mainstream economy was perceived as a social problem by interviewees, a disconnected position from the mainstream economy was not considered sufficient in itself to confer a status of marginalisation on their suppliers (they commented with prompts like *"they are moaners"* or *"they have a job anyway"*).

Oh my God, I don't know. I am not able to imagine them as a marginalised group, then we are all marginalised (we laugh), that is, I don't know, there are producers that love to be sorry for themselves, but [...]. I don't know, it doesn't seem to me, if you do your job well, then you're not marginalised [SPG 2].

Secondly, relations with producers occurred mostly at commercial levels and only in a one-to-one relationship with the product referent, with suppliers generally excluded from groups' decision making. None of the groups involved producers as members. The single referent is usually the only person directly in contact and personally known by the producers for each SPG. Furthermore, the power relation between consumers and producers continues to be asymmetrical. The bargaining power is still in the hands of the consumer, who may opt to change a producer in cases where they are no longer satisfied with the product offered or simply because they are not satisfied with the person.

For producers, on the contrary, they improve a lot because they sell, ehm [...] their products at a price which is much superior than the one they would normally sell their products and plus they can get know you in a viral way [...] as you can say, by word of mouth, because we Italians, in practice, we lean on word of mouth for everything and [...] then, that is, suppliers when [...] when producers become suppliers of SPGs they make a jump [...] decisively positive, until they don't disappoint them, because when they disappoint them, they are abandoned (she laughs) [SPG 0].

A second contradiction emerged when interviewees were asked about the marginalisation of their suppliers. In principle, they maintained that their activities mostly revolve in favour of producers, especially farm households and small producers who may suffer the worst shortcomings of being integrated into the mainstream food supply chain due to their reduced bargaining power. The SPGs price is fair as it is bargained in a horizontal relationship with final consumers, avoiding intermediaries. In some cases, groups have also affirmed they offer sustainment in case of any difficulties (*i. e.* a pre-financing support in case of a bad harvest or any economic downturn). However, they did

not think that a single group's support is determinant in protecting producers from descent into vulnerability. It is only the coordinated actions of several SPGs that can uplift the situation of a producer and protect them against economic cycles. This has happened in the past for certain producers who were big enough to mobilise the entire community of solidarity purchasing groups.

Coordination is difficult to achieve as there is no formalised and institutionalised structure that connects groups at the local level and nationally. The mobilisation occurs informally following a petition from well-known producers that might activate a mobilisation of the dispersed groups for a specific project, acting as the promoter of their action. This functioning implies that actions that involve several groups usually respond to emergency rescues or pleas from the most popular producers (Maestriperi, 2016), contradicting the principle of protecting the smallest and most disconnected producers. In conclusion, SPGs members—as social innovators—were usually more prone to see the social dimension of their activities, compared to the dimension of innovation. However, the type of relations that SPGs foster focuses on internal relations, leaving producers aside. For suppliers, although they were considered the main beneficiary of their activity, respondents were reluctant to consider them marginalised for the very same reason (their position in the supply chain) by which they declared the SPGs exist as a social innovation (disrupting the mainstream economic relations). Given the analysis and previous existent literature, the benefit of their activity seems to be more in favour of political and social activation of consumers than to ease the economic integration of suppliers. The empirical results presented in this section allow us to postulate that SPGs are only able to intervene and disrupt the actual power relations in supply chains to a limited extent, as they do not really achieve their aim to integrate actors who have a more marginal role.

THE INCLUSION IN THE FOOD SUPPLY CHAIN: THE ROLE OF SOLIDARITY PURCHASING GROUPS

In relation to the situation of small farmers described previously, SPGs proposed themselves as a

possible solution to overcome the rising economic marginalisation of producers. Their functioning supposedly overturns the traditional logic of economic relations: from the maximisation of profit and reduction of the price to the definition of a fair price that is bargained between producers and consumers without any intermediary actor who could increase the price for final consumers without giving a surplus benefit to the supplier. In exchange, producers have to fulfil certain requirements: to respect the shortest production chain, to favour local products, to sustain specific projects considered of social relevance (*i. e.* integration of people at risk or a conversion towards organic production of a new supplier), to protect the environment and to increase the sustainability of the food supply. Once they comply with ethical principles, the producers' proposed prices are accepted by the consumers and SPG suppliers supposedly find an end-market which is ethically oriented to sustain the reduction of their economic marginalisation.

In this regard, CrESSI data were a unique source for checking the consistency of political statements with the practical effect of economic activity. The first element investigated was who is actually the beneficiary of this social innovation, by comparing, in this regard, the opinions of the social innovators with those of beneficiaries. The comparison between the two groups under investigation

produced a clear image (Table II). On one side, social innovators were convinced that SPG members and suppliers benefitted equally from the activities of the social innovation (29 out of 35 interviewees for consumers; 30/35 for producers). On the other, beneficiaries thought that members of the groups were those who benefitted to the greatest extent from the activities of the social innovation, while the other groups benefitted from the social innovation for only a minority of respondents.

The low number of beneficiaries who agreed that the SPG suppliers were one of the main beneficiaries of this social innovation was in line with their declarations about their personal experience. Only 7.3 % of respondents in contact with SPGs declared that their participation in the social innovation had improved their financial situation, while an additional 19.6 % declared that they had received at least a personal benefit from their participation in terms of friendship, fair price or business relations (see Table V in appendix).

In analytical terms, it was useful to further differentiate respondents into four distinct groups that distinguished them in terms of their attitudes and their perception of the benefit received from SPGs⁸. The first cluster (251 respondents) rep-

⁸ The typology has been developed on a combination of PCA and cluster analysis (see methodological para-

Table 2. Who benefits from social innovation activities^a.

	No. citations social innovators	% agreement beneficiaries ^b
SPGs members	29	85.1%
Families of SPGs members	6	
SPGs suppliers	30	36.1%
Small producers	4	52.2%
Beneficiary of special projects	2	19.4%
Environment	3	45,1%
Other	11	—
	No. cited beneficiaries = 85	

Source: CrESSI data collection (semi-structured interviews and survey), 2016.

^a The category proposed in the questionnaire with beneficiaries have been derived from the interviews with social innovators, in a coherent approach of mixed methods (von Jacobi *et al.*, 2015).

^b The percentage reports the number of respondents that think that the category under investigation has benefitted to large extent from SPGs.

resented the “neutrals”, as they showed neither trust nor distrust towards the social innovation (6.3). They were composed mostly of respondents who had never been in contact with an SPG (about 70 %). For those who had been in contact with the social innovation, 48 respondents out of 77 experienced no relevant change from their participation in SPGs. They can also be distinguished because they were mostly tertiary educated.

A second cluster (238 respondents) represented the “promoters”, those who were enthusiastic supporters of the social innovation with a high level of trust (8.1). Among them, there was a concentration of those who experienced a financial and personal benefit from their participation in the social innovation. It is also quite interesting to highlight that individuals in this group were also those who declared the highest score of perceived autonomy (7.9) and the lower concentration of those who thought they could do anything to improve their life (about 5 %). They are the group with the highest political activation (5.52)⁹.

A third cluster (257) comprised those who were “discouraged”. They showed the lowest score of trust towards SPGs (3.1), which is in line with a general distrust those individuals exhibited towards the relevant institutions in the field, such as farmers’ associations (2.1) or organic certification (1.5). In the majority, they were people who had never been in contact with social innovation. However, among them there were 36 respondents who had no relevant change or declared having just a personal benefit from their collaboration with SPGs. They can also be distinguished for the lowest score in terms of political activation (4.8) and lower awareness of their potential autonomy (6.2).

graph). Descriptive statistics can be found in the Annex, Table IX.

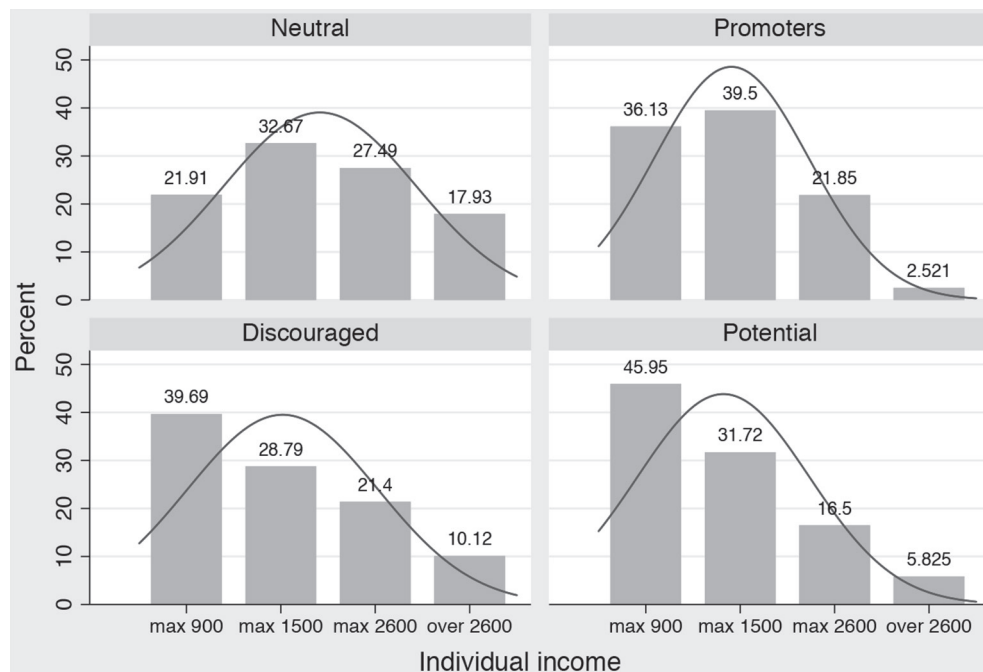
9 The index of political activation is based on a linear sum of the political actions that a person can do to sustain their own political ideas. There are 8 actions (inspired from the ESS survey): to vote in local elections, to vote in national elections, to vote in European elections, to sign a petition, to participate to a boycott, to participate in a march, to participate in unrecognised strikes, to occupy houses or factories. The person scores 1 if he/she has done an action in the past, 0.5 if the person would do it.

The fourth cluster (309) represented the “potential beneficiaries”. In the majority, it was a cluster composed of people who had never been in contact with social innovation or even had not heard about it, but who still retained a trustful attitude towards it (7.3). A consistent quota of this group had an educational level lower than ISCED 2 (about 16.5 % of respondents in this group). Together with cluster 3, they showed the lowest scores of happiness (6.4) and political activation (4.9).

Looking at the previous clusters, there seemed to be evidence that participation in social innovation had an impact on the welfare of the respondents, in terms of empowerment, trust and autonomy. However, the positive impact of SPGs on welfare was not entirely confirmed by the analysis of income distribution (see Figure 1). Cluster 1 and 2, in the majority of the cases, were concentrated in the 900-1,500 euro income class, but they can be distinguished in terms of extremes. Cluster 1 had a higher presence of high-paid respondents, while there was a consistent percentage of respondents in cluster 2 concentrated among the low-income groups. The lower number of high-income suppliers among promoters might be explained by the higher presence of social cooperative workers among their numbers and the orientation of the groups to supply by the smallest farmers. As such, there was no clear evidence that participating in SPGs improves the economic conditions of respondents. Finally, clusters 3 and 4 confirmed that the economic marginalisation of respondents was associated with distrust and a lower propensity to be politically active.

The positive impact that promoters gain from the social innovation can be explained by the type and the breadth of involvement of suppliers in the activities of the groups (see Table III). In fact, those who gained the greatest benefit were also those who experienced the widest and more varied involvement in the groups’ activities, a type of collaboration that goes beyond the mere commercial level that is more typical of the other clusters.

In conclusion, SPGs have the scope to reduce the economic marginalisation of their suppliers and improve their financial situation only for a limited part of the CrESSI sample (7.3 % of those

Figure 1. Income distribution in classes by typology of beneficiaries.

Source: CrESSI survey data, 2016.

Table 3. Type of activities with SPGs^a - % of some/large extent.

	Neutrals	Promoters	Discouraged	Potential
Commercial contacts with SPGs	64%	68.91%	75%	46.43%
Organised SPGs visit in my farm	34.67%	44.96%	32.50%	25%
Presentation of products in SPGs assembly	36%	50.42%	35%	28.57%
Participation in SPGs events (markets/fairs)	24%	31.51%	25%	14.29%
Participation in SPGs assembly	17.33%	27.31%	20%	21.43%
Never participated in SPGs decision making	52.05%	27.75%	52.50%	38.10%
Respondents in absolute values	75	238	40	28

Source: CrESSI survey data, 2016.

^a The category proposed in the questionnaire with beneficiaries have been derived from the interviews with social innovators, in a coherent approach of mixed methods (von Jacobi *et al.*, 2015)

involved in the social innovation). Those who were deeply involved in the activity of the group were also those who belonged to the cluster that showed the highest political activation, and higher autonomy and happiness. Furthermore, even if a consis-

tent group of beneficiaries was concentrated in the “promoters” cluster (238), there was a consistent quota of beneficiaries in the sample for whom their participation in SPGs had not brought any positive impact (about 40 %).

CONCLUSIONS

The paper has analysed the role of solidarity purchasing groups in tackling the economic marginalisation of their suppliers and the consistency of their experience within the social innovation debate.

The analysis shows shadows and lights: the operation of SPGs addresses the gaps and needs of the current market system, both for producers and consumers, by proposing a horizontal and collaborative structure of the supply chain in comparison to the current one, which is hierarchical and vertical, and dominated by the hegemony of mass retailers. Therefore, SPGs could be considered socially innovative, according to the main features evidenced in the existing literature, even if they only partially achieve the goal of integrating their suppliers by setting up an alternative distribution channel. Even if their effectiveness in reducing the economic marginalisation of suppliers has to be questioned, the empirical analysis confirms their capacity to foster the social participation of those farmers who are more involved in their activities, in terms of autonomy, agency and political activation. To ensure a wide range of activities, effort and involvement are required on the part of SPG members. This amounts to a personal involvement which is not always possible, as SPGs activities are mostly organised on a volunteer basis, as highlighted in the previous paragraphs. One of the reasons behind the limited effectiveness of SPGs lies in their inability to grow and formalise as well (Maestriperi, 2017). This makes it very difficult for a single group to tackle the pre-existing economic relations given the limited purchasing power that a small number of consumers can have.

One of the explanations behind the limited capacity of SPGs is that they seemed to be “trapped” in informality, in their small local dimension, with a low capability of scaling, and also a limited capability of engaging the entire local community, mainly external and institutional actors. One might suppose that their suspicion of institutionalisation and traditional political actions hinders the economic and social impact of their activities in the communities in which they are active. The aversion to formalising their role and a tendency towards an “individualised collective action” (Micheletti, 2003, 2006) have thus implied limited effects on produc-

ers, mostly due to SPGs inability to grow and to the limited impact that volunteering activities can have. The capacity of the SPGs to be contentious at the political and institutional level is a relevant weakness that testifies to some naivety of these experiences in the creation of social change. It also calls for a policy innovation in the sense of favouring new paths of institutionalisation that recognise informality and small scale as a constitutive element of social innovations, but that favour at the same time a capacity for effective seeding of change based on replication that goes beyond the mere volunteer activity of the most active and sensible citizens.

Social innovations set for themselves very ambitious goals of filling the gaps in the market and activating disruptive processes against economic marginalisation. The empirical results presented in the paper demonstrated that, in the case of Italian solidarity purchasing groups, this is made possible by fostering the participation of suppliers in SPGs’ activities. This impacts positively on the type of benefit that respondents are able to gain from their participation in this social innovation. However, asymmetries and divergences in the consumers and producers’ relationship also emerge in the context of alternative food networks, bearing the risk of a re-proposition of *buyer power* under alternative forms. Consequently, the role of SPGs seems to be more effective in signalling the problem of the marginalised role of small family farmers in the mainstream food supply chain than in tackling the problem with concrete and practical solutions. It also implies the need for new policies that could sustain and favour a process of alternative institutionalisation led by public institutions that could overcome the risk of free markets, but at the same time is able to tackle the risk of naivety implied by small and geographically limited social innovations.

The analysis presented in the paper suffers from the limitation of generalisation, as it is embedded in the very peculiar context of Italy. Furthermore, the informality that characterises social innovations’ experience hinders the representativeness of the CrESSI investigation as well. At the same time, it represents the first steps of a potential research agenda about SPGs economic and social impact on the innovation of the food supply chain.

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BIOGRAPHICAL NOTES

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APPENDIX

Table 1. Few basic data about the case studies in CrESSI, by degree of vulnerability of the local context in which they operate.

	Total SPGs	Affluent	Prevailing	Vulnerable
Year of foundation (average)	2006	2006	2005	2009
Active members (average n. social innovators)	43	40	49	41
Number of suppliers (average n. beneficiaries)	18	21	19	13
Groups in cities (above 100,000 inhabitants)	19	8	5	6
Formal association/organisation	15	5	4	6
Total interviews	35	12	13	10

Source: Authors' elaborations on CrESSI semi-structured interviews, 2016.

Table 2. Total questionnaires in the Italian social innovation case (SPG) under the EU funded project CrESSI, distinguished by gender.

	Men	Women	Age (mean)	Total
Control group, of which	1,348 (66.1%)	692 (33.4%)	49.25	2,040
Never heard of SPGs	217	92	48.59	309
Heard of them, but never been active with SPG	1,131	600	49.37	1,731
Beneficiary, of which	543 (58.7%)	382 (41.3%)	46.74	925
Actual Beneficiaries	439	311	47.12	750
Past beneficiaries	104	71	48.96	175
Total	1,891	1,074	48.78	2,965

Source: CrESSI survey data, 2016.

Table 3. Farm indicators, Italy 2013.

	N. Farms	AWU/farm^a	Ha/farm	Output/farm	% farm household^b
Piemonte	48,940	1.1	25.6	69,634	3.7%
Valle d'Aosta/Vallée d'Aoste	2,180	1.1	47.7	23,278	22.9%
Liguria	7,900	1.5	11.1	32,448	25.6%
Lombardia	40,440	1.3	27.0	170,335	6.3%
Provincia Autonoma di Bolzano	15,430	1.4	21.2	28,302	4.9%
Provincia Autonoma di Trento	8,360	1.3	51.0	42,634	4.7%
Veneto	85,190	0.8	12.4	63,250	3.6%
Friuli-Venezia Giulia	17,860	0.8	14.6	55,791	2.1%
Emilia-Romagna	58,670	1.0	22.6	92,174	2.6%
Toscana	48,620	1.0	24.8	44,850	25.6%
Umbria	24,930	0.5	19.8	30,609	25.0%
Marche	34,600	0.6	16.8	32,836	7.8%
Lazio	54,290	0.8	14.5	36,618	21.5%
Abruzzo	41,690	0.6	15.2	25,883	29.0%
Molise	16,950	0.7	12.9	25,511	15.0%
Campania	74,360	0.9	8.8	29,093	19.7%
Puglia	145,470	0.7	8.7	22,129	12.1%
Basilicata	35,330	0.6	17.4	19,467	24.6%
Calabria	73,070	0.7	9.1	18,663	18.6%
Sicilia	134,730	0.6	10.9	27,459	7.3%
Sardegna	41,350	0.9	34.4	45,759	18.5%
Italy	1,010,330	0.8	15.8	43,346	13.1%

Source: Author's calculation on EUROSTAT database.

^a Annual Working Unit (AWU) corresponds to the amount of work provided yearly by one person employed on full-time basis.

^b Farm household are those household who consume more than 50 % of their total production.

Table 4. What type of benefit have you experienced from social innovation activities^a - % of some/large extent.

	Financial/Personal benefit	Only personal benefit
Money/Income	96.8%	73.5%
Friendship	91%	78.8%
Business relations	76.5%	65.8%
Knowledge	86.1%	70.1%
Fair price	93.3%	85.1%
End market	83.7%	63.3%

Source: CrESSI survey data, 2016.

^a The category proposed in the questionnaire with beneficiaries have been derived from the interviews with social innovators, in a coherent approach of mixed methods (von Jacobi *et al.*, 2015).

Table 5. Descriptive statistics of clusters (km eans), total number of observations 1,055.

	Cluster 1	Cluster 2	Cluster 3	Cluster 4
n° observations	251	238	257	309
Women	43.43%	33.19%	25.68%	30.74%
<i>Age</i>				
Under 30	7.57%	3.78%	6.23%	7.12%
31-40	27.49%	24.79%	16.73%	13.92%
41-50	21.51%	28.15%	24.51%	27.18%
51-64	31.47%	34.87%	40.47%	41.42%
Over 65	11.95%	8.40%	12.06%	10.36%
<i>Educational level</i>				
Above ISCED 2	0%	6.72%	12.84%	16.50%
ISCED 3-4	1.20%	58.82%	60.7%	80.26%
Over ISCED 5	98.8%	34.45%	26.46%	3.24%
<i>Type of contact with SPGs</i>				
Never heard of SPGs	0%	0%	10.89%	8.74%
Heard of SPGs, but no contact	70.12%	0%	73.54%	82.20%
In contact with SPGs, but no relevant change	19.12%	0.84%	7.39%	9.06%
Only personal benefit	10.76%	68.49%	6.61%	0%
Personal and financial benefit	0%	30.67%	1.56%	0%
<i>Employment status</i>				
Dependent worker	18.73%	11.34%	8.56%	13.92%
Social cooperative	7.17%	10.92%	2.33%	1.94%

	Cluster 1	Cluster 2	Cluster 3	Cluster 4
Entrepreneur	34.26%	40.34%	36.19%	33.33%
Solo self-employed	16.73%	19.75%	24.51%	24.92%
Farm household	19.12%	16.81%	24.9%	22.33%
Pensioner	3.59%	0.42%	3.11%	3.24%
Unemployed/inactive	0.4%	0.42%	0.39%	0.32%
<i>Level of trust (mean value)</i>				
Trust GAS	6.3	8.1	3.1	7.3
Trust Farmers' associations	4.84	4.45	2.1	5.9
Trust Organic Certification	5.8	6.1	1.5	6.2
<i>Political activation index (mean value)</i>	5.24	5.52	4.78	4.87
<i>Perceived autonomy (mean value)</i>	7.06	7.92	6.16	7.10
<i>Perceived happiness (mean value)</i>	7.00	7.23	5.82	6.48
Percentages of individuals who declare they can do anything to improve their lives	7.41%	5%	10.31%	9.20%