

# Marketing Strategies of Large Agricultural Holdings and Social Commerce: the Case of Terra Orti PO

Irene Paola Borrelli<sup>1</sup>

<sup>1</sup>Simone Cesaretti Foundation, Italy, e-mail: irenepaolaborrelli@gmail.com

**Abstract.** Generally, the advantages of short food supply chains are associated only to small agricultural holdings and/or farms with a limited production output, but not to larger agricultural holdings. These considerations are limited. For larger producers these forms of marketing could transform from being a mere instrument of commercial diversification into a promotion instrument that makes it possible to translate the acknowledged or desired values in products in the short supply chain to the entire commercial output. The paper, following analysis of the characteristics of e-commerce in agribusiness, proposes the experiences of the Terra Orti Producers Organisation in implementing social commerce for promoting fruit and vegetable products from the “Piana del Sele” territory.

**Keywords:** social commerce, e-commerce, Producers Organisation, short food supply chains, Campania Region.

## 1 Introduction

Interest in the development of short food supply chains is increasingly greater. Agricultural holdings are particularly attracted by this form of marketing for two opportunities: obtaining a "higher added value", by reducing intermediation costs or trimming a higher price compared to methods by traditional channels, and capturing new niches in the market, thereby meeting the specific customer needs in terms of quality and/or the services required (Fabbrizi et al., 2014; Bazzani and Canavari, 2013; Di Trapani et al., 2013).

Generally, these considerations are valid for small agricultural holdings and/or farms with a limited production output, but for larger agricultural holdings their validity is somewhat relative. Indeed, for larger businesses, a belief that utilising a short food supply chain can provide a unique response to their commercial needs is arguably a short-sighted or utopian view.

The objective of this paper is to give a new understanding of these forms of marketing, forms which are also useful for larger producers.

The aim is to transform the short food supply chain from being a mere instrument of commercial diversification into a promotion instrument that makes it possible to translate the acknowledged or desired values in products in the short food supply chain to the entire commercial output. This will enable large agricultural holdings to:

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- harness a new section of demand with which to construct a relationship of trust that may influence consumer choices in different purchasing situations and places;
- possess a more immediate knowledge of new trends in demand with the advantage of being able to improve their commercial output and anticipate the demands of the traditional channels.

The paper, developed as part of the “New Orto Chain” project funded by the Campania Region, following analysis of the characteristics of e-commerce in agribusiness, proposes the experiences of the Terra Orti Producers Organisation in implementing social commerce for promoting fruit and vegetable products from the “Piana del Sele” territory.

## 2 E-commerce and Agribusiness: a Question of Trust

In general, it may be asserted that commerce that is supported by the Internet offers considerable opportunities for businesses. Businesses can expand their customer base and enter new markets, going beyond their immediate geographical vicinity (Cesaretti et al., 2006). Unfortunately, the potential of this tool is underused. There are in fact few businesses that recognise the strategic value of the Internet for their competitiveness (Misso, 2013).

This is of even greater relevance in the agri-food sector, the particular features of which are slowing down the spread of e-commerce within the sector as a whole.

Cultural factors and concerns of food health and safety constitute major obstacles to the dissemination of the use of ICT and Internet tools (Misso et al., 2013). Added to this is the high degree of product differentiation, both in terms of specific sensory qualities, and respect for qualitative parameters, which leads to considerable difficulty in formulating effective e-commerce communication (Canavari *et al.*, 2009).

One of the most significant barriers to the introduction and use of e-commerce in the sector is trust, which is an essential element during the purchasing process, and is not being communicated and conveyed appropriately by existing e-commerce tools (Cubico *et al.*, 2006).

For the purchases of agri-food products, trust already plays an important role, and it is amplified even more in Internet negotiations. Indeed, with these purchasing methods, the sense of trust is considered the variable that should be focused on in order to overcome the consumer's perception of risk in these purchasing methods, associated with the fear of passing on personal information such as credit card details, and the problem of making purchases without being able to actually touch the items (Bhatnagar et al., 2000).

Being able to build a relationship of trust in e-commerce is different from the process of a face-to-face business transaction with the seller. For these purchasing situations, the consumer can rely on ancillary information such as non-verbal expressions, the seller's expertise, empathy, and emotions. All of these are elements that can help facilitate confidence and reduce the perception of risk, without forgetting that the dynamic nature of the relationship can provide greater

opportunities in offering an immediate response to the consumer's concerns (Bazzani and Canavari, 2013; Giuca, 2012).

It is therefore necessary to question how overcoming these problems is essential in devising strategies that can facilitate virtuous processes that ensure consumer confidence.

In designing an e-commerce platform, one limitation is not being able to manage an adequate information flow that can suitably communicate the high levels of quality or differentiation.

There can be many fields of operation, which are summarised by Lee and Turban (2001) in three areas:

- credibility in the website and its information;
- reliability identified with the online channel;
- a relationship of trust understood as a form of individual tendencies in terms of trust in relationships with others.

The business can act independently on matters of credibility and reliability, but for a relationship of trust - a distinctly cultural and personal element - it must work to make the consumer central.

In this sense, support may be provided by leading online tools such as social networks, blogs, wikis, etc. that offer the chance to create an interaction with visitors and users. More specifically, with these applications, users can foster networks of relationships with their peers based on shared interests, values and identities (Finotto & Micelli, 2010; Simmons, 2008; Cova, 1997).

### **3 Web 2.0 from e-Commerce to Social Commerce**

We must therefore imagine how to move from the mere publication of information to creating virtual places in which everyone can contribute. A way of doing so is by encouraging participation: the user moves from being a passive subject to the protagonist of content creation.

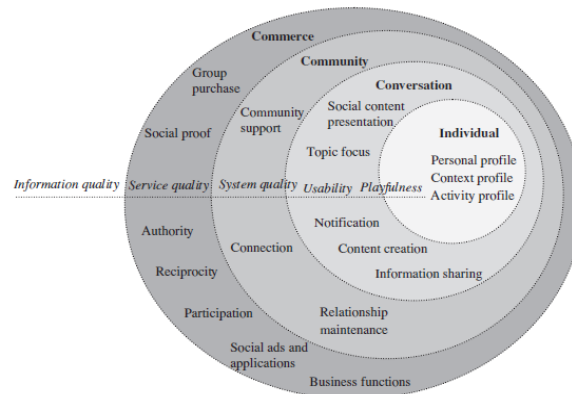
In other terms, with web 2.0 we are witnessing the transformation of the internet from a space of information to a space of participation. These tools are helping to change the nature of consumption radically, improving customer participation, promoting relationships between customers, and creating, *inter alia*, a greater economic value (Kim and Srivastava, 2007; Liang *et al.* 2011; Parise and Guinan 2008). This development of electronic commerce is commonly identified with social commerce.

Modern web applications are having a significant effect on business transactions, reliability and reputation (Swamynathan *et al.* 2008).

Social commerce is the new frontier of e-commerce, is overcoming the isolation of the consumer who, through social networking, is taking part in a rich social life which inevitably has an impact on their perceptions and purchasing processes (Finotto & Micelli, 2010).

The development of an e-commerce platform into social commerce requires new guidelines for its design. Based on the model of Fisher (2010), Huang and Benyoucef (2012) have identified four levels of intervention: individual, conversation,

community and commerce. These elements are all interrelated, and the absence of just one of them may result in not being able to trigger the benefits of the synergies between e-commerce and virtual community.



**Fig. 1.** Social Commerce design model by Huang and Benyoucef (2012)

Under the approach proposed by these authors, everything should be centred on the individual. Everyone should make their contribution to the community but their individuality should be preserved and appreciated. The second step is conversation, or participating in the exchange of ideas and information. Without these interactions, there is no proliferation of user-generated content and no sharing of knowledge. Conversations, in the case of social commerce, are the expression of the relationships that cement and create the virtual community. Finally, the broader level of design involves Commerce and is aimed at implementing the needs of the created community and online business services.

Being able to implement social commerce can provide not only a better and easier access to your business with greater brand awareness, but can also play a strategic role in future development. Through certain applications, in fact, the business can get some indication on how to improve or innovate their commercial products. Moreover, the ongoing relationships in the community can be used to facilitate after-sales service, by delegating part of the support activities to the users themselves.

In parallel, the business that is starting out with these experiences should be aware that these applications require a substantial transfer of its own communication processes to figures that are not controlled: there will be loyal and enthusiastic customers, but also critics and opponents (Finotto & Micelli, 2010). In order to limit the risks of negative consequences in terms of credibility and image, it is crucial to be able to rely on professionals who know how to manage the information as efficiently as possible and can stimulate user participation.

## **4 Designing Social Commerce for the Promotion of Piana del Sele Agri-food Products**

In 2013, through provision of the measure 124 of the 2007-2013 Rural Development Programme, the Campania Region funded the "New Orto Chain" project, which was aimed at testing organisational models for developing new forms of marketing and communication in short channels that could meet the dual objective of ensuring competitive development of the fruit and vegetable sector and reference territories.

Research institutions such as the Parthenope University of Naples and the Simone Cesaretti Foundation, along with production and marketing businesses in the fruit and vegetables sector such as the agricultural business Morella, the agricultural company F.lli Esposito and the Terra Orti Producers Organisation were involved in bringing about this project.

In particular, in this programme reflections are proposed on the big business - short supply chain approach in relation to the implementation of online sales.

The leading group in this activity is Terra Orti, one of the most successful Producers Organisations in the Campania Region, operating in the "Piana del Sele" area.

In 2014, their turnover exceeded 50 million Euros, and production volumes surpassed 520,000 tons. An analysis of the turnover for the year 2014 shows that 84% comes from domestic sales, 15% from EEC countries and 1% from countries outside the EEC, thanks to the presence of Swiss customers. As far as the domestic market is concerned, there are around 350 clients and the primary marketing channels are the general markets, that contribute 49% to the turnover, while other intermediaries comprise 45%. A secondary but nonetheless import contributor is large-scale retail with 5%. From the analysis of the general market channels and "other intermediaries", it emerged that the main production destination is the north of Italy. If we consider that the general markets are the main form of supply for retailers, we can affirm that in 2014, only 5% of the total production was consumed in the reference area of the Terra Orti.

These figures clearly show the prevalence - or indeed the exclusivity - of the traditional channels and, therefore, a reduced opportunity of having a direct contact with consumers. There is clearly a gap between the world of production and the world of consumers, a strong contrast in the consumers' need to want to know more not only about what they are eating but about who is producing it.

All of this is at the heart of the Producers Organisation's interest in alternative forms of marketing, such as the short food supply chain.

In this context, the Producers Organisation has been investing in direct sales channels in recent years. They have opened sales outlets, initiated box-schemes activities for urban areas in the region, participated in fairs and markets, and organised informative meetings and cultural events. These activities are not highly profitable but allow the business to earn the trust of their customers, involving direction, information and sponsorship of their brand, of their products and their particular business culture.

Their presence on social networks is also very significant, the Facebook page of the Producers Organisation numbers more than 2,000 users.

The last method of direct selling that it was decided to experiment with is e-commerce. In the case of e-commerce, the working group decided not to stop implementation of the classic e-commerce platform but to design a social commerce to promote the value of agri-food products from the Piana del Sele territory.

In the spirit of social commerce, a communication strategy was established that would surpass commercial supply and include broader thematic analyses that could involve interests on the basis of which users could meet with one another.

The basic idea is to create and stimulate a virtual community that can share the experiences and gastronomic culture of the region. In other words, the intention is to recreate the distinctive features of the short food supply chain online; the spirit of the initiative is "everywhere with you".

Starting from this assumption, it was not just a simple product catalogue that was constructed but a whole territorial supply based around it.

The choice of information to be included was influenced by the many meanings associated with the product acquired in the short food supply chain, summarised in the following table (Brunori, 2007; Goodman & Goodman, 2009).

**Table 1.** Meanings associated with the product of the short food supply chain.

| Attribute   | Meanings  |
|-------------|---|
| Functional  | healthiness, taste, freshness and seasonality of the product  |
| Ecological  | Food miles, the reduction of packaging, preservation of natural resources involved and the preservation of biodiversity |
| Territorial | product's ability to reproduce the diversity of its terroir   |
| Cultural    | enogastronomic culture, territorial identity  |
| Ethical     | fairness and corporate social responsibility  |
| Political   | relationship in the supply chain, re-orientation of the paradigms of production and consumption                         |

More specifically, the aim was to attract the consumer community to become more aware about purchasing not just a product, but a small piece of the region. For each product, an information sheet was created that would meet all the features. Below is an outline summary of the content offered by the various attributes.

**Table 2.** Summary of the content offered by the various attributes for each product in the e-business platform.

| Attribute   | Content for each product in the e-business platform        |
|-------------|--|
| Functional  | Properties and benefits closely related to health          |
| Ecological  | Character merchandise in terms of biodiversity protection; |
| Territorial | Land cultivation; customs and traditions                   |
| Cultural    | History and rarity   |
| Ethical     | Enhancement of producers with geolocation                  |
| Political   | Economics and production methods                           |

For the "social" aspects, the platform provides for the complete interaction with the social network Facebook. In the product list, it is possible to consult feedback from users who have purchased it and for users to post their comments about the product.

All that has been described thus far does not provide an answer to the broader mission of a social commerce, or, to stimulating the community on issues of interest.

On this particular aspect, the working group had to choose a common denominator for the community. There were many alternatives to those most commonly used in nutritional education, healthy food, or even, particular dietary habits. Along with the Producers Organisations, it was decided to develop the subject of food understood not as something to be consumed, but as an expression of traditions and culture. The proliferation of television programmes, specialised magazines, and websites shows how interest in these issues is increasingly widespread and involves a broad target market.

In this regard, the platform will give ample space for prospective web-chefs to share culinary experiences. Recipes from culinary tradition in the Campania region using Producers Organisation products will be suggested, and users will be invited to express their opinion and to post their reviews. All this is aimed at encouraging the consumer to transform the traditional product into a gastronomical innovation.

For content development, a collaboration was established with the Higher Hotel School in the municipality in which the Terra Orti Producers Organisation is based. This aspect has a double positive value, both for the authority of the content offered to the virtual community, and in terms of the relationship of the Producers Organisation with local stakeholders.

In addition to the recipes, students are organising short video suggestions with their school that reveal some tricks of their trade. This activity aims to be of service to aspiring web-chefs but also aims at expanding the community, by attracting interest from the network of friends of the students involved.

Initially, in order to encourage user participation, a competition was launched to find the best recipe. The winner received a basket of Producers Organisation products and a discount voucher for online purchases.

Another important aspect in facilitating information retrieval is the navigation menu. It was considered important to offer the user different options in order to meet specific needs:

- *Recipes*: providing a further breakdown of information, this method will be chosen primarily by the community member who has an interest in the information
- *Products*: providing a sub-menu showing the product category (jams, preserves, marinated vegetables, etc.), consumers who have already purchased a product and want to do so again, and consumers who already have the product but want more information on how to use it, will choose this method.

For the original purposes of enhancing the product offerings from Piana del Sele, it should be stressed that creating web pages involves providing more and more information about the region. In other words, research into traditional or innovative

dishes and/or the products on offer by Terra Orti will be supplemented by a discovery of the Piana del Sele territory.

## 5 Conclusion

The platform has not been available online long enough to be able to make assessments on the outcome of the results. One very interesting aspect relates more to the producers than the users or consumers. The initiative has generated interest in the majority of Producers Organisation members, both small and large producers. Their need for recognition has been answered, and the anonymity that originates from traditional channels has been overcome.

The first positive responses have been established in terms of creating a virtual community. The followers of the Producers Organisation facebook page have responded promptly to requests to share a link to the platform on their profile.

In addition, the majority of the virtual "friends" have accessed the platform and some have started to breathe life into the community with their comments.

There is a further interesting feature about the first active users: they are people with origins in Campania but who live outside the region. It is a sign that their sensitivity to the specifics of their region is strongly pronounced and the desire to strengthen their roots serves as a strong incentive to participate.

From an operational perspective, the need to devote more resources to managing the "conversations" was revealed. In order for social commerce to work as effectively as possible, expertise is required that is both technical in order to deal with the commercial output, but also relational in ensuring the constant stimulation of interaction among the different users.

With this initiative, the Terra Orti Producers Organisation does not only target economic results, as highlighted above, although managing to earn revenue that could help with its management would be important, but it also aims at triggering a promotion tool for the entire commercial output through social commerce.

All of this provides evidence of the benefits that large fruit and vegetable businesses can reap by investing in short supply chain marketing. They are benefits that manifest themselves not in monetary terms, but in terms of the relationship of trust that is established with the end consumer.

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