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## **Territorially based promotional strategies of a traditional vegetable product: the case of spinach in Val di Cornia and Val di Serchio**

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## **Territorially based promotional strategies of a traditional vegetable product: the case of spinach in Val di Cornia and Val di Serchio<sup>1</sup>**

### **ABSTRACT**

*The paper analyses some promotional activities based on the territorial origin undertaken for spinach in the production areas of Val di Serchio and Val di Cornia (Tuscany, Italy). In order to understand the role of the "territory" in the promotion of spinach, it was necessary to study the process of restructuring faced by the production areas over the last decades.*

*In this context, the unsuccessful outcome of the activities analysed - as emerged from the on-field investigation conducted through open interviews with the various operators involved in the production areas and along the trade channels - would suggest a low importance of the "territory" (territorial origin as a marketing lever). Nevertheless, the "territory" emerges as a strategic "production factor", as a result of the advantages gained by local farms through the long process of knowledge and skill accumulation and the (high rate of reaction and adaptation) of the production systems achieved by means of the high number of relations among the farms in the area.*

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## **1) GOALS AND METHODOLOGY**

The increasing attention paid by the consumer to traditional and/or typical products represents an interesting opportunity to re-launch and/or develop the agricultural and agro-industrial sector, that is forced to cope with an increasingly wider competition.

Promotional activities of agricultural and/or agro-industrial products that emphasise the territorial origin of the product are rapidly growing; besides, these activities are often supported and strengthened by public operators, who have recently started a series of activities aimed at certification and/or joint promotion. The promotion of typical products has not spared products seemingly less sensitive to such action, such as vegetable crops for fresh consumption.

This study stems from the observation of some promotional activities on a territorial basis carried out in Tuscany - individually and collectively - for spinach, a vegetable product which did not seem the kind of product that can take advantage of a particular interest of the consumer, or at any rate a product which could rely on an improved "image".

The activities in question were undertaken - almost at the same time - in one case by a public operator and in the others by private operators - in two coastal areas of Tuscany, that is, Val di Serchio (Pisa Province) and Val di Cornia (Livorno Province). In both areas the cultivation of spinach is part of the local production tradition and is of great importance to the local economy.

In order to understand the (different?) *ratio* among the activities observed, and more specifically the role of the "territory" in the promotion of spinach, it was necessary to study the history of the re-structuring process faced by these production areas in the last few decades, which was prompted by the evolution of the respective local economic system and by the changes within the agro-industrial system (sect.2). As a result of this re-structuring process, spinach trade channels have become more complex, and farms (and the two areas) developed different ways of adapting and reacting to a changing socio-economic environment (sect.3). In this general framework, the activities carried out to promote spinach on a territorial basis have been analysed, in order to point out the importance of tradition-territory relationship (sect.4).

From a methodological point of view, we have, besides examining the general characteristics of the production sector, mainly focussed on the field investigation phase. The latter was aimed at gathering data and qualitative information through open interviews with the various operators (farmers, wholesalers, public institutions, etc.) involved both within the territory and, outside the territory, along the trade channels. In this way, we have tried to obtain useful data in order to reconstruct as much as possible the development process of the production system and to point out the many roles played by the "territory".

## **2) TRADITION AND EVOLUTION OF SPINACH CULTIVATION IN TUSCANY**

### **2.1) The birth of a traditional product: spinach of Val di Serchio**

The origins of spinach cultivation in the plains around Pisa (particularly in Val di Serchio) date back to the last decade of the last century. In this area, therefore, there is a much longer tradition than in the other Tuscan production pole, Val di Cornia, where the cultivation of spinach, as we will see, became widespread only after the sixties.

In Val di Serchio, an area specialized in vegetable production, spinach became a traditional crop thanks to the particular pedo-climatic characteristics of the area: the presence of sandy alluvial soils, the low level of winter rainfall, and the favourable micro-climate due to the closeness of the sea. These characteristics have enabled producers to extend the period of seasonal production, and have favourably influenced the quality characteristics of the product (size and healthiness of plants, thickness of leaves, colour intensity, easy cleaning).

Despite the significant production levels (it was the second vegetable crop in the area after cauliflower), there was an extremely fragmented production structure, composed both of small farms run by owners and of large farms managed through sharecropping. Up to the seventies, the production was almost exclusively traded by train on no local markets, partly northern Italian markets (Milano, Verona, Bologna) and partly foreign markets (Germany, Austria, Switzerland).

The importance of quantities produced, together with the fragmented production system (common, however, to all local horticulture), the type of commercial channels and the final destinations of spinach, led to the growth of a very complex distribution system, mostly made up of private operators, who (at the different levels) acted as links with the final distributors: *"The export wholesalers sprung up by the score, the country agents turned into wholesalers hiring new intermediaries and so on"* [13, p.76, our translation]. The high economic importance acquired by spinach explained not only the high number of wholesalers (often coming from outside the territory and export-oriented), but also the logistic organization of their work by the location on the territory of warehouses where the production was concentrated and conditioned<sup>2</sup>.

The long tradition of spinach cultivation in the area, which was partly encouraged to be the highest-income inter-crop, has determined the development and consolidation of specific production and trade skills.

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<sup>2</sup> Another interesting point to highlight the importance of local production during this period and its marketing towards northern and foreign markets is the fact that Migliarino railway station (located in Val di Serchio and traditional forwarding place for local horticultural crops) has been extended by the construction of a new track for goods trains.

## **2.2) The introduction and the spreading of spinach in Val di Cornia**

Since the end of the fifties, the Val di Serchio production system has been put under pressure by the evolution of the local social-economic system, which focuses on the textile industry (and in general manufacturing industry), while the nearby Pisa pole encourages the growth of the advanced services sector. These development processes brought to a great exodus of the labour force from the countryside, including - a fact of particular significance - women who worked in vegetable-harvesting<sup>3</sup>. The labour shortage has led local farms to shift to crops where labour-saving innovations could be introduced and/or labour requirements were lower, to the consequent detriment of spinach (and horticultural crops in general), whose cultivation has therefore been gradually reduced.

The decreasing importance of the local vegetable production created difficulties for the commercial distribution system at the time, and caused most of the big private external wholesalers to move away from the area. This process was encouraged by the great development of road haulage, which made it possible to gradually abandon the direct export system (via rail) and re-organise the product's transit on some northern Italian wholesale markets [5].

At the same time, the need to face the bargaining power of the big private wholesalers (who were able to control the prices of the local vegetable productions by collusive agreements fixed at the beginning of the campaign) also helped the development of co-operation. Although initially co-operation allowed for the persistence of a large number of small spinach farms (which meanwhile in many cases had become part-time farms), over time it turned out to be unable to manage selling on more "modern" channels, progressively losing control of the local production and finally resorting to its current marginal trading position.

The space left by the big wholesalers and the flexibility of logistics due to the spreading of road transport, together with the problems of the local co-operative society, created new opportunities both for small wholesalers - working on the local markets- and for dynamic and innovative producers. The latter, by equipping themselves with means of transport, were able to carry out some distribution phases by themselves and directly achieve new sales opportunities, mainly on local markets, but also on northern Italian markets.

In the early sixties, the difficulties encountered in spinach production due to the pressure from socio-economic evolution<sup>4</sup> under way in the area led some local farmers and agro-marketing entrepreneurs to think of Val di Cornia as a better working environment. In this area there were pedo-climatic characteristics as favourable as in Val di Serchio, or even better, and the agricultural sector was still of prime importance in the local economy. Moreover, in Val di Cornia agriculture was not in competition with the other economic activities in the use of land and, above all, in the labour market (particularly female labour). In Val di Cornia industrial development had been concerned mainly with the iron and steel industry and electric energy industry, which, during the sixties and part of the seventies, employed mainly male labour. This loss of manpower by the local agricultural sector, along

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<sup>3</sup> The harvesting of spinach, except when it is to be deep-frozen, was and still is very labour-intensive, since there are no specific machines to perform this operation in a more economical way.

<sup>4</sup> In Val di Serchio, the local industrial growth and urban expansion caused agriculture (and particularly horticulture) to face increasing difficulties to find not only "skilled" labour for the harvesting, but also land to cultivate.

with a greater availability of land as a result of the implementation of the Italian Agricultural Reform, fostered the arrival of new entrepreneurs from other regions (especially from Marche), who introduced new kinds of crops in Val di Cornia, in particular horticulture which was practically non-existent in the area. The further evolution phenomena involving the economy of the area helped to strengthen the agricultural production system, encouraging winter horticulture too. On the one hand, there was the considerable development of the sea resort-based tourism, which consequently created good opportunities for summer seasonal employment, mainly for women; on the other, there was an industrial crisis, which from the second half of the seventies hit the iron and steel industry and led part of the displaced labour to return to agriculture, or at least encouraged the development of part-time farming.

These phenomena obviously influenced the characteristics of the vegetable production system of Val di Cornia too. This was composed both of large-sized farms (definitely more than those in Val di Serchio) and a large number of small producers, generally part-time, mostly linked to the local co-operative but also able to act, when required, as sub-suppliers for large-scale producers.

### **2.3) The effects of the evolution of consumption and of the agro-industrial system**

Besides the action of internal re-organizing factors in the areas in question, there were exogenous factors which led to changes in the local production and trade organization.

One of the first basic factor is the evolution of consumption models [4]. This is a factor which has many effects. On the one hand, time-saving requirements become essential, while on the other, the attention paid (and the willingness to pay for) the intrinsic characteristics of the product increases, in particular with regard to its' healthiness.

With regard to spinach, the consumer tendency to save time in the consumption process has strongly affected its market position. As any leafy vegetable that has to be boiled, and which is not very flexible in use (being a "side dish"), spinach has suffered from the process of meal de-structuring. Furthermore, "traditional" spinach (sold fresh and in leaves, that is to be cleaned and washed) suffered from competition posed by IV generation product (that is, thoroughly cleaned, cut and packed spinach), by deep-frozen and by pre-cooked products<sup>5</sup>.

The competitiveness of products incorporating a higher number of "services" has increased a great deal, thereby gradually relegating (at least in the more demanding consumption segments) the traditional product to a marginal position, and weakening the link between the agricultural product (and hence the spinach farmer) and the final consumer [3]. Spinach differentiation for the consumer is hence not so much on a horizontal level (that is between fresh leaf spinach of differing quality), as on a vertical level, that is, with regard to products which differ according to their incorporated services.

The consumer's reduced time available also leads to a trivialization of products with a limited intrinsic value and purchased frequently (such as many food products). This

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<sup>5</sup> In Italy, in 1991 deep-frozen spinach accounted for 42% of the net total consumption (that is considering only the edible part) of spinach in quantity [15]. This is one of the highest percentages within vegetable products.

trivialization is particularly strong for less important products and ones with less emotional impact on consumers, such as spinach.

These factors are very important in view of their implications on the possibility of promoting the fresh product on the market. Marketing strategic levers are in fact strongly reduced because it is very difficult to identify and define specific organoleptic characteristics and there is a lack of service quality.

The evolution of consumption also entails significant changes in purchasing places; the importance of traditional retailing and local markets is decreasing (mainly in Northern and Central Italian areas), to the advantage of modern non-specialized supermarkets. Here, fresh leaf suffer from more direct competition from products containing more services and particularly from deep-frozen products, supported by aggressive brand-name based policies of the big deep-freeze companies.

The growth of mass distribution constitutes not only the pre-condition for even more direct competition between fresh spinach and its more advanced typologies, but also tends to directly affect organizational circuits and relations in the chain of fresh products.

Taking into consideration big chains management methods, based on concentration of purchases and strict logistic requirements, the importance acquired by mass distribution in spinach marketing entails an "industrialisation" of trade processes, which demands an increasing entrepreneurship and more advanced methods of organization to suppliers.

This leads to interesting opportunities for the largest and most enterprising producers in the two areas considered and, at the same time, there are also premises for the emergence of new organized production basins which are not mainly or exclusively aimed at meeting the local consumption requirements, as occurred for instance in northern Italian spinach production areas (Veneto, Lombardia, Piemonte). They also become directly competitive with Tuscan products on more modern channels thanks to the adoption of technological and organizational innovations.

### **3) TRADE CHANNELS AND ORGANIZATIONAL STRUCTURES**

#### **3.1) The trade channels of Tuscan spinach**

The long tradition of production, originally determined by favourable pedo-climatic factors, has enabled both areas to become main poles of spinach production for fresh consumption in Italy<sup>6</sup>.

Local production has grown alongside professional expertise skills, although the process differs from one farm to another, and from one production area to the other. The accumulation and consolidation of "know-how" has increased the capacity of the farms in both areas to respond to the new trade opportunities offered by the evolution of the agro-industrial system.

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<sup>6</sup> Also due to gradual decline of other northern Italian production areas (Veneto, Piemonte, Lombardia), 19.3% of the area and 23.2% of the total production of Italian spinach is concentrated in Tuscany, especially in Val di Serchio and in Val di Cornia (ISTAT data 1993). Tuscan production is even more important because of the characteristics of its targets (fresh consumption, IV generation, etc., which require higher quality levels of the product), while only a marginal quantity of production is deep-frozen.



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The opening of new trade channels and the re-organization of the strategic centres of gravity of the chain has increased organizational complexity; in this context, the ability of local operators to meet external requirements is of prime importance (Picture n.1).

The channel which has always characterised the marketing of spinach in both areas is the long traditional one, involving the placement of the product on the food gross markets of Northern Italy (mainly Milano, Verona, Bologna). On these markets there are non specialized commission agents<sup>7</sup> who act as intermediaries in the marketing of the product. They take care of selling spinach both to traditional wholesalers and retailers operating on the domestic markets and exporters working on northern European markets (mainly Germany and Austria).

However, the importance of this channel is decreasing because of mass distribution growth and consumption models evolution. An exception is the placement on the German market, where the product is mostly sold to the Turkish immigrant community, who still maintains traditional purchasing and consumption habits<sup>8</sup>.

On Northern Italian markets, Tuscan spinach has to cope, during the milder months, with competition from spinach grown in areas close to the consumption basins and, during the central period of the campaign, with competition from southern production areas (Campania, Abruzzi and to a lesser extent, Puglia).

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<sup>7</sup> Over time, the number of commission agents who deal in spinach has strongly increased thanks to new export possibilities, although wholesale markets are usually dominated by a small number of distributors.

<sup>8</sup> On the long and traditional channel, spinach is packed in wooden crates prepared in the field and so washed by the farm. To this regard, worthy of note is the fact that the quality standard requirements of foreign markets are more demanding. The product sold abroad must be packed in boxes containing a lesser quantity of spinach than those used for the domestic market, in order not to compress the product too much and to guarantee a longer-lasting product, given that transport time is longer (1-2 days more). Furthermore, the boxes required by the export market contain exactly 5 Kgs of product, as it is sold by item and not by weight in the countries where it is exported.

However, most of the operator interviewed (commission agents, exporters, mass distribution) underlined the superior quality of Tuscan product (thicker leaves and better preservation qualities, deeper and intense colour, easy cleaning, etc.), which has been essential for its success on domestic and foreign markets. Lately, though, Tuscan spinach has had to face competition from new production basins (in particular Abruzzi and Marche), which have been able to offset the lower intrinsic quality of their product with higher quality services<sup>9</sup>.

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<sup>9</sup> Compared to the Tuscan area where harvesting and conditioning still have traditional characteristics (packaging in the field and washing in tanks at the farm), one new production basin (Abruzzi) is rapidly growing by introducing labour-saving innovations in these phases and by improving services content (accuracy in washing, automatic filling of the boxes by electronic weighting, etc.).

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Producers working on the traditional "long" channel, especially when export-oriented, have to guarantee large daily quantities and a certain continuity in supply during the campaign (from September to April), normally outlined in general programmes. Their relationship with the selling agent is generally lasting and this, together with the fact that the selling agent attends to only 2-3 producers, favours the development of a relationship based on trust.

Placement of spinach on local markets, where mainly small and medium farms operate, is sharply declining; this channel serves mostly the traditional retailers of towns close to the production areas.

In latest years, some Tuscan producers have been able to establish trade relationships with mass distribution and "IV generation" firms (fresh packed spinach). Selling on these "modern" channels usually ensures higher margins, together with higher price stability. In these cases, the price does not face the risk of suffering from fluctuations caused by demand trends (time of year, availability of other fresh vegetables) and supply trends (meteorological conditions, competition from other production basins, etc.) characterising traditional channels<sup>10</sup>. However, these advantages are counterbalanced by tighter constraints and controls imposed by the client (observance of delivery time and quantities, product characteristics<sup>11</sup>).

Another increasingly important modern channel is the placement of spinach in firms which make "V generation" products (the so-called "boilers"). This channel has also better price stability, while the quality and supply regularity constraints vary widely according to the typology of the firm and the client served (traditional retail, mass distribution, etc.).

The strictly "industrial" channel (spinach to be frozen) has not taken off in either of these areas; a recent attempt of some large farms in Val di Serchio failed. The reasons for the lack of performance of this kind of cultivation (technically very different from spinach meant for fresh consumption) are the tight contractual constraints imposed by industry

<sup>10</sup> The higher stability comes from the fact that price adjustments on the shelves of mass distribution channels are not daily (for administration problems and not to confuse the consumer). Usually, such adjustments occur once every two weeks or once a month (even more justified for packed spinach, a real "brand product"). These adjustments are based on price trends gathered from the shelves of competitors (big mass distribution chains), because the reduction in quantities bargained on food rationing markets decreases the significance of prices taken there.

<sup>11</sup> In comparison with traditional channels, the controls on hygiene standards conformity are very strict on these channels, mainly for spinach meant for fresh consumption in mass distribution.

compared to the extremely low profit margins. As a result, the traditional extensive cultivations of these areas (sugar-beet, corn, sunflower) become more competitive.

### **3.2) Firms and organizational models**

The emergence of several trade options and consequently the greater complexity of vertical relations, led to changes in the organizational structure of individual farms (for which the choice of a channel stems from a historical-sequential process of adaptation and the different attitudes and experience of each entrepreneur), as well as to a new organization of relations between firms in the territory. This leads to different “farming styles” and different organizational models [14].

Most of the production of spinach is carried out by a few dozen farms of heterogeneous origin<sup>12</sup>. In addition to “real” farmers (often not of local origin) who have developed very good trade skills, there are also former fruit and vegetable wholesalers who now carry out the production phase themselves.

From traditional cropping systems in which extensive crops prevailed, these farms have gradually specialized in 2-3 vegetable crops, often producing only one product per season (for instance, spinach in winter, tomato or melon in summer). Such a specialization, which is due to the need to meet the more and more demanding requirements of trade channels, would not have been possible if the flexible use of factors of production had not increased within the local system. This concerns in particular land, which has shown a very dynamic temporary rentage market especially in the case of intercrops such as spinach. These farms rent land either systematically or temporarily<sup>13</sup> (sometimes large areas of land) which the owners use for extensive crops (sunflower, corn and sugar-beet) for the rest of the season showing their rent-seeking behaviour. In other cases, these farms set up informal integration relations with smaller farms, from whom they buy the product in the field after having provided them with specialist agricultural and mechanical services (in particular seeding and distribution of herbicides). This allows the larger organized farms to control product characteristics and consequently to guarantee the satisfaction of the customer.

The choice of trade strategies is largely determined by the propensity to risk of the entrepreneur. Some prefer strongly integrated and relatively secure channels, others opt for the high-risk wholesale markets (long and traditional channel, local retail markets). The difference between the two choices is the trade-off between risk and constraints. The safest trade circuits (mass distribution, boilers, IV generation products) have more constraints as regards the organization of production (logistics, conditioning, sanitary controls, etc.); the riskiest channel (the traditional market), on the contrary, does not present any constraints except that of a “general commitment” on the quantity.

In any case, once the choice of the trade channel has been made, it tends to be quite lasting, thanks to the advantages deriving not only from the acquisition of specific skills as regards the working of the channel itself, but also from personal knowledge of the commercial counter-part acquired by frequent relations. The characteristics assumed by supply (higher and higher volumes and growing quality demands from distributors) lead to

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<sup>12</sup> In picture n.1 we have named them “large producers”.

<sup>13</sup> In many cases, the entire farm is rented, including the warehouse and the freezing equipments.

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an increase in information and transaction costs which are indispensable to establish new relations [11; 12].

Among the farms operating in integrated channels, the case of a local agricultural entrepreneur is of particular interest. Thanks to a previous agreement with a mass distribution chain, he has, alongside the production of fresh unpacked spinach, introduced a IV generation product and purchase the specific machinery that enables him to carry out the processing and packaging on the premises. The large initial investment has required the existence of a large and steady production base, which is sometimes met by resorting to small farms in the production area.

Within the organizational structure of the two production areas a small number of entrepreneurs emerges with remarkable organizational ability, assuming a function which is similar to that of the "impannatore" (weaver) in the textile district of Prato [2]. These entrepreneurs, still keeping on growing spinach, do in fact succeed - also by operating in both production areas - in co-ordinating a high number of relations with producers by linking them to the numerous commercial outlets that they find thanks to their knowledge, reputation and experience. A decisive element is their ability to operate in channels other than the fresh consumption channel (deep-freeze, drying<sup>14</sup>), thereby increasing the "flexibility" of the whole production system.

The performance of both production areas, directed by these emerging entrepreneurs, is heightened by the presence of a high number of small and medium-sized enterprises, often working part-time, characterised by multicropping systems where spinach is often included to integrate the income. These enterprises frequently "improvise" as far as trade channels are concerned, depending on contingent conditions affecting the farm and the market. They can reap the product to sell to local wholesalers or give to the local co-operative, or alternatively they can sell the crop to local wholesaler-pickers or large-scale farms which, having often taken part in cultivating operations, hold a sort of "pre-emptive right" on the product.

### **3.3) Distinctive elements in the organizational structures of the two areas**

These are the prevailing types of enterprises, yet the two areas have some distinctive characteristics with regard to current entrepreneurship due to the different evolution processes in the two areas. The current structure of the organizational system is hence characterised largely by common traits but, at the same time, by elements which trace distinctive evolution paths.

In terms of "concentration" of entrepreneurial skills, the elements which emerged from the research show Val di Serchio to be a "declining" area while Val di Cornia is in an "expansion-maturity" phase.

The attempts to introduce spinach for deep-freezing (which implies maximum loss of autonomy for the producer), the closer ties with boilers and the greater importance of local and traditional channels, which are distinctive characteristics of Val di Serchio, are clear signs of a certain "passivity" as regards trade.

A greater concentration of farms with a flexible and dynamic production organization, a tendency to search for innovative and modern channels (mass distribution, IV generation),

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<sup>14</sup> With the drying process it is possible to obtain flours for the pasta and pet-food industry, for example.

as well as attempts to carry out new product innovations typical of the industry show Val di Cornia to be an area characterised by a more “active” development process.

#### **4) “INDIVIDUAL ENTREPRENEURSHIP” AND THE ROLE OF THE “TERRITORY”**

##### **4.1) Promotion experiences on a territorial basis**

The diffusion and reputation of spinach crops in the two areas in question is largely attributed to the pedo-climatic conditions which give the product peculiar characteristics and initially associated the “best quality” spinach with Val di Serchio and today mainly with Val di Cornia.

In order to take advantage of this situation, both areas have come up with some collective promotional activities for the product based on the territory, which have been the starting point of this research.

A first activity, carried out in Val di Cornia, involved placing a trade-mark “*Spinacio della Val di Cornia - Ferro in foglia*” (*Cornia Valley Spinach - Iron in Leaves*) on the boxes. Some say this was started by a wooden-crates producer in order to differentiate the crates he supplied; others say it was started by intermediaries working on the Verona market in order to differentiate the Tuscan product (dealt by them) from that of other areas. The fact that the operators interviewed (all the largest spinach producers in the area) were not able to reconstruct the origin of this idea is emblematic of their low awareness and participation level with regard to these issues. This trade-mark was considerably widespread in the area for a few years and it worked so well that some producers of Southern Italy imitated it. The use of the trade-mark stopped casually (as it had begun), when national fruit-horticultural regulations made it compulsory to indicate the producing firm on the package, though not prohibiting other trade-marks. Attempts to re-launch this differentiation method, have never led to any concrete action, in spite of the favourable opinion expressed by all the operators interviewed.

Another promotional idea, in the other area, backed mostly by local public institutions (some Municipal Administrations, the Management of the Park<sup>15</sup>) involved the promotion of the trade-mark “*Qualità Val di Serchio*” in order to re-launch spinach crops again. This action became even more important since it was also extended to other local fruit-horticultural crops. It stresses the intrinsic characteristics of the product, achieved by means of the integrated disease control technique (“integrated fight”), taking advantage of all the image opportunities provided by the Natural Park, and it is mostly oriented to the final consumers of local markets or “nearby markets”. In spite of the local public institution’s effort to promote a trade-mark, spinach producers in the area have, to date, shown little or no interest in it.

The collective promotional activities stemmed from different needs: in Val di Cornia the need to differentiate/protect in the long traditional channel, and partially in the modern channels, a product that, in the operators’ opinion, had better quality characteristics; in Val di Serchio the need to re-launch spinach (and, afterwards, the other fruit-horticultural

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<sup>15</sup> A part of Val di Serchio spinach production area falls within the Natural Park of Migliarino, S.Rossore and Massaciuccoli.

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crops), especially on local traditional channels, focussing on the healthiness and genuineness of the product (through the adoption of integrated disease control techniques), in which the consumer seems to be increasingly interested.

It is actually the "external" origin of the above-mentioned activities with regard to the production context and their fortuity, which have contributed to their weakness and lack of effectiveness.

One may wonder, then, why spinach "tradition" in both areas has not led the producers themselves to create collective promotional activities based on the territorial origin. The survey has shown that the typifying of spinach (use of a territorial trade-mark, either collectively or individually managed) came up against the characteristics of, on the one hand, the product and the market and, on the other, of the organization of the local production system.

As regards the first point, the adoption of differentiation strategies on a territorial basis is hindered not only by the final consumer's perception of the product "fresh spinach" (see par.2.3), but also by the fact that spinach is a product replaceable by "mediators". In fact, these mediators, in particular big distributing enterprises and IV generation firms, often dealing with multi-origin products in order to avoid the risk of breaking off of supplies, are usually against producers' initiative aimed at differentiating the final product on the basis of the territorial origin of the agricultural product.

With regard to the characteristics of the organization of the local production system, the adoption of collective differentiation strategies for spinach comes up against:

- the internal problems in the producing areas, regarding the quality of relations among producers, which are currently characterised by strong competition with regard to commercial issues;

- a subjective perception of the quality, which varies a lot between farmers<sup>16</sup>. This makes it very difficult to define common quality standards and control procedures, needed for a collective trade-mark to work properly in order to protect operators from internal and external free-riders;

- the fact that farms do not make large medium-long term investments for spinach production (as for all horticultural crops), so they are more flexible with regard to market trends and sometimes adopt "speculative" strategies and are, hence, less inclined to make investments supporting marketing strategies for the product.

In addition to the above activities, worthy of mention is the action carried out personally by the only farm in the area producing pre-packed spinach (IV generation) for mass distribution, using the wording "*Val di Cornia*" on the packaging. Here again, the idea of putting the wording began by chance, following the suggestion by the head buyer of the distribution chain<sup>17</sup>, although this did not mean there was any real interest on the part of the distribution chain in the territorial promotion of the product (on the contrary, it does not comply with the strategies adopted by the chain itself, which tends to make its supplies more flexible and use its own commercial trade-mark).

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<sup>16</sup> The research has shown that spinach growers attach the greatest importance to the name of the farm as a synonym of guarantee, seriousness, reliability.

<sup>17</sup> As a matter of fact, the farm had first proposed to the distributor another trade-mark, in which the territorial origin of spinach was not mentioned.

#### 4.2) The role of the territory in the promotion of spinach

The research seems to show that *individual entrepreneurship* has definitely prevailed over *system entrepreneurship*, and that the “territory”, apart from the pedo-climatic effects on the intrinsic characteristics, does not have any function and hence any role in differentiating the product.

At the same time, however, trade mediators and exporters have shown their appreciation for the product from both areas. These operators know that, when referring to products coming from these areas, they can count on the reliability of experienced farms, which are able to guarantee flexibility in supplies and adaptation to standards imposed by even more “difficult” markets.

The latter issue is of great importance because it shows that spinach producers can, to some extent, add value to their product by underlining the territorial origin, albeit in a non-explicit way (without using a collective trade-mark of origin). The “territory”, considered as the whole set of local relationships and the organization of production which has stratified over time, can be said to emerge in the high quality of products which the operators are able to offer, especially with regard to more demanding channels in terms of product specifications and incorporated services.

Especially in Val di Cornia, the more dynamic and specialized area, the traditional character of the crop and the production concentration in the area have led to the formation of a very favourable working environment for farming, thanks to the presence of some elements similar to those in industrial districts [1; 6; 10] and in particular:

- the presence of a “widespread information”, which considerably lowers information costs to operators, acting as a strong deterrent against opportunistic behaviour on the part of both producers and mediators. The easy circulation of information, together with the direct and personal knowledge/acquaintance existing among operators, make the use of complicated and formalised contracts for inputs and products unnecessary [7], both between operators within the production area and between these and the external ones;
- the competition/co-operation characterising the quality of relations among farmers. On the one hand, there are clashes on commercial issues, on the other there emerges a certain habit of co-operating related to the exchange of experience and information on topics such as production techniques, spinach varieties, general market trends;
- the presence of a “widespread information” makes spinach cultivation “accessible” even to less professional and less-organized farmers (part-time farmers, retired people) and leads to the development of a close network of relations in the territory. The less professional farmers demand specific production phases (seeding, treatments, harvesting and/or trade), very often provided by the more organized producers and local wholesalers;
- the presence of human capital and qualified labour, or labour that at any rate is conversant with the working-harvesting techniques;



- the ability of the system to generate innovations, both technical (eg. the machine to wash spinach) and organizational (for instance the “*Val di Cornia-Ferro in Foglia*” trade-mark on the boxes) which, despite their simplicity, have had a certain impact on the performance of the system.

The presence of all these elements has led to a highly flexible system. In particular, it heightens the possibility for farms with greater organizational skills and consolidate relations with market outlets, to exploit a series of factors and external economies which make their actions easier. In such a context, the territory acts as an organizing factor, resulting from the “consolidation” of professionalism and experience accumulated, which allows some “innovative” entrepreneurs (where innovation means evolution as regards predominant practices of the area) to have more flexibility and gain a competitive advantage over other production areas.

Finally, although it is not an element of extrinsic differentiation, the territory has a fundamental role in characterising the current production organization of the two areas.

A more explicit use of the element “territory” as a differentiating factor in the eyes of the intermediate and final consumer could be a strategic element for the acquisition of a better control of the two spinach areas by producers, not only in terms of a more bargaining leverage compared to the initial phases, but also to defend the competitiveness of the system against increased competition from other production areas [8]. In this sense, the local producers’ habit of enjoying “position advantages” has in some ways weakened, as often happens in the evolution of industrial districts too [9], the adoption of necessary adaptations in the conditioning-producing process and marketing and promotion strategies.

In conclusion, it is in the union between “individual entrepreneurship” and “tradition-territory”, used not only as a latent strategic factor, that the two areas can try to consolidate their development path.

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