Abstract

Purpose – Consumer ethics is growing in importance influencing customer choices as well as increasing the role of social movements in the market process (Thompson, Coskuner-Balli, 2007; Thompson, 2004; Buechler, 2010; Hollenbeck, Zinkhan, 2010). In this research we aim at demonstrating how ethically driven consumers’ concerns shape the relationships between suppliers and customers and to what extent they influence the co-creation of value. In this context, a special attention will be dedicated to the role of social movements in the co-creation process, since they can play a critical role in “value-in-context” generation (Vargo, 2008).

Methodology/approach – In the paper we analyze three different cases (Eataly, GAS Roccafranca, Carrotmob) in which customers, directly as individuals and indirectly as members of social movements, affect the supplier-customer relationship and give room to the transformation of traditional business models and the rise of new ones. We consider several aspects of these cases through archival data, interviews with founders, managers, staff and customers.

Findings – Results - Results emerging from our research show that companies are able to adapt to several alternatives, some of which imply the transformation of the traditional market exchange. On the other hand, if consumers do not find adequate response to their ethical concerns, they are able (directly or through social movements and communities) to develop new “business“ models. In all these cases co-creation occurs and customers play a major role. Social networks emerge to be a innovative way to explore new paths of value co-creation.

Originality/value – Our study addresses a substantial gap in the literature about co-creation: ethical dimension in the value co-creation process need to be further explored. Moreover, we aim at expanding the understanding of value-in-context, by complementing it with the social movements key concepts.

Key words – co-creation, ideology, consumer ethics, social movements, case-study

Paper type – Working paper
**Introduction**

According to recent literature, consumer ethics is growing in importance influencing customer choices as well as increasing the role of social movements in the market process (Thompson, Coskuner-Balli, 2007; Thompson, 2004; Buechler, 2010; Hollenbeck, Zinkhan, 2010). Ideology and ethics are pushing customers not only to criticize the marketing process and retreat from it, but also to actively participate in market transformation. In this research we aim at demonstrating how ethically driven consumers’ concerns shape the relationships between suppliers and customers and to what extent they influence the co-creation of value.

In our paper, we analyze different cases in which customers, directly as individuals and indirectly as members of social movements, affect the supplier-customer relationship and give room to the transformation of traditional business models and the rise of new ones. In this context, a special attention will be dedicated to the role of social movements in the co-creation process. In particular, the objective of this research is to understand how and to what extent the community and corporate stances have been mutually adjusted. In a network-to-network perspective, we interpret social movements as relevant parts of the ethically minded customer’s network, within the “larger value-configuration space”, proposed by Vargo (2008). Since value and value co-creation processes are affected by the social context in which the customer is embedded (Edvarsson et al, 2011), we pose social movements as a new interesting perspective through which analyzing the supplier-customer relationship and the way in which value is co-created. Social movements mediate the relationship between companies and individual ethical customers and positively influence their perception of value.

Three case studies are employed to describe different ways in which consumer movements affect the co-creation process and the development of new business models, when ethical issues are concerned: Eataly (a large specialized retailer), GAS Roccafranca (a solidarity purchasing group of customers), Carrotmob (a “buycotting” activist movement).

The case studies represent different paths to develop co-creative processes between suppliers and ethically minded customers. Results emerging from our research show that companies are able to adapt to several alternatives, some of which imply the transformation of the traditional market exchange. On the other side, if customers do not find adequate response to their ethical concerns, they are able (through social movements and communities) to develop new “business” models that do not involve traditional market agents. Our study shows the active role of consumers in value co-creation in those cases in which ideological and ethic concerns occur. Through social
movements, customers even actively work for developing new and/or transformed business models, more apt at meeting their ethical expectations.

In the first section, we present a brief review of the literature on ethical and sustainable consumption and the social movements at the root of the value co-creation processes. In the following sections, the possible way in which interactions between company and customers (through social movements) can occur are analysed. Finally, we discuss our findings’ contribution to the extant theoretical debate and their extension to other settings.

**Conceptual background**

Recent research suggests that ideology and ethics are important factors that affect consumer choices in terms of the products/services chosen as well as the outlet where products are bought (Thompson, Coskuner-Balli, 2007; Carrigan et al., 2004; Carrington et al., 2010; Bray et al., 2011). Furthermore, consumption is increasingly driven by explicit and implicit symbolic arguments. Among the arguments supporting this symbolism, the fairness and authenticity of the relationship between demand and supply are growing in importance (Arnould, Price, 2000). The supplier-customer relationship is likely to change, as corporate strategies are being forced to be more responsive to individual consumers and collectives’ expectations (Dalli, Corciolani, 2008; Newholm, Shaw, 2007; Peñaloza, Venkatesh, 2006), especially in relation to ethical issues (Crane, 2005).

Ethical customers are concerned with the effects that the purchasing choice has, not only on themselves, but also on the external world around them (Harrison et al., 2005): value co-created in an ethical context affects the customer at multiple levels. Since ethical consumption is integrated into a process of personal identity construction (Newholm, Shaw, 2007), behavior related to ethical issues is part of a wider project of moral realization (Thompson, Arsel, 2004; Cherrier, 2009). In this sense, we suggest that ethical customers can be more willing to actively participate in the co-creative process because they can pursue different typologies of value, both utilitarian and symbolic.

However, according to recent literature, ethically minded customers do not always walk their talk (De Pelsmacker et al., 2005; Freestone, McGoldrick, 2008): it has been argued that the actual amount of sustainable products bought in most affluent countries is still low. Among the other problems, this can be partially explained by the difficulty for customers to find suitable outlets, modes and contexts (Nicholls, Lee, 2006; Carrington, 2010) to buy and consume ethical products and services. In fact, ethical consumers resist traditional supply modes to achieve a more genuine ‘overall’ consumption style (product attributes, value chain properties, store environment, etc.). Sometimes
consumers are not willing to co-create unless their ethical attitudes are adequately considered and satisfied. In these cases they often refuse to exchange, they rely on different (non market) supply systems, or they even actively work for developing new and/or transformed business models, more apt at meeting their ethical expectations.

Ethical customers miss adequate business formulas (both at production and distribution level) that can help them to pursue ‘ethical value’: the more customers detach from the traditional market offering, due to their ethical concerns, the more scope there is for new and more sustainable business ventures (Crane, 2005), some of which depend on direct consumers’ involvement (Moraes et al., 2010).

The case studies analysed in this paper show virtuous ways of ethical value co-creation, where different forms of collaboration between suppliers and customers are explored.

Sometimes, ethical stances can bring consumers away from specific market offerings toward other and/or new alternatives and this often turns into various forms of resistant behaviors such as ‘shopping misbehaviour’ (Vitell, 2003) and consumer resistance (Kozinets, Handelman, 2004); voluntary simplicity (Ballantine, Creery, 2010; Cherrier, 2009) anti-consumption (Kozinets et al., 2010). Anti-consumption is considered an extreme form of detachment that alienates consumers from markets. As Lee et al. (2009, p. 145) note, “anti-consumption research focuses on reasons against consumption [...] reasons for avoiding a product or brand”. For example, voluntary simplicity implies that, as responsible consumers, we should consume less in order to reduce the wastage of resources as well as to foster more sustainable development (Ballantine, Creery, 2010; Cherrier, 2009).

Nevertheless, ethical consumers must consume, and if they do not buy a specific item, they will buy something else. Anti-consumption studies, along with consumer resistance theories, help us understand that any single act of avoidance as well as an alternative buying strategy implies some form of identity construction activity based on both negative and positive consumption practices. Following Micheletti (2003), political consumerism occurs when these decisions are inspired by ethical concerns – a perspective that has recently applied to the study of boycott (critical, negative) and buycott (constructive, positive) behaviours (Neilson, 2010).

Individual acts of anti-consumption and/or resistance or alternative buycotting can be regarded as forms of identity construction activities, but also as forms of collective action when they converge towards counter-cultures (Desmond et al., 2000; Thompson, Coskuner-Balli, 2007) or new social movements (Buechler, 2010).

In fact, ethically minded customers are conscious that the effective influence that they can exert on institutions and organizations through their individual choices tends to be
moderate (Dickinson, Carsky, 2005; Holzer, 2006). Ethical customers are aware of the importance of the 'collective power' in order to affect the counterpart and to enhance the value gained through the co-creation process.

Given that ethical consumers, at the individual level, cannot influence corporate power, communities do. There are cases of communities taking resources from the market and developing peer-to-peer or social production modes (Dalli, Corciolani, 2008; Kozinets, 2007) as well as cases where they take old and/or rejected products back to the market (Leigh et al., 2006). In other cases, communities criticize corporate activities, forcing them to change (Hollenbeck, Zinkhan, 2010; Kozinets, Handelman, 2004). Collective action aims at criticizing extant culture and dominant ideology, giving movements members a sense of new and resistant collective identity (Hollenbeck, Zinkhan, 2010). As individuals and as members of a social movement, consumers engage in the market process (Peñaloza, Venkatesh, 2006), supporting the segments, channels, and companies that seem or prove compatible with their ideological strategy (Holt, 2002). Social movements possess transformative properties when they react to corporate market strategies, forcing companies to change their conduct.

The idea of a social and collective dimension affecting the value gained by the ethical consumers is coherent with the expanded concept of the value-in-context (Vargo, 2008), where it is assumed that both counterparts (firm and customer) are involved in wider networks that contribute to amplify the value ensured to each of them. According to Edvarsson et al. (2011), it is suggest that social forces (such as social movements) should be taken into account because of their major impact on the value-creation process on the customer side. Furthermore, social movements represent not only a sort of facilitator of the value-creation process (as other resources within the customer network) but it directly intervenes in the definition and the perception of the value and in the relationship between suppliers and customers. In this sense, social movements actually modifies the way in which (ethical) value is co-created.

**Methodology**

Our research is exploratory in nature: since our objective is to better understand and interpret the complexity of a phenomenon and the dynamics beneath it, we opted for a multiple case study research (Yin, 2009).

In our research, the case study method seemed the most adequate, because it allowed us to get significant conceptual validity in a context in which previous research is still limited and constructs and variables are difficult to measure; it also gave us the
opportunity to put forward new hypothesis and variables, thanking to the robustness of procedures, and to develop a deeper analysis of causal relationships among phenomenon (George, Bennett, 2005).

The cases were selected applying the typical criteria of theoretical sampling, in which the selection occurs on the basis of theoretical argumentations and does not aim at statistically representing a population (Eisenhardt, 1989; Yin, 2009): the cases were selected in order to present different models in which social movements and companies can interact.

To develop the case study analysis we collected data from the key informants and the key members of each organization (managers and representatives) and from customers belonging to the social movements. In particular, we analysed general company data, offering systems and the nature of the relationships with social movements and its members. Data were collected through semi-structured interviews lasting from 60 to 120 minutes. Interviews were recorded and taped. The internal validity of the method was ensured by the fact that interviews were read and analysed by all three researchers independently. These primary data were combined with secondary data gathered from the firm’s website, reports, press and other internal documents.

Case Studies: alternative forms of collaborations between companies and ethical social movements

Eataly

In 2007 Slow Food and Oscar Farinetti (an Italian entrepreneur), formerly the owner of a national chain of home electronics, co-operated to design a new chain of food distribution: Eataly. “Eataly is an alliance of small-scale producers, who have been making the finest foods and beverages in limited quantities for generations. They have joined together to offer quality products at sustainable prices. ... Direct from the producer to the consumer with no middlemen: Eataly offers quality food, selected in collaboration with Slow Food” (www.eataly.it). It actually offers an original combination of goods and services (mainly raw food, restaurants, and training) for food preparation and consumption. Slow Food is a worldwide organisation that embodies the values of a large social movement devoted to protecting and supporting food culture. The organisation was founded in 1989 to counteract fast food and a fast life and the disappearance of local food traditions by promoting “good, clean, and fair” food. Slow Food’s main objectives are to spread taste education, to connect producers and consumers of excellent foods through events and initiatives, and to build new communities of quality food supporters. Today, Slow Food has over 100,000 members in 132 countries and operates through
local territorial branches called “Condotta”. Slow Food and its president, Carlo Petrini, played a primary role in this new business adventure, influencing many of the founding ideas of the business formula.

Before the official opening of the first Eataly shop, more than two years’ research with a joint task force formed by both Eataly managers and Slow Food delegates went into identifying and developing alliances with the producers of great food and wine who shared the same concept of high quality, at the basis of the project. Slow Food effectively helped Farinetti in finding the first set of 18 suppliers: all small-scale producers who control their product supply chain: water, wine, oil, vinegar, flour, pasta, canned tomatoes, rice, meat, cheese, and fish. Since 2005, using the same strict criteria, around 200 partners have been selected from small producers to enlarge an assortment of goods and services, that today counts almost 13,000 references. In this sense, Slow Food’s endorsement and consulting was fundamental for establishing a model that could balance mass market retail practices with values that customers increasingly appreciated, particularly those committed to the Slow Food movement.

The Tokyo fish market, the Berlin KaDeWe, the Disneyland Paris, the Paris Grand Épicerie as well as small biological markets provided inspiration to create outlets more in line with ethically minded customers’ values: many areas were built to re-create the atmosphere of traditional markets, with stalls in which customers can touch, smell, and choose food. Educational areas and restaurants aimed at emphasizing the communal nature of the consumption experience and foster wholesome food values. From the beginning, and before the opening of Eataly, the company sought to introduce the Slow Food core values and issues into the new venture’s design and implementation process.

The first Eataly shop, which opened in Turin in 2007, is the flagship store and embodies the new ventures core principles. The 2007 results were encouraging, both in terms of the awareness and attractiveness of the formula, with approximately 2.5 million visitors, and in terms of business returns: sales of 26 million EU and a medium level of expense of 130 EU per customer. Seven further branches were opened during 2008, both in the domestic market and abroad (Tokyo), exploiting different retailing formulas (corner shops, shop within a shop, etc.). Sales reached about 35 million EU in 2008. Scheduled shop openings should result in Eataly having 25 branches across the world by 2015.

In keeping with the sustainability criterion of reducing transportation costs (Kilometri zero), fresh produce is sourced from the surrounding areas. Where possible, the same logic applies to different categories as well as the Japan and New York branches. In a sense, the made-in-Italy character and its apparent appeal to foreign markets are replaced by a different discourse that relates to fair and sustainable food production and distribution.
Solidarity purchasing Groups, better known in Italy by their acronym GAS (Gruppi di Acquisto Solidale), are organized consumer groups aiming at transforming the mainstream market. They put into practice a type of resistance which refers to other internationally active movements, such as the Anglo-Saxon CSA, the French AMAP, the Spanish GAK and the Japanese Teikei. CSA can be considered as an alternative model in the food market (O’Hara and Stagl, 2001), because it is based on the risk production sharing between producers and consumers. The latest buy the harvest shares before seeding and in turn consumers get a box of vegetables weekly. This mutual relationship has a strong ethical and social meaning (O’Hara and Stagl, 2001) and gives consumers the chance to rediscover genuine and authentic links with environment, local community and traditions in contrast to the process of commodification of goods (Thompson and Coskuner-Balli, 2007). Thanks to CSA’s participation, members can benefit of fresh, seasonal and healthy food (Goland, 2002), consistent with the environment (O’hara and Stagl, 2001). CSA’s members are ethically conscious consumers: they especially value intangible ethical dimensions of the product, paying less attention to the mere physical appearance and price (Bougherara, Grolleau, Mzoug, 2009).

AMAP, Associations pour le maintien d’une agriculture paysanne, is the French transposition of the Anglo-Saxon CSA. In AMAP a cooperation between farmers and consumers is established in order to limit the excessive power of the agribusiness giants. The main goal is to establish a sustainable farming, providing AMAP members with fresh, local, seasonal, as well as quality food. The Spanish GAK’s members seek the producers’ very same values as guiding principles for their purchasing choices; in the same vein, Teikei, although actually declining (Hatano, 2008), represents the Japanese response to the research of an alternative to the mainstream market through bilateral partnerships between consumers and organic food producers.

GAS gathers the ethical instances of the above mentioned movements, though it revisits them in a different perspective. The GAS movement is actually the most widespread consumer self-organized movement in Italy (Innocenti, 2007). It affects a volume of expenditure of about 100 million euro (Bernelli and Marini, 2010). The aim of the movement is to transform the mainstream market trough the establishment of direct relationships with producers (Martinengo, 2007) based on strong ethical concern. While not keeping totally aloof from mass retailing, GAS looks at it critically (Bernelli and Marini, 2010).
“When a group of people decides to meet in order to think about their purchasing choices and to buy products, using as guiding principles justice and solidarity, it creates a GAS” (Documento Base, 1999). GAS’s dimension can vary greatly: groups can be formed from a few until more than 100 families (Montagnini e Reggiani 2010). GASes are mainly located in northern Italy (Brunetti, Giaretta, Rossato 2007) and have flexible organizational forms (Documento Base, 1999).

Solidarity, in its broader sense, distinguishes and differentiates GASes from other forms of purchasing groups and movements such as CSA and AMAP. Solidarity guides the activities carried out by groups (Documento Base, 1999; Saroldi, 2008; Montagnini e Reggiani, 2010). Moreover food is not the only product bought by a GAS (Martinengo, 2007; Valera, 2005). However, the participation in a GAS responds to several instances: the opportunity to get biological and local products (Brunetti, Giaretta, Rossato 2007; Saroldi, 2008) and the willingness to gather and socialize ethical concerns (Brunetti, Giaretta, Rossato 2007) not only with the selected producers but also among the GAS’s members (Montagnini e Reggiani, 2010).

A representative example of a GAS is The Roccafranca GAS. It is formed of about 130 families and has been created within the Bottega del Consumo Consapevole of Cascina Roccafranca. It is a socio-cultural multi-purpose center, an articulated and structured organization whose main objectives are service delivery and provision of aggregation spaces, where many activities related to the ethical consumption movement are carried on and projects are shaped; most importantly it is a place where people can let ideas circulate.

A GAS’s life characterizing feature involves the active and conscious promotion of critical consumption and solidarity economies; this aspect is perceived not only as a way to share the core values among the GAS’s members but also as a way for creating value for the whole community (people, organizations and movements) in which the GAS operates. In fact, disclosure of this particular form of consumption is recognized as a mean for developing critical consciousness and resisting consumerism. Ethical consumption spreading is carried out through meetings, conferences, exhibitions and the continuous and reciprocal interactions with the suppliers and the other stakeholders.

*Carrot Mob*

Carrotmob is an innovative form of consumer activism, in which the consumer power is leveraged in order to positively and effectively boost and support the adoption of sustainable business practices (Webber, 2010). It consists in a particular form of boycotting where a “mob” of ethically conscious customers, coordinated by a community organizer, rewards a business (more often a store) that, by placing a bid in a auction
with other businesses, guarantees that it will invest the highest percentage of the incoming revenues in environmental and/or social policies.

In 2008 Brent Schulkin launched in San Francisco the first carrotmob and in 2010 the non-profit organization founded by Schulkin has become the hub of a global movement that in the last two years has coordinated more than 80 campaigns in 17 countries. The mission of the movement, in fact, is “to empower people to use their influence in commerce to advance sustainability” (ww.carrotmob.org).

The mechanism is quite simple but really interesting: the organizer of the carrotmob campaign contacts several companies asking them to compete with one another in an auction on who can do the most good; the companies adhere to the auction by placing bids on what percentage of hypothetical revenue they would be willing to set aside and reinvest into making environmentally and or socially responsible improvements; when the winner has been identified, the organizer mobilizes the customers, mainly by means of social networks, with the aim of banding together activists and like-minded consumers; they concretely reward the business that made the strongest commitment by buying its products on one specific day; at the end, thanks also to the one-day revenue boost, the business keeps the promises and realizes the expected improvements.

In the first carrotmob campaign, for instance, the organizer contacted 23 convenience stores and asked them to submit bids to make their businesses more energy efficient. K & D’s proposal, which promised to spend 22 percent of its profits from that day to make energy improvements, was declared the winner among the five companies which attended the auction. Then the organizer put up flyers around the neighborhood, contacted his ethically-minded friends and posted the event on Facebook and other social network. The Saturday afternoon, several hundred people descended upon K & D to buy products for a total of $9,276.50, more than three times normal. The extra revenues allowed K & D to install its new energy-efficient lighting system.

The positive and effective impact on businesses is the distinctive trait of this type of consumer activism. It responds to the reluctance of businesses, on one hand, in engaging in ethical and sustainable policies because of their costs and of ethical customers, on the other hand, that are not always willing to participate in protest or boycotting (Hutter, Hoffman, 2011).

The name itself, carrotmob, emphasizes the “carrot” of consumer buying power to incentivize ethical behaviours from business and downgrades the “stick” of penalties that post-hoc punish behaviours not environmentally or socially responsible. Carrotmob, differently from boycotting, gives room for proactively educate business to behave in an desirable ethical manner in win-win situations.
The final aim is to align businesses, social movements and local communities in a temporary alliance on a specific, concrete and shared objective: to boost companies in adopting more sustainable practices in doing their business. At the same time, carrotmob is a simple, fast and positive way to organize consumer power in local communities and to broaden the social movement. In this regard, the importance of social network represents another distinctive feature of the movement: the consumer power of “mobbing” business to adopt ethically and socially responsible behaviours, is empowered by the exploitation of social networks potential in spreading the message and involving the like-minded consumers.

**Discussion and conclusions**

The paper focuses on three different business models emerging from an ideological alliance and a mutual organizational commitment between corporate power and social movements. How these ventures came about and the extent of customers involvement in its development are particularly interesting, because the effects are amplified by the presence of social movements catalyzing individual ethical demand (table 1).

**Table 1 – social movements affecting the co-creation processes**

<table>
<thead>
<tr>
<th></th>
<th>Transformation modes</th>
<th>Types of ethical consumers’ involvement</th>
<th>Consumers’ power in the value co-creation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eataly</td>
<td>Collaboration. Co-planning of the formula</td>
<td>Traditional. In store.</td>
<td>Power shared between the social movements and the new venture</td>
</tr>
<tr>
<td>GAS</td>
<td>Self-organization without modifying the suppliers’ features</td>
<td>Offline and online (meetings, newsletters, emails)</td>
<td>Power self-referred to the social movement</td>
</tr>
<tr>
<td>Roccafranca</td>
<td>Self-organization using positive mobbing to affect suppliers’ business</td>
<td>Through social networks</td>
<td>Power used to influence the stakeholders’behaviours</td>
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<tr>
<td>Carrotmob</td>
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A first interesting issue relates to the way social movements interacts with the suppliers, influencing at different extents the way they do business. This eventually affects the outcomes in terms of value co-creation processes. From this perspective, Slow Food’s role in Eataly’s history can be interpreted as a social movement’s participation in the transformation of the mainstream market (Pietrykowski, 2009; Wilk, 2006), since the interaction between the two counterparts gave life to a retailers, but far from the
traditional features of retailing: a collaboration, whose main innovativeness lies in the dialectic relationship between the company and the social movement began before the launch of the new business. Secondly, Eataly and Slow Food were mutually and significantly involved at the organizational and managerial levels to ensure that the business and ideological expectations were satisfactorily integrated.

Gas Rocafranca expresses a form of self-organization on the demand side, that eventually involves and selects the suppliers, apt to better respond to the customers’ stances. Ethical and sustainable issues are the main selection criteria, influencing the efficacy of the co-creation process too. However, the social movements do not interfere in the managerial features of the suppliers. Carrotmob represents another model of self-organization of consumers’ movement where suppliers are not selected for a priori ethical features but on the basis of their willingness to embrace a sustainable project: a sort of positive mobbing aiming at deeply affecting the business models adopted by suppliers.

The three case studies pinpoints alternative models to manage the relationship with ethical consumers in order to enhance different levels of involvement in the co-creative process. On the one hand, the first two cases shows traditional and “passive” procedures to involve customers: in the Eataly experience communication is based on traditional in-store activities (info on the sustainable produce and suppliers; education on the product and services); in the GAS case, consumers are called to participate to periodical meetings and to remain in touch through newsletters and emails. On the other hand, Carrotmob pinpoints the efficacy of the use of new innovative means of communications, such as social networks, when used to mobilize members of social movements.

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