STREET FOOD TRADERS, FARMERS AND SUSTAINABLE PRACTICE TO REDUCE FOOD WASTE IN THE ITALIAN CONTEXT

This is a pre print version of the following article:

Original Citation:

Availability:
This version is available http://hdl.handle.net/2318/1712349 since 2023-06-14T16:39:02Z

Published version:
DOI:10.1108/BFJ-04-2019-0265

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(Article begins on next page)
STREET FOOD TRADERS VERSUS FARMERS: WHAT IS THE WAY TO FAVOUR SUSTAINABLE PRACTICE?

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Abstract
Purpose - The purpose of this paper is to focus on outdoor food market areas and related food waste management, analyzing two categories of operators i.e. farmers and street food traders. This paper evaluates and compares the main actors' efficiency performance, highlighting how optimizing food waste management characterizes the best practices and favours the development of a sustainable model.

Design/methodology/approach - A sample of 196 outdoor market operators was identified to analyze their unsold-food/food-wastage processes based on their behavior and attitude. And a consumer perception survey was also carried out to define their levels of satisfaction. The study area comprised 27 outdoor markets in Greater Turin (North-West Italy). The data collected was analyzed and elaborated and then the efficiency performance was evaluated by Data Envelopment Analysis (DEA), in SBM version.

Findings - The two kinds of outdoor market operators have different levels of efficiency that are also due to different unsold food/food waste management. The results clearly showed that farmers operate more efficiently than street food traders and confirm that the traditional management of unsold food/food waste is an important key for competing in this sector.

Research limitations/implications - The data was collected in a limited area of Italy i.e. Greater Turin Area (North-West Italy) and the number of variables analyzed was limited to certain aspects of selling processes and food waste management.

Originality/value - to the best of our knowledge, this is the first study that analyses outdoor market operators' efficiency, concerning food waste as a variable that can affect their performance.

Keywords - Unsold food, food waste, Outdoor market, Farmers, Street food traders, DEA, efficiency

Paper type - Research paper

Introduction

As processes, organisational changes and the definition of innovative business models transit towards sustainability, they all play a key role in creating value for companies in terms of improving efficiency as well as reducing negative, external effects. This is true for businesses in all sectors, but even more for those in the food sector where wasting food is increasingly seen as socially unacceptable. Economic crises and the current worrying development forecasts only add to its negativity. Food waste is a widespread global phenomenon that involves all phases of the food chain and brings with it economic, environmental and social consequences. The European Union defines “food waste” as “All food products discarded from the food supply chain for economic or aesthetic reasons or due to the proximity of the expiry date, but which are still perfectly edible and fit for human consumption and, in the absence of any alternative use, are finally eliminated and disposed of, generating negative externalities from an environmental point of view, economic costs and a loss of revenue for businesses” (UE, 2012).

However, a possible distinction between food losses and food waste has been put forward in the past (Parfitt et al., 2010). This distinction defines food losses such as those occurring in the early stages of the supply chain, i.e. during primary production and processing. At the same time, food waste is the one that occurs in the last part of the food chain, that is to say during the phases of distribution and consumption, i.e., wholesale and logistics, retailing, the market and catering services. These authors conclude by stating that food waste can be considered food waste and loss of food as a whole. Furthermore, food losses can be classified according to degrees of being potentially avoidable or unavoidable (WRAP, 2009). Food waste may also consist of “foodstuffs discarded from the food supply chain, which have lost commercial value, but which may still be destined for human consumption” (Barilla, 2012) as their food quality requirements remain unaltered (Perti, 2006). Food waste can also take on the role of excessive nutrition of people i.e. what a person consumes and how much is actually necessary (Simil 2004). It can also be defined as the result of the lack of value attributed to food production and food itself throughout the various stages of the food supply chain (Hudson and Messa, 2014). Therefore, food waste can also start before primary agricultural production, since the quantity of food produced within the current economic system is organized on the basis of established trade agreements that do not always correspond to actual demand needs (Stuart, 2009).

All those who take part in the primary production, processing, handling, distribution and consumption of food products are involved in the genesis of this phenomenon that we have tried to describe. A subdivision of the food chain into four phases was suggested regarding food waste (Cicatiello et al., 2016), i.e. production and processing, retailing, catering and household consumption, which in other studies (Gustavsson et al., 2011; Vorhees et al., 2013) were brought to 5 phases, i.e. agricultural production, post-harvest production and storage management, processing and packaging; distribution (wholesale and retail) and consumption.

This study aims to demonstrate how food waste management can seriously impact both retail and distribution operators’ ability to create value and their levels of performance in terms of efficiency. The study investigates the outdoor food market by involving two categories of operators, i.e. farmers and street vendors of outdoor markets (street food traders) and related unsold food and food waste management. Specific focus was put on goods that were unsold at the end of the day and could not be sold the following day, therefore becoming unquestionably, food waste. A Data Envelopment Analysis (DEA), in Slack Based model (SBM), is used to evaluate and compare these operators’ efficiency performance. So, based on the information gathered, the following research questions are:

RQ1: How efficient are individual outdoor market operators, taking into account multiple inputs and outputs?
RQ2: Do the two classes of operator have different levels of efficiency?
RQ3: Which factors impact efficiency?

This study includes a “Literature review” section which provides a review of literature published on food waste and related issues underlining dimensions, causes, effects of this phenomenon and
the operators involved, the circular economy and related main characteristics, food waste generated in the distribution phase i.e. outdoor food markets. The “Methodology” section shows the selected methodological approach i.e. Data Envelopment Analysis (DEA) and related systems of collecting data. The “Findings” section describes the main results achieved. The “Discussion and conclusion” section is the final part of the paper and puts forward the main considerations in light of results and related literature review. The “Implications, limitations and future research” section gives stakeholders some suggestions and outlines the direction to take in order to improve the research.

2. Literature review
Food waste
Food losses and food waste occur at every stage of the supply chain and may depend on specific factors in a given country such as economic and climatic conditions, production systems and infrastructure, the market and consumption trends. Numerous studies have been conducted on the analysis of food waste at different stages of the supply chain, their costs and negative externalities e.g. the retail sales phase (Lehorringer and Schneider, 2014; Eriksson et al., 2012), the whole supply chain (Bretta et al., 2013; Engstrom and Carlsson-Katayama, 2004), household waste (Nahman et al., 2012) or certain product categories (Buzby and Hyman, 2012).

Estimates of the quantity of food waste at global level vary: some sources indicate 1.2 / 2 billion tons, accounting for 30-50% of world food production (IME, 2013), others indicate 1.6 billion tons / year, with a commercial value of 750 million US dollars (FAO, 2017; UE, 2014). In addition, US statistics show that organic waste is the second largest percentage of waste discharged into landfills (UNEP).

A European Union assessment in 2012 estimated there were 88 million tons of waste, which is equal to about 20% of everything that was produced. The main phases involved in this phenomenon were domestic consumption, processing, food service, primary production and distribution (Stemmark et al., 2016). Based on per capita income, food waste in middle-high income countries seems to be mostly generated in the last stages of the food chain, namely distribution and consumption, determined by consumer behavior or restrictive quality standards in the supply chain, which is also dictated by aesthetics. Food waste occurs in low-income countries in the early stages of the food chain, mainly in the post-harvest phase, due to financial, structural, storage and transport barriers. Therefore, the current waste of resources can be observed at all stages of the food system, from production to consumption to waste management, both at domestic and industrial levels.

In this context, food waste affects global society, the environment and the economy. In fact, global population is key to understanding the dimensions of this issue (Lundqvist, 2009). Some studies estimate that world food production should increase by at least 50% to guarantee food security for the world population, estimated at around 9.3 billion, in 2050 (Clark and Manning, 2018; Bond et al., 2013). However, progress in this area can only be achieved if the food waste genesis is better managed along the whole food supply chain and the limited available resources are used in a better way (Battilani, 2014).

Current models of production and consumption appear to be in trouble, due to the intensive use of natural resources and continuous waste deriving from the production phases (Borrell et al., 2016) and a phase of change seems to be necessary. For example, innovation in the agro-food sector is considered a strategic tool for solving problems in various fields (Rama, 1996; Traidl and Meulenenberg, 2002; Capitania et al., 2009; Guerrero et al., 2009; Jakkj et al., 2010; Dadura and Lee, 2011; Arcese et al., 2015; Contò et al., 2015; Boccia and Covino, 2016; Vrontis et al., 2016; Brescia, 2017; Santoro et al., 2017; Franceschelli et al., 2018).

Circular economy
One particular kind of innovative approach is the well-named circular economy, which is an economic system that is able to regenerate without interruption (Stahel and Reday, 1976; Pearce and Turner, 1989; McDonald and Braungart, 2002), recently defined it as “an industrial economy that is regenerative or generative by intention and design” (EllenMcArthur Foundation, 2013). So, developing a supply chain that has been inspired by the principles of a circular economy rather than conventional supply chains could provide a solution to this problem. This would lead to a reduction of environmental and economic costs related to the disposal of food waste (Borrell et al., 2016). This concept can also be extended to the food chain and, at least theoretically, it could be a possible response to the phenomenon of food waste and a resource for accessing more sustainable food systems, e.g. strengthening collaborative relationships between agro-food companies (Mondéjar-Jiménez et al., 2016; Kristensen et al., 2016). Recent studies in the agro-food sector have highlighted the need for alternative agro-food networks that are able to impose themselves and represent an answer to the collective demand for transition towards more sustainable practices (Jurjevich et al., 2016).

The distribution phase: farmers and street food traders
Distribution and retail are phases of the food supply chain that generate food waste. One particular kind of distribution phase is the outdoor food market that is characterized by different operators i.e. farmers and other retailers also named street food traders.

There are numerous studies about farmers and street food traders and their businesses. Farmers are involved in studies on diverse themes for example food safety and food security (Yu et al., 2017; Bovay, 2017; Zhang et al., 2017; Corsi et al., 2017; Hubriko et al., 2017) or etically, it could be a possible response to the phenomenon of food waste and a resource for accessing more sustainable food systems, e.g. strengthening collaborative relationships between agro-food companies (Mondéjar-Jiménez et al., 2016; Kristensen et al., 2016). Recent studies in the agro-food sector have highlighted the need for alternative agro-food networks that are able to impose themselves and represent an answer to the collective demand for transition towards more sustainable practices (Jurjevich et al., 2016).

Methodology
The DEA model was used in order to answer this study’s research questions i.e. measuring the relative efficiency of individual outdoor market operators and evaluating the major factors that affect it. It measured the relative efficiency of individual operators in the first stage of the study, then the results were analyzed to determine the main differences between farmers and street food traders, highlighting the reasons.

Data Envelopment Analysis (DEA)
DEA is used in many sectors for measuring performance efficiency including healthcare, education, finance, industry, etc. There are numerous studies that apply DEA to the food sector e.g. foodservice and food industry [Giménez-García et al., 2007; Reynolds and Thompson, 2007; Dimara et al., 2008, Dadura and Tsong-Ru, 2011; Affero et al., 2017], or the retail sector (Donthu and Yoo, 1998; Barros and Alves, 2003; Mostafa, 2003; Sharma and Chaudhary, 2010; Miththapayage et al., 2014; Ko et al., 2017; Naharmani et al. 2018) and those where the DEA approach is used from a circular economy point of view (Halog, 2009; Yang and Pollitt, 2010; Pagotto and Halog, 2015). However, to the best of our knowledge, this is the first study that analyses outdoor market operators’ efficiency, concerning food waste as a variable that can affect their performance.

Data Envelopment Analysis (DEA) was developed by Charnes et al. (1978) and is a non-parametric methodology primarily used to determine the relative efficiency of similar units denominated Decision Making Units (DMUs), when there are multiple inputs and outputs. This technique first establishes an efficient frontier formed by a set of performances for DMUs that exhibit best practices and then it assigns the efficiency level to other non-frontier units according to their distances to the efficient frontier. There are several types of models used in DEA, but they can be largely classified into a constant-returns-to-scale (CRS) model and a variable-returns-to-scale (VRS) model, depending on the size variability. The CRS model is based on the assumption that the input and output ratios do not change with size. It is called the CCR model after the first letters of the authors Charnes, Cooper, and Rhod (1978) and it is an estimation of overall technical efficiency (OTE). In DEA, OTE measure has been broken down into two mutually exclusive and non-additive components: pure technical efficiency (PTE) and scale efficiency (SE). This break down provides an insight into the source of inefficiencies. The PTE measure is obtained by estimating the efficient frontier under the assumption of variable returns-to-scale. It is a measure of technical efficiency without scale efficiency and only reflects the managerial performance to organize the inputs in the production process (Kumar and Gulati, 2008). So, the PTE measure has been used as an index to capture managerial performance. The ratio of OTE to PTE provides SE measure. The measure of SE provides the ability of the management to choose the optimum size. The VRS model applies when the ratio of input and output varies with size; it is also called the BCC model in the name of Banker, Charnes and Cooper (1984) who first introduced this model.

The VRS model searches for PTE (also called managerial efficiency) and includes the so-called convexity constraints by changing the specification of the problem and providing the measure of Managerial Efficiency B VRS adding a small 1 to the programme (1 φ is a scalar and λ is a vector of constants). From its inception, the DEA has treated each DMU as a “black box” by only considering those inputs consumed and the final outputs produced by this “black box” (Färe and Grosskopf, 2000). However, the efficiency measure is associated to the use of a minimum number of inputs in order to produce a certain number of outputs or the maximum production of outputs using a certain number of inputs (Fethi and Pasiouras, 2010) from which the orientation issues descend. As is widely known, there are two types of DEA models; the radial (CCR) and the non-radial. By neglecting slacks, by radial model, it is important to remember how relevant slacks are when evaluating managerial efficiency and, reporting the efficiency score. Therefore, the DEA frameworks used in this study are based on the Slack-Based Model (SBM) which is a non-radial model developed by Tone (2001). This model deals with input excess and output shortfall of each DMU, called Slacks and projecting each DMU to the furthest point on the efficient frontier by minimizing the objective function and finding the maximum slacks. When both inputs and outputs can simultaneously be changed, i.e., the firm is able to reduce inputs and increase outputs simultaneously, a non-oriented SBM model is used (Cooper et al., 1997; Tone, 2001). This model allows managers to work on both inputs and outputs to achieve efficiency.

The non-oriented SBM-DEA model

In order to illustrate the model, let us assume that there are n DMUs (DMUj, j = 1, 2, ..., n) with m inputs (xj, i = 1, 2, ..., m) and s outputs (yj, r = 1, 2, ..., s) for each DMU. The ui and vi are the weights corresponding to the ith input and jth output. Then the SBM-DEA model can be described as follows.

\[ p^* = \min_{\lambda, s^*, \gamma^*} \frac{\sum_{i=1}^{m} \lambda_i x_{ij} + s^*_i - x_{mj}}{1 + \left( \sum_{r=1}^{s} \gamma_r y_{jr} - y_{sj} \right)} \]

subject to:

\[ \sum_{j=1}^{n} \lambda_j x_{ij} + s^*_i = x_{mj}, \forall i \]

\[ \sum_{j=1}^{n} \lambda_j y_{jr} - y_{sr} = y_{sj}, \forall r \]

\[ \lambda_j, s^*_i \geq 0, \forall j, \forall i, \forall r, \forall j \]

If the optimal value of \( \lambda_j \) is non-zero, then the jth outdoor market operator represents the reference set (peers) for the kth outdoor market operator and the corresponding optimal value is known as the peer weight of the jth outdoor market operator.

The numerator value evaluates the mean reduction rate of inputs or input inefficiency of the jth outdoor market operator. Similarly, the reciprocal of denominator evaluates the mean expansion rate of outputs or output inefficiency of the kth outdoor market operator. Thus, the value of pi can be interpreted as the product of input and output inefficiencies. This model is known as SBM-CSR model (Tone, 2001).

The kth outdoor market operator is said to be Pareto efficient if all slacks are 0, i.e., \( s^*_i = s^*_r = 0 \) for all i and r, which is equivalent to \( p^* = 1 \). The non-zero slacks and (or) \( p^*_k < 1 \) identify the sources and amount of any inefficiency that may exist in the kth outdoor market operator. The reference set shows how input can be decreased and output can be increased to make the kth outdoor market operator. Subsequently, the PTE is determined by SBM-VRS model and we can calculate SE for every market operator.

However, some considerations are proven for the use of SBM-DEA model:

(1) a DMU is said to be SBM-efficient if and only if \( p^* = 1 \), i.e., when there is no input excess and no output shortfall in an optimal solution;

(2) a DMU can become efficient and improve its performance by deleting excess inputs and augmenting the output shortfalls; and

(3) the optimal SBM efficiency score \( p^* \) for any DMU is not greater than the optimal CCR efficiency score \( 0^* \).

The results of SBM-CSR and SBM-VRS models are calculated using DEA Solver.

**Data**

The group of street vendors identified in the study also includes farmers that operate in the area of the open air market in Greater Torino (Torino Città Metropolitana), ie Torino city and province.
Torino is the city of the Salone del Gusto and Terra Madre, the most popular Slow Food events (Parkins and Craig, 2009) and Eataly, the Italian retailer of quality national food products with an international chain of shops (Massa and Testa, 2012; Bertoldi et al., 2015). Grande Torino’s main characteristic is its 432 open air markets, where two thirds of them sell food products. Torino city has 42 of the largest and oldest i.e. Porta Palazzo (Black, 2012; Gilli and Ferrari, 2018).

This study covers the area of 27 main outdoor markets (with at least 50 street vendors) in Greater Torino (North-West Italy), with a sample of 196 operators (DMUs) made up of farmers and street food traders. The 27 fruit and vegetable outdoor markets selected are: Porta Palazzo (farm fruit and vegetable and street food traders market), Baimanora, Benevista, Brunelleschi, Chieti, Cagnizzo, Crocetta, Don Giotto, Guala, Nitti, Madama Cristina, Pavesse, Racconigi, Santa Giulia, Sebastopoli, Svizzera in the Torino city area were studied. Likewise the Province of Torino’s fruit and vegetable markets of Carmagnola, Chieri, Chivasso, Collegno, Giaveno, Moncalieri, Orbassano, Pinerolo, Rivalta, Rivoli were also studied.

Table.1 Sample description

<table>
<thead>
<tr>
<th></th>
<th>Farmers</th>
<th>Street Food Traders</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Porta Palazzo</td>
<td>35</td>
<td>35</td>
<td>70</td>
</tr>
<tr>
<td>City</td>
<td>20</td>
<td>46</td>
<td>66</td>
</tr>
<tr>
<td>Province</td>
<td>24</td>
<td>36</td>
<td>60</td>
</tr>
<tr>
<td>Total</td>
<td>79</td>
<td>117</td>
<td>196</td>
</tr>
</tbody>
</table>

The homogeneity of DMUs should be expected in DEA. Therefore, we selected operators through the following process in order to ensure as much homogeneity as possible. First, in order to secure location homogeneity, we selected operators (farmers and street food traders) in the same market. Only those operators with more than one year in the outdoor market were considered as new operators require a certain period of time to consolidate their business and build up clientele. The sample is made up of 117 street food traders and 79 farmers.

Inputs and outputs
In order to apply DEA successfully, the choice of input and output variables is critical. Input and output variables for DEA should be chosen so that they accurately reflect the outdoor market operators’ strategic goals, in terms of sales, customer satisfaction and food waste management systems. In this study, the input and output variables were selected, wherever possible, with consideration of variables used in previous studies for the retail and circular economy. Three inputs and three outputs were selected through this process. The inputs are the provision price (for street food traders) or production cost (for farmers), unsold, and the number of days the operators don’t work (Chen et al., 2005; Perrigot and Barros, 2008; Uyar et al., 2013; Yang et al., 2007). The outputs are: sales price, customer satisfaction index for services and customer satisfaction index for products (Donthu and Yoo, 1998; Yang et al., 2007; Sharma and Choudhary, 2010).

All variables were obtained from two different questionnaires, with the exception of the sales price that was checked directly. One questionnaire was for market operators and the other for final consumers. We defined a range of products with an average price in order to determine the sales and production prices, based on whether a retailer or street food trader was answering the questionnaire. This same range of products was used to understand the sales price and that of the unsold goods. It was made up of six products normally sold at the market in the autumn (white garlic, kale, carrots, fennel, green celery and cauliflower).

In order to check the reliability and quality of the data collected – especially when determining the sales price – we compared the values the single operators had given us with the day’s price concerning the range of products, applied by the local fruit and vegetable wholesale market and making necessary adjustments, when there were significant discrepancies.

Questionnaire design
Market operators answered the questionnaire between October and December 2018. They were interviewed in the market areas (Leiper and Clarke-Sather, 2017) on market days between 6:00 a.m. and 9:00 a.m. Interviews lasted an average of 20 minutes. Interviewers asked the questions, recorded the answers and made note of the main subjects. The results obtained were then put into groups, compared and the fundamental issues pertinent to the aims of the research were set aside. The first version of the questionnaire was used as a sample of 12 street food traders (6 farmers and 6 street food traders), working in the Porta Palazzo market in order to identify any errors and assess any structural weaknesses (Vecchio and Annunziata, 2013; Clanon et al., 2009). Based on the results obtained, some corrections were made and the final version was then made available for use on the whole project.

Information requested included the interviewers’ demographic, social and educational status (eg. gender, age, residency, nationality, job, education) and features of their business (eg. number of days spent at market per week, purchase & production price, profit margin). Other information requested concerned food waste in the market areas (eg. perception of waste generated, possible initiatives to reduce its quantity) and how unsold goods were treated (eg. donating it, taking part in community initiatives favouring redistribution).

The second questionnaire was carried out with the final consumers in order to determine their level of satisfaction. On average, 10 questionnaires of final consumers were collected per market operator and for a total of 2,107. Here below, is the information collected in the questionnaire:
- Interviewee’s data i.e. age, gender, residency, education, job;
- How often they buy from street food traders and farmers at market i.e. number of days a week;
- Level of satisfaction regarding service experience i.e. waiting time to be served, information from seller through conversation, information written on stall;
- Level of satisfaction regarding the product purchased i.e. assessment of its look, smell, taste (where possible), assessment of the product’s origin, assessment of price;
- All data concerning the level of satisfaction of the service and product was collected through Likert-type scale questions to assess the consumer’s satisfaction for every single agro-food operator. A ten-point Likert-scale was used, ranging from 1 to 10 (1 = very dissatisfied, 10 = very satisfied, in line with other authors (Coelho and Esteves, 2007).

Table 2. Descriptive statistics of the variables used.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
</table>

Figure 1. Dea Model

Unsold rate
Days not working
Provision/Production Price
Non-oriented
SBM Model
Outdoor Market
Operator
Sales Price
Service Index
Product Index
The tables below show descriptive statistics of the variables selected for each of the two categories of operator identified: street food traders and farmers. On analysis, it emerges that on average street food traders’ prices are lower than farmers, but reach lower levels of customer satisfaction. Farmers, on the other hand, have a lower % on average of unsold goods, but the production cost of their goods is higher compared to street food traders. What impact do these differences have on the level of efficiency reached?

<table>
<thead>
<tr>
<th>Variables</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inputs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsold rate</td>
<td>0.03</td>
<td>0.29</td>
<td>0.17</td>
<td>0.06</td>
</tr>
<tr>
<td>Provision/production price</td>
<td>0.80</td>
<td>1.23</td>
<td>1.00</td>
<td>0.12</td>
</tr>
<tr>
<td>Days not working</td>
<td>1</td>
<td>6</td>
<td>2.15</td>
<td>1.69</td>
</tr>
<tr>
<td><strong>Outputs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales price</td>
<td>1.09</td>
<td>2.00</td>
<td>1.53</td>
<td>0.22</td>
</tr>
<tr>
<td>Service index</td>
<td>1.00</td>
<td>10.00</td>
<td>6.22</td>
<td>1.65</td>
</tr>
<tr>
<td>Product index</td>
<td>1.00</td>
<td>9.60</td>
<td>6.28</td>
<td>1.68</td>
</tr>
</tbody>
</table>

The average efficiency score of the street food traders in the SMB-CRS model is 0.583 and 0.676 for farmers. Farmers also reach a higher efficiency score than street food traders in the SMB-VRS model.

<table>
<thead>
<tr>
<th>Efficiency scores</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SMB-CRS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Street food traders</td>
<td>0.099</td>
<td>1.00</td>
<td>0.583</td>
<td>0.198</td>
</tr>
<tr>
<td>Farmers</td>
<td>0.217</td>
<td>1.00</td>
<td>0.676</td>
<td>0.236</td>
</tr>
<tr>
<td><strong>SMB-VRS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Street food traders</td>
<td>0.099</td>
<td>1.00</td>
<td>0.628</td>
<td>0.211</td>
</tr>
<tr>
<td>Farmers</td>
<td>0.217</td>
<td>1.00</td>
<td>0.718</td>
<td>0.232</td>
</tr>
</tbody>
</table>

4.1. Efficiency Scores

The distribution of the efficiency scores of 196 outdoor market operators is shown in Figure 2. Figure 2 shows the efficiency scores obtained from SBM-CRS and SBM-VRS models. In SBM-CRS model, the efficiency score (OTE) ranges from 0.099 to 1.000, with an average of 0.620 (the dotted line in Figure 2) and a standard deviation of 0.218.

The number of efficient outdoor market operators is 31, indicating that 16% of the sample are efficient. This means that 84% of the outdoor market operators are inefficient, so there is an opportunity to improve efficiency for these operators.

The efficiency score of 69% outdoor market operators are less than 0.75. Therefore, efficient and ineffective outdoor market operators are strongly distinct.

The efficiency score (OTE) ranges from 0.099 to 1.000 in the SBM-VRS model, with an average of 0.664 (the dotted line in Figure 1) and a standard deviation of 0.222.

The number of efficient outdoor market operators is 43, indicating that 22% of the sample are efficient. This means that 78% of the outdoor market operators are inefficient, and there is an opportunity to improve efficiency for these outdoor market operators.

The efficiency scores of 61% outdoor market operators are less than 0.75. Therefore, it is found that the efficient and ineffective outdoor market operators are strongly distinct.

![Figure 2. Histogram of efficiency score in SBM-CRS and SBM-VRS](image)

4.2. Comparison of Efficiency and evaluation of the main factors to affect it

In the efficiency of the outdoor market operators depending on the characteristics of the type of operators (farmers or street food traders)? For example, is the street food trader more efficient than the farmer? Or is it the opposite?
The approach used to analyze efficiency is a valid tool and the results obtained provide useful indications for implications regarding performance and management. The authors also calculated the potential for improvement for each inefficient unit in order to provide useful managerial tools. This is presented as the percentage of change in each input or output variable necessary for the unit to become 100% efficient. It can have a positive or negative value, indicating whether the inputs or outputs are too large or too small to reach the optimal level. The potential improvement is calculated on the actual and target scores (the value of input or output that should be achievable by the sample and which would ensure a 100% efficiency) determined for each sample. The analysis of slacks for street food traders reveals a surplus of resources due mostly to the unsold rate of over 66% compared to the average. For farmers, however, it is necessary to decrease production cost and time not spent at market by at least one day. The slacks analysis for the outputs underlines as, for the street food traders, the product index should be increased, improving the offer quality.

Figure 4. Slack for inputs and outputs

Discussion and conclusion

This work aims at analyzing how outdoor market fruit and vegetable operators manage their unsold products and if this management can provide a competitive advantage. In theory, food waste generated over different phases of the food supply chain makes food operators’ costs increase whether in the performance of their core business in terms of production and distribution, managing waste and consequential costs of disposal. These higher costs reduce the operator’s efficiency and result in higher prices for the consumer (Bonomi and Ricciardi, 2017). And of course, company policy that does not keep track of the reduction of waste can worsen an operator’s assessment and reputation as the consumer always tends to maintain the phenomenon of wasting food as socially unacceptable.

This collective approach is made even worse by the period of transition we are in at the moment and which is characterised by the prospect of uncertain economic development that involves increasing members of the community (Bonomi and Ricciardi, 2017; Moggi et al., 2017). In fact, thanks to this report, operators working in the distribution phase are increasingly more aware of food waste issues and personally approach their customers. In fact, they show a greater ability to manage and control the phenomenon than the facts show and declare they do not need support and/or take part in programmes to reduce food waste because they don’t produce any. It is clear that retailers see the reduction of food waste as a problem of image rather than a problem of substance (Bonomi and Ricciardi, 2017; Moggi et al., 2017).

In the case of outdoor food markets, it has been shown that several retailers, namely Farmers and Street food traders have a different attitude towards managing unsold goods and consequent food waste. In fact, on one hand, farmers associate the definition of food waste to words like “reuse” and “unsold”, considering the possibility of using the unsold food differently at the end of the day, normally, by donating it or using it as fertiliser. Street food traders, however, associate the definition of food waste with the meaning of losing food anywhere along the food chain - not tending to donate unsold food or give discounts at the end of the market and not linking the concept to the opportunity of recycling or reusing (Peira et al., 2018).

In light of these considerations, this study highlights how careful management of unsold goods and consequential food waste can be a positive and competitive element for a company. In fact, based on the results achieved, the less food waste there is, the better the performance in terms of efficiency. This has been demonstrated by the different approach of farmers and street food traders in the Greater Torino market areas. In particular, the analysis showed that through their food waste management, farmers seem to reach greater performance compared to the traditional street food traders, contributing to the improvement in how competitive a company is and therefore greater efficiency of waste in the open air market. These observations suggest that the operators who manage different stages of the food chain i.e. farmers, are more aware of the natural cycles and also of the circular economy, and this results in better food waste management.

On one hand, these results seem to underline the importance of strengthening the connection between the local area, products and farming culture in order to improve the performance in terms of managing unsold and waste food. On the other hand is the need to get the different operators to work together in order to manage waste more efficiently.

In this last case, it would be useful if initiatives could be set up to change organisational habits i.e. standard collection of unsold goods aimed at improving performance in the market areas. In fact, collecting left over food which can still be used - especially fruit and vegetables - from the market areas can contribute to creating value. This is the case for individual operators, in terms of reducing costs or improving efficiency, but also for society as a whole in terms of reducing negative impact e.g. waste disposal and increasing positive impact e.g. boosting initiatives in favour of guaranteeing food security. This situation shows that unsold and unsaleable food, even though it has lost its commercial value at market, still has potential that allows it to maintain positive aspects in economic and social terms. An organisational structure that is able to connect all retailers i.e. farmers and street food traders, with all potential consumers seems necessary in order to improve the efficiency of the retail system thanks to advantages for everyone involved. The advantages can be identified in economic benefit, reduction in environmental impact and positive ethical-social effects.
Implications, limitations and future research

Literature about fruit and vegetable outdoor market operators and how they manage food waste has not yet been completely developed and so there are still some issues untouched. For example, to date there has never been an assessment on how competitive market operators are, which are identified as farmers and Street food traders in this study. The results obtained show that the awareness of the natural life cycles leads to greater respect for the circular economy concept that represents a useful element to increase competition between outdoor market operators.

The data collected, however, also revealed some limitations determined by the methodology applied, like the study's limited area, as in that this study evaluated a large Italian city and its surrounding area, the number of variables analysed, that tend to only be limited to certain aspects of the distribution and sales process i.e. as inputs “rate unsold” provision/production price “non-working days” and as outputs “sales price” “service index” “product index”. In the future, the research project will be oriented towards analysing other urban and suburban areas in Italy and the rest of Europe with the aim of comparing the dynamics concerning managing unsold goods and company efficiency in different geographical areas.

References


