

COMMERCIAL INTERACTIONS IN THE BUENOS AIRES CENTRAL WHOLESALE PRODUCE MARKET

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The Buenos Aires Central Wholesale Produce Market (BACWM) in Argentina supplies 1,500,000 tons of produce yearly to more than 11 million consumers and receives about 13,000 trucks a week from areas within and outside the country. This market faced global transformations with the emergence of supermarkets in the 1980s. Supermarkets started buying fruit and vegetables from wholesalers, but later dealt directly with producers. To understand the evolution of the relationship between wholesalers and supermarkets, this essay uses the concept of knowledge interface. The research question is how knowledge is transferred and negotiated between different kinds of actors, and how wholesalers and supermarket procurement managers negotiate conflicts and acquire knowledge. The relation between buyers and sellers involves different kinds of knowledge and power, and their interactions generate unplanned results. The negotiation between tacit knowledge embodied in the wholesalers and the knowledge about quality and logistics that supermarkets want in their procurements allows the actors to resolve problems. This social encounter is a clear example of how geographically distant actors (e.g., international supermarket companies) shape social processes, strategies, and actions in local settings. (Wholesale produce markets, knowledge interface, negotiation, Buenos Aires)

The analysis of wholesale markets is important for food studies because they have a key role in fresh produce distribution. Wholesale markets are a neglected issue in food studies despite some pioneering research (Cadilhon et al. 2003; de Raymond 2007; Dirven and Faiguenbaum 2008; Ghezán et al. 1999; Green 2003; Shepherd 2004). Also significant are studies that give attention to markets as social places where economic activities and cultural gender aspects are embedded (Bestor 2004; Clark 1994; Kapchan 1996).

Food and agriculture technicians (Densley and Sánchez-Monjo 1999; Dirven and Faiguenbaum 2008; Shepherd 2004) state that wholesale markets—adequately located, sized, and managed—are basic instruments for promoting competition, food quality controls, and improving public health. However, they add that wholesale markets in less developed countries did not adapt to the dramatic distribution changes that took place during the 1990s. According to

Shepherd (2004), such places need to develop full-service centers, logistic platforms, and quality and environmental certification in order to remain central in fresh produce distribution.

From an evolutionary approach, Green (2003) and Green et al. (2006), having analyzed different stages of European wholesale markets, have characterized the 1970s as the decade when these marketplaces moved from city centers to urban peripheries. During the 1990s, wholesalers faced challenges that forced them to go beyond resolving conflicts between supply and demand in a particular place and time. Wholesalers started selling fresh produce to new buyers such as supermarkets and fast-food restaurants, and some wholesalers even invested in different aspects of their service in order to keep supermarkets as their customers. But these changes did not affect all wholesalers equally. By using e-commerce distribution, traceability, quality certification, intermodal transport (truck–train, maritime–train, etc.), refrigeration, and environmentally friendly waste disposal, wholesalers and market managers around the world started to provide services such as scheduled deliveries, freshly cut produce, and exotic fruits and vegetables. Wholesale markets like Rungis near Paris and Mercabarna near Barcelona faced these challenges successfully, and are thus known as third-generation marketplaces (Green et al. 2006; Lechardoy 2006; Maymó 2003).

Since one cannot reduce the many strategies developed by wholesalers around the world to a single marketing aspect, Cadilhon et al. (2003) suggest looking at the role of wholesale markets in their own contexts. The authors point out that those in Rotterdam, London, Verona, and Paris developed strategies that vary appropriately, according to their country. In some European countries, wholesale markets have lost a considerable number of customers; in others, wholesaling fresh food is still important. Wholesale markets related to fast-food and supermarket chains in northern Europe have greater difficulty than southern European wholesale markets to innovate and consolidate with a variety of supplies and services than those in southern Europe.

Other authors consider that fresh produce wholesale markets have lost their importance in distribution because of supermarkets. By focusing on developing countries, many academics (Cook 2004; Dolan and Humphrey 2000; Gibbon 2003; Gutman 1997; Reardon et al. 2005) have attributed part of the diminished sales to supermarkets and their changes in fresh produce procurement. In the United States, for example, Cook (2004) points out that fresh produce wholesale markets have experienced price fluctuations because of speculative actions based on the variability of weather conditions, communication problems, and a lack of storage capacity demanded by the circulation and distribution of perishable products. Since demand and supply are unpredictable in these markets, more buyers are moving to seasonal or annual contracts. These contracts are mainly between large buyers (like supermarkets and fast-food companies) and growers,

who plan the supply of fresh produce according to particular qualities and price throughout the season of production or for the entire year in order to avoid price speculation. Such contracts in the long run may affect the viability of wholesale markets in the United States for the distribution of fresh fruit and vegetables.

The shift of supermarkets from relying on spot markets (particularly traditional wholesale markets and brokers) has been towards a growing use of specialized wholesalers. However, the type of supplier chosen for a given supermarket chain in a country, or between countries for a given product can differ (Berdegué et al. 2005; Hernández et al. 2007). For instance, in Brazil, Argentina, and Mexico, most of the supermarket chains continue to procure at least part of their needs from wholesale markets (Farina 2002; Ghezán et al. 2002; Schwentesius and Gómez 2002). This shows a resilience of these markets, where global and local practices are mixed and developed by multiple actors.

In this essay, we want to consider the Buenos Aires Central Wholesale Market (BACWM) of fresh fruit and vegetables as an expression of the global in local processes of sites of operations which are not dominated completely by the global spheres of influences and investment. Instead, they are constantly thrown into contests with discourses about efficacy, *techne*, and modernization.

Underlying all of this is a debate about efficacy of discourses of *techne*, that is, local ways of doing things and discourses of technoscience, that is modernization models of mediating the production, consumption, and circulation of food and orientation promoting a progressive social acceptance of the advantages of technology and institutional change. (Heath and Meneley 2007)

The BACWM, like any wholesale market, is not an expression of traditional ways of distribution. Its heterogeneities and diversities need a new approach to understanding complexity which goes beyond accounts that reduce social life according to traditional and modern ways of doing things. Here the local context, as a locus of transformation becomes an entangled space where the ethnographic characterization of knowledge and power overlap with local practice and global symbols of industrial production and distribution (see Heath and Meneley 2007).

The choice of the BACWM as the object of study is based on its importance in the distribution of fresh fruit and vegetables in Argentina. It supplies more than 11 million consumers, receives about 13,000 trucks a week from different areas within and outside the country, and moves more than 1,000,000 tons of produce a year. The BACWM is strategically located 12 km from downtown Buenos Aires, and is near Ezeiza International Airport and Río de La Plata Port. The market covers an area of 540 hectares, 210 of which are used for fresh fish, fruit and vegetables, and administration. The rest is reserved for future development.

To avoid generalizations like wholesale markets in less developed countries not being modern (Shepherd 2004), we mapped the cognitive and social

dimension of the practices of a group of buyers and sellers at the BACWM. The data collected through ten months of fieldwork has provided an understanding of a complex assemblage of people and market devices. That is, the ethnography is a contribution to food studies, and does not dispute the growing influence of large retailers in the fresh produce chain (cf. Gereffi 1994; Lazzarini et al. 2001), but it does suggest that this influence is not sufficient in itself to justify ignoring counterparts, like suppliers who have other ways of distributing fruit and vegetables (cf. Lockie and Kitto 2000; Marsden and Arce 1995). Thus, by exploring the interactions between wholesalers and supermarket procurement officers (employees of transnational companies who buy products according to specified requirements), this article attempts to open the “black box” of linkages between horizontal networks of people and vertical supply chains. (Those who sell their produce to wholesalers will hereafter be called growers, farmers, or ranchers. Those who buy from wholesalers, as for supermarkets, will be called agents or produce managers.)

The Actor-Oriented Approach (Long 2001) is used here to focus on social practices at the BACWM as a “stage in which the set, the actors, the actions, the theatre and even the audience are constantly under (re)construction” (Busch 2007). The “stage” is a useful metaphor to analyze the performance of the actors involved in produce distribution. This essay therefore moves from the description of products to how different actors build and reshape ways of distributing products. The focus here is on the relationship between wholesalers and supermarket produce managers by using the concept of interface (Arce 1993; Arce and Long 1992). The concept is useful to describe encounters between different “worlds of knowledge.” Consequently, the dynamic and complex relations at the BACWM can also be analyzed as interfaces of knowledge and power. The interactions between buyers and sellers at the BACWM are both face-to-face and “distanced” and crosscut different social domains, such as local and global (Long 2000). These encounters are full of social, cultural, and economic discrepancies between wholesalers and supermarket agents, and may involve different worlds of knowledge, such as quality requirements, seasons, and places of production. Supermarket representatives come to the transaction with their quality and logistic manuals, and wholesalers use their tacit understanding, information, and networks to deal with them. These encounters have unanticipated consequences. Negotiations include not only quality standards for fresh fruit and vegetables, but also knowledge and power, which are relational effects of interactions between actors (Latour 1986; Lockie and Kitto 2000; Arce and Long 1994). By assuming the perspective of the social actors, this article depicts how knowledge is transmitted and negotiated between buyers and sellers, and how knowledge and new ways of circulating produce emerge from the interactions.

FRESH FRUIT AND VEGETABLE DISTRIBUTION IN ARGENTINA

In the 1970s the distribution of fresh fruit and vegetables was dominated by wholesalers operating in 23 markets and warehouses. Eight of the 23 markets were in Buenos Aires City, while the rest were in the suburbs. Due to a lack of space, most of these markets were moved to other locations. Besides logistic disadvantages, it was necessary to reduce the ineffective process of price negotiation, the low level of commercial transparency, and poor access to information. For these reasons, the Buenos Aires Central Wholesale Market was built and opened in 1984.

The goals of the new market were to reduce retail produce prices, raise farm prices, and increase price transparency in transactions. In order to assure price transparency, the project had to concentrate products, buyers, and sellers in one facility. Thus, the government established a 60 km perimeter of competitive protection for the new wholesale market, and public and private commercial activities were banned in that zone.

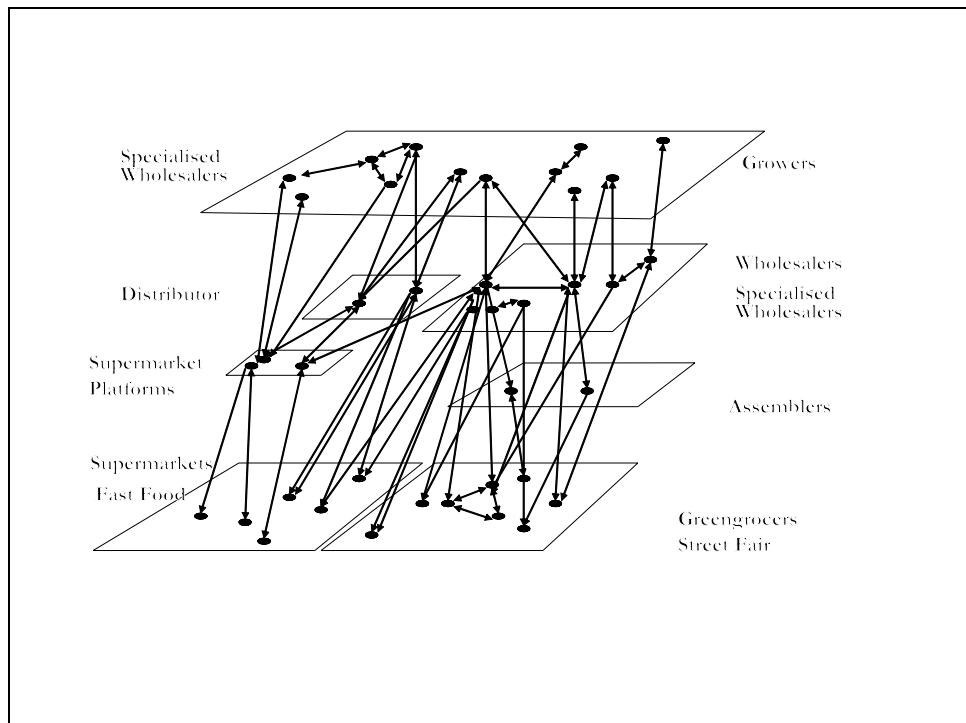
Until the 1990s, most sales of fresh fruit and vegetables in Argentina were carried out by ranchers, wholesalers, and retail assemblers. Growers sold their products to wholesalers, who charged a commission for selling the produce to shops. The growers were also able to sell directly in the wholesale market and some of them even became wholesalers. To a lesser extent, farmers sold directly to consumers via street fairs in some large cities. Finally, in spite of the 60 km perimeter protection area surrounding the BACWM, there were sellers operating there, buying from growers and selling to retailers in small towns.

Wholesalers frequently assembled, sorted, and graded their produce in order to sell them to their main clients: retailers (grocers, stall-holders at street markets and at municipal fairs), other wholesalers, brokers, assemblers, and institutional users. After prices had been determined, wholesalers paid their suppliers. So, vertical wholesalers' relationships were based on the supply and demand of products at the market place. Although wholesalers did not consider themselves a corporate group, they did exchange merchandise among themselves when in need or a good deal.

When wholesalers were starting their business at the new BACWM, supermarkets began to appear in Argentina. At first, wholesalers took charge of providing fresh fruit and vegetables to supermarkets, and the net-chain was not transformed until the supermarket expansion in the 1990s. Some wholesalers started to invest in logistics and services to meet the strict requirements of the supermarkets. They organized their own networks of suppliers more systematically than in prior years in response to the seasons of products. Hence, they had to deal with growers in different geographic areas. In addition, some of them started to integrate primary production and improve their logistics (such as

computer systems) to become independent of other suppliers. In addition to the few who became specialized wholesalers, new actors, such as distributors, became involved in supermarket procurement demands. These distributors received and provided fresh food to supermarkets and other food chains (Ghezán et al. 2002; Gutman 1997, 2002). The expansion of the networks created a more complex produce distribution (see Figure). With the new actors, there was a rise in direct sourcing facilitated by specialized wholesalers, growers, or distributors.

Figure



Based on Lazzarini et al. model (2001)

These transformations brought about a concentration among wholesalers. Nowadays, 30 percent of the value sold at the BACWM belongs to 5 percent of wholesalers, showing that a few (7 percent) sell to large buyers such as supermarkets or fast-food restaurants. The value of business of these specialized wholesalers was over two million Argentinean pesos (€400,000) a year (MCBA 2007), with more than 700,000 produce crates alone at the BACWM. This is six times the average volume of the BACWM. Other wholesalers (those not able to meet new customer requirements) searched for alternatives to the new and

multiple ways of distributing fruit and vegetables to greengrocers. Some wholesalers went bankrupt, but continued working as vendors or greengrocers, thereby showing a certain resilience.

The expansion of supermarkets and a flow of immigrants working in production, wholesaling, and retailing, created profound changes and different logics of supply (Feito 1999). Supermarkets and immigrants generated new social networks in the BACWM. While wholesale activity was the central point of produce distribution in the 1980s, supermarkets started to take command through quality protocols and formal agreements with suppliers in the 1990s. Supermarkets made innovations in their fresh food supply by implementing technological, organizational, and institutional initiatives in the mid-1990s. They centralized procurement to a distribution center to serve several stores in a district or region. This required an investment in warehouses, information technology, and chain management. By using distribution centers and logistic platforms, supermarkets solved different supply needs, such as transport and labor costs, information flows, inventory, management across diverse locations (transporting/shipping, storage), merchandise losses, and theft, and they concentrated decision making at purchase centers. Centralization increased efficiency of procurement by reducing co-ordination and other transaction costs, but it increased transportation costs due to the extra movement of products (Gutman 2002; Humphrey 2007).

Supermarkets adopted an organizational innovation by shifting a reliance on spot markets (e.g., the BACWM) to using specialized wholesalers (Reardon et al. 2005). These wholesalers specialized in a few products determined by supermarket demands, and invested in logistic facilities for a consolidated supply throughout the year. Until 1995, supermarkets used to buy 90 percent of their produce at the BACWM and then restricted their suppliers to a few specialized wholesalers. They started buying produce such as potatoes, tomatoes, apples, and lemons directly from growers, bypassing wholesalers. Since some products come from small farms, wholesalers still play an important role in supplying supermarkets (Gutman 1997). Nowadays supermarkets use a hybrid system of procurement, combining provision from growers and specialized wholesalers (de Raymond 2007).

Supermarkets implemented their own quality and safety standards which coordinated supply chains by standardizing product requirements. Since quality is determined by simple criteria such as color, size, and presentation, supermarket agents focus on logistics rather than taste, freshness, or texture. These changes in marketing strategies have affected relations with suppliers. The following section attempts to describe these changes.

SELLERS AND BUYERS

Some of the wholesalers interviewed pointed out two stages in their relationship with supermarkets. Initially, supermarkets were their best buyers. At the end of the 1980s, with an excess of fruit and vegetables in the market, everybody looked for customers who could buy a large quantity of their products, and supermarkets were then ideal buyers. At first, supermarkets were not interested in high quality products or special services, such as deliveries, and followed the wholesalers' rules of the game. Thus, every wholesaler was able to sell a variety of products to supermarkets. One of the wholesalers interviewed related:

It was like having a fiancé [i.e., the supermarket agent] who traveled to somewhere far away, and either fell in love with someone else or died. . . . If somebody asked me about her I would have said "she died." I'm not planning to sell those large amounts of merchandise to supermarkets any more. I have a hernia, diabetes, I'm 50 years old, and I don't want to receive less money than agreed to [referring to supermarkets' deductions or discounts].

Many wholesalers fell in love with supermarkets in the 1990s. Everybody wanted to sell their products to supermarkets, but soon most of them went bankrupt. This was because they were beginning to jeopardize their productions by investing in facilities like greenhouses or making agreements with growers by giving some inputs to assure supermarkets to be their main buyers. Then, suddenly, without previous notice, supermarkets decided to buy directly from growers. Since many wholesalers supplied supermarkets in the beginning, the former opinion is heard frequently at the BACWM. When supermarkets changed their sourcing strategies in the mid-1990s, several wholesalers were no longer able to sell them produce. Also, the wholesaler's comment shows how, after attempting to have supermarkets as his main buyers, he feels that he invested everything and received nothing in return.

Many wholesalers who lost supermarket customers criticize the purchase conditions and rules they imposed. They call supermarkets "deceitful lovers," and use "death" to refer to the end of their business relationships with them. They blame supermarkets for their loss of power in produce distribution, because supermarket procurement managers prefer to deal with growers or specialized wholesalers for the economies of scale. Similar feelings are expressed by some specialized wholesalers who retain supermarkets as their main buyers. One of them uses football (i.e., soccer) as a metaphor to explain his commercial transactions with supermarkets:

Supermarkets are the Maradona [a famous Argentine football player] of fruit and vegetables. Once, a well-known supermarket chain went to my partner [a Uruguayan oranges grower] trying to avoid me as a nexus. And they did it successfully. Consequently I lost my minimum

commission from the grower. What could I do? I continued my business with supermarkets but under [less profitable] conditions.

This wholesaler lost his supermarket account because the purchasing agent was able to contact his supplier directly. However, some wholesalers have shown a capacity to constitute their supply network and maintain supermarkets as their main buyers. These wholesalers started to integrate primary production, make agreements with other growers, and invest in logistics and facilities to become important suppliers to supermarkets—transformations linked with the wholesalers' relationship with supermarkets.

The case of Mr. S, 45 years old and owner of five firms, illustrates the evolution of this interface of knowledge. Firm one supplies fresh produce to restaurants, hotels, caterers, and institutional cantinas; firm two specializes in producing, packaging, and distributing the vegetables of 20 farms; firm three ships fresh produce; firm four packs and distributes various products of the firms; and firm five, the mother firm started in 1984 at the BACWM, does wholesaling. At the wholesaling level alone, these enterprises move around \$12 million of merchandise a year (€3 million in 2006) (MCBA 2007). Mr. S explains his start in Argentina:

I was born and grew up in Calabria (Italy) and I have lived in Argentina for almost 25 years. I have been working in this activity since I arrived here. I have been able to overcome the different Argentinean economic crises, but each of these crises caught me in a more risky position. The last one was particularly painful and I don't think that I will ever forget it. I just wish that this will be the last one that catches me.

Mr. S is passionate about marketing fresh fruit and vegetables. When he began work as an employee in an old wholesale market in Buenos Aires City in 1982, he invested in five greengrocers, showing an innovative profile. In 1984, when wholesalers were forced to move to the new BACWM, he decided to start with his own stall there. He believes that this experience helped him to rise to a new business stage, such as a supermarket supplier or a specialized wholesaler. He remembers his first meeting with Horst Paulmann, the owner of Jumbo, a Chilean chain retailer who settled his business in Argentina in 1982:

I had been working at the new wholesale market [the BACWM] for 12 months, when one day . . . I saw Horst Paulmann and his team walking around. Paulmann asked me: "How could we have better fruit in our supermarket stands?" At that time [1985] nobody wanted to sell fresh produce to supermarkets. We had bad experiences with the first ones [when former supermarket owners went bankrupt]. We were in the era of street markets and municipal fairs. Nobody wanted to choose supermarkets as main clients. But I thought that consumers were starting to like going to supermarkets because supermarkets allowed them to choose their own items. Supermarkets were clean, new, and attractive places to buy, thus I thought this was a good moment to supply

supermarkets. So, I offered to bring him fresh produce every day including Sundays. That was the way I started to work with [him].

Mr. S realized that supermarkets were going to change Argentine fresh fruit and vegetables retailing and he wanted to be one of the first suppliers. With supermarkets he made formal contracts, enhancing his capacity to negotiate more effectively and become an important player in supermarket procurement. He explained how he improved his relations with supermarkets, by involving others:

Jumbo had difficulties finding good and fresh vegetables on the weekends because the BACWM is closed Saturdays and Sundays. Thus, I thought that they needed to buy produce that was harvested the same day in order to offer fresh vegetables in optimal condition. We made a big effort to convince growers to work weekends. Farmers didn't want to be supermarkets' slaves. I was in charge of the weekend supplies, distributing our vegetables to their stands. I have worked for 20 years that way, developing along with the supermarkets' growth.

His experience points out that supermarkets not only created new demand, but also reshaped the relation between supply and demand. Thus, the first stage of the relationship between supermarket procurement buyers and wholesalers was a win-win situation. Both were developing and needed each other. Mr. S, like other wholesalers at the BACWM, started to buy from different regions and to integrate primary production. Consequently, his enterprise diversified into activities such as packaging, transport, quality control, new products (imported fruit), refrigeration, etc.

Like a few other wholesalers, Mr. S focused on added value and full service to maintain his ties with supermarkets and to increase his business. He was able to make arrangements with farmers to improve their production, especially with regard to vegetables. This created networks of interaction and exchanges of knowledge in which competitive and co-operative relationships were developed. For instance, specialized wholesalers competed for good technical consultants to gain an advantage over other supermarket suppliers. But they also created co-operative relations with a few wholesalers, asking them for their products in order to fill some particular supermarket order. Fruit became an export item before the supermarket expansion, so supermarkets bought directly from the export companies, which also have stalls or franchises at the BACWM.

In the 1990s the increasing sales of supermarkets allowed them to surpass wholesalers and buy directly from growers. By doing so, and becoming highly valued buyers, they changed the power relationship. Although supermarkets still had to rely on wholesalers for some fresh produce, wholesalers started to miss their previous power position, but they continued doing business and exchanging knowledge and information with supermarket buyers. Despite this relationship of mutual learning and development, wholesalers never recognized supermarkets

as partners but rather as competitors. According to wholesalers there are no intermediate situations, there are only agreements or disagreements. Consequently, Mr. S explains his selling to supermarkets by asserting that supermarkets did not do things well, whereas he did:

In the beginning we invested in logistics, new varieties, transport, and presentation in order to improve our offerings with different supermarket companies. We also produced under norms of low environmental impact. However, supermarkets were not interested in this way of producing. Because they did not want to depend on us, they refused to have consumers know our brand and become loyal to it.

Even though his disappointment with supermarkets is considerable, Mr. S still sells to them because they buy a lot of merchandise. Other wholesalers who continue to sell to supermarkets do not show signs of frustration. One of them prefers selling them his products based on a long-term agreement. He defines himself as an entrepreneur who supplies to supermarkets:

The BACWM is only a reference price to me. I can do business either above or below the average BACWM price. Small retailers come and ask prices. Then they leave and return and ask again. . . . Some of them come at the end of sales in order to get the best price, but also the worst quality. I prefer the strategy of supermarkets or fast-food chains [i.e., flat, long-term rates or prices]. That is why we sell only 10 percent of our supply in the BACWM.

This wholesaler had the opportunity to change from a price structure based on supply and demand linked with climatic conditions and speculation, to uniform prices and weekly or long-term agreements. Nonetheless, he still does business at the BACWM, combining the “economy of homogeneity” (supermarkets) with the “economy of variability” (de Raymond 2007). There are different concepts of doing business at the BACWM. The different strategies of wholesalers define customer relations and competitive spaces. Although every specialized wholesaler complains about supermarkets’ promotion strategies, they all try to reach an agreement because of the supermarkets’ ability to buy in large volume.

Although Mr. S uses the strategy of diversification, and knows that supermarkets are important buyers, he insists that procurement managers do not know enough to manage fresh fruit and vegetables. They only know about profits. In his passionate way of seeing, Mr. S explains the disadvantages of keeping supermarkets as main buyers:

The “inefficiencies” of supermarkets are always transferred to us. Their employees know only about numbers [i.e., economic benefit, without considering loyalty or quality]. They know nothing about marketing. They always deduct a percentage of cost [volume of sales, logistics, etc.] from your bill since they give you the opportunity to supply them. Do you understand? Also, you have to add the financial part. You always have to wait 90 or 190 days for them to pay you. In

addition, if they are not able to sell your products, they discount part of the volume of product in the next purchase.

Although according to Mr. S selling produce to supermarkets is a losing proposition, specialized wholesalers continue in business because they have invested in human resources, primary production, logistics, and facilities in order to satisfy supermarket demands. The case of Mr. S illustrates how wholesalers have faced problems with supermarket purchase agents who have different and divergent understandings of how to deal with fresh food. Both try to diminish costs and increase profits from their transactions, but wholesalers have their own experiences and codes, while supermarket agents try to introduce their logic of buying in order to achieve the goals of international retailers. In other words, wholesalers are able to combine their local knowledge with hegemonic and global actors such as supermarkets. Although supermarket agents and wholesalers are not partners, they are frequently able to adjust their experiences in order to overcome disparities and incompatibilities (cf. Blanco 2007).

Wholesalers sell to supermarkets over the phone or on the Internet, but some procurement officers prefer going to the BACWM to see the products offered, talk to stall retailers, meet each other over drinks, and, of course, do business. The supermarket procurement officers at the BACWM stand out from all others because they usually wear white shirts and walk around with a folder in their hands. Nonetheless, they are not easy to reach. The following statements from a civil servant and a wholesaler, respectively, show the image they project there.

C.S.: They make their orders on the phone or by email. They are difficult people. You can't talk to them. Nowadays they are yuppies. One of the most famous ones, who used to buy produce for supermarkets, is now working for a fruit export company. You can see him at the company stall. He is a very arrogant man. Go and contact Valenciaga [one of the employees of a large supermarket chain] and tell him that he is God. He invented fresh fruit and vegetables.

W.: Then tell him that somebody at the BACWM says that the policy of supermarkets is destroying middlemen. Their motto is that it is better not to make alliances since there are too many suppliers who want to sell products to supermarkets.

Although from the perspective of wholesalers and civil servants supermarket procurement officers are inaccessible people, we interviewed several. One from a mid-size supermarket company explained:

We used to buy at the BACWM [in 1985], but nowadays we buy products that are concentrated in particular geographic areas, such as potatoes, citrus fruit, or apples, directly from growers. . . . This way of supplying allowed us to reduce our freight costs and bulk-breaking. Hence, we did the same with other products, surpassing middlemen in other products in bypassing.

This purchase agent showed how they tried to increase profits by bypassing wholesalers. However, wholesalers had integrated primary production to improve their position as supermarket suppliers. Now these wholesalers sell to supermarkets from their own packaging plants or orchards, and occasionally supplement deliveries from their wholesale stalls. Therefore, supermarket procurement officers do not use so-called “traditional” wholesalers as their main suppliers, but they insist that they have given wholesalers and growers opportunities to develop their businesses. For example, some said:

We gave lots of opportunities of growing to producers or middlemen. My objective was to construct a relation of confidence with them. This business needs win–win relationships. If I don’t have suppliers, I don’t have any product. If I don’t have any product, I can’t sell anything. I don’t understand suppliers who always complain about the policy of supermarkets. They have increased their business thanks to supermarkets. When we started to be supplied by wholesalers, they used to bring products in returnable packaging without pallets. . . . The unloading was done by hand. This increased costs and caused damage to the merchandise. Once I said to a wholesaler, who is one of the largest now: “I will stop buying from you if you don’t improve your way of supplying. . . .”

The complex process developed by wholesalers and supermarket agents is a confrontation of different kinds of knowledge and points of view regarding produce distribution. This allowed them to learn from experience and from their desire to make profits. Through these transformations or negotiations, they were able to understand their differences on distributing produce and visualize different trajectories to achieve their goals (cf. Callon 1986). Indeed, both changed, having acquired new knowledge by exchanging their tacit and explicit knowledge.

Supermarket procurement officers’ discourses are linked to rational ideas of efficient performance and economic profit, but they also face challenges. For instance, supermarket mergers and acquisitions by foreign enterprises like Carrefour, Jumbo, Ahold, Walmart, Makro, and Casino threatened the agents’ employment in the 1990s. Consequently, those who worked for large retailers competed to be more successful than others in case the firm was sold. Most of them knew that their advantage lay in their tacit knowledge and relationships. Regardless, experienced procurement officers have been replaced by younger inexperienced ones, and some of the older ones now work for different fruit companies.

Most supermarket procurement agents who changed jobs did so for a variety of reasons, such as the unemployment brought about by the new mergers or acquisitions, the pressure exerted by the new employers who push buying on the basis of price rather than on quality, requiring work on weekends. They found that working for supermarkets was increasingly difficult. Some of the reasons for

this are less national supply and more competition (greengrocers, Chinese supermarkets, etc.) than in the 1990s, and that there is less profit than there was ten years ago. Supermarket managers now care less about their produce and have even reduced personnel in that sector. Even worse, supermarket procurement officers say they operate under unequal conditions because greengrocers pay less taxes than they do.

Although the BACWM is a traditional marketplace, supermarket procurement officers still visit it more than once a week. They do so to check prices, the quality of products, and exchange information about new products or harvest conditions in different areas. Both the supermarket agents and wholesalers interviewed agreed on the important role of the BACWM as a place to obtain price references and establish personal relationships. One of the procurement officers interviewed pointed out:

The market [the BACWM] is an unlimited daily and permanent source of information. It is like a thermometer of fresh fruit and vegetable production and commerce. Although most of the national production does not pass through the Buenos Aires Central Wholesale Market, it is still a price reference market. Nevertheless, the price formation process at the [BACWM] is irregular and fluctuating. If you are a farmer and know your production costs and yields, it will be better to have a contract with flat and long-term product prices. If you are a grower and you send your products to wholesale markets, you won't know how wholesalers sold them. So, if I were a grower, I would make agreements outside the wholesale markets.

From what supermarket procurement officers say, it seems that selling to them is the best option for growers who want to avoid speculative transactions at traditional wholesale markets. Still, everyday practices show another reality. Even though wholesalers agree to negotiate prices according to production and logistic costs, they disagree with the strict quality requirements that do not allow them to negotiate in terms for perishable products. Despite this, the interface between wholesalers and supermarket agents can reshape competitiveness (Marsden et al. 1998).

CONCLUSIONS

This article suggests that wholesale markets need to be studied from perspectives which explain social practices beyond binary relations like modern/traditional, global/local, or empirical/abstract. Supermarket procurement officers and wholesalers are two sides of a commercial transaction. Supermarkets need fresh fruit and vegetables, and wholesalers know from experience how to provide these perishable items. Their negotiations involve conflicts and different kinds of knowledge that include the tacit knowledge of wholesalers with many years'

experience versus the manual knowledge about quality and logistics of the supermarket agents.

The negotiations between wholesalers and supermarket representatives connect their strategies and draw on existing knowledge repertoires to absorb new information. By doing so, the actors have a process of knowledge acquisition, utilization, and transformation (Arce 1989; Arce and Long 1994; Long 1989; Long and Villarreal 1993). On the one hand, wholesalers have proved their capacity to learn and adapt to competitive pressure by entering a network of farmers, wholesalers, agronomists, greenhouses, warehouses, etc. On the other hand, supermarkets have introduced new patterns of technological, organizational, and institutional innovations, which is knowledge from multiple locations (Currah and Wrigley 2004).

The encounters between supermarket procurement officers and wholesalers clearly show how geographically distant actors like transnational supermarkets shape social processes, strategies, and actions in local settings through a knowledge exchange between buyers and sellers. Supermarkets reconfigured the supply/demand relationship in the fresh fruit and vegetable net-chain, implementing their own logistics and quality criteria. When supermarkets started to rely on a few large suppliers to reduce costs, it negatively affected many wholesalers who were not able to meet the new supermarket requirements. Other wholesalers combined the logic of the homogeneous conditions of supermarkets with the economy of variability developed at the BACWM and were able to overcome the strict supermarket rules. They show a capacity to adapt to diverse circumstances and can be both modern and traditional wholesalers at the same time.

Despite the wealth of supermarket facilities and the transmission of tacit (and codified) knowledge through telephone calls and computers, face-to-face social interactions between buyers and suppliers is required, and through personal relationships developed at the BACWM supermarket procurement officers transfer knowledge when negotiating with local counterparts. Studying the relationship between buyers and sellers ethnographically facilitates understanding by focusing on how various and multiple exchanges take place at wholesale markets and clearly describes why they have remained important localized sites of operation for distribution of fruit and vegetables. This research has moved from a simple linear cause-and-effect explanation to a constructivist mode of analysis.

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