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Fondo Europeo Agrícola
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JUNTA DE ANDALUCÍA
Consejería de Agricultura y Pesca

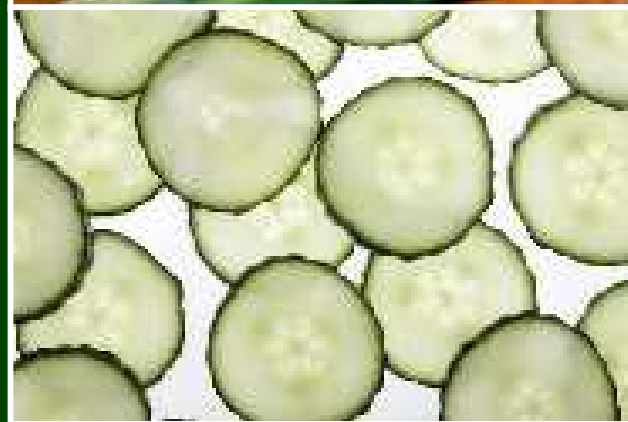
Study on cucumbers value chain. Season 2008/2009



For further information:

Observatorio de Precios y Mercados
www.juntadeandalucia.es/agriculturaypesca/obsprecios

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OBJECTIVE

The main objective of "Study on cucumbers value chain" is to increase transparency in the food market. This is done through the knowledge of the mechanisms of price formation, costs and profit margins at each point in the distribution. For this purpose, an analysis of the main marketing channels of cucumbers grown in greenhouses in oriental Andalusia for the Spanish market has been carried out.

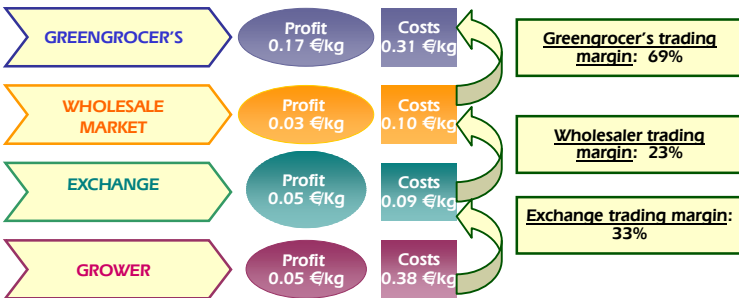
Traditional marketing channel



It is the predominant channel in the Spanish market and accounts for 48% of total demand by households. Class 1 and 2 cucumbers in bulk, selected in the farm in returnable packaging are the specific marketed product in this channel.

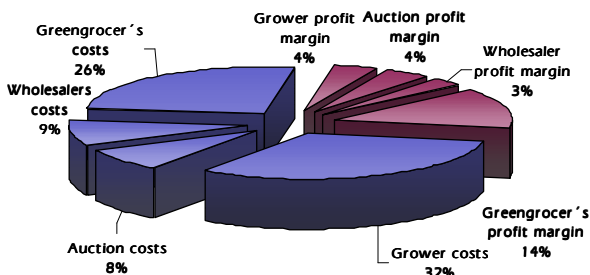
Prices, Costs and margins in the traditional marketing channel of cucumbers

Greengrocer's price. VAT not included (4%): 1.18 €/kg



Grower's price: 0.43 €/kg

Participation of the links in the recommended retail price



Trading margin: Percentage increasing the purchase price between two links.
 $TM = \frac{(\text{Sale price} - \text{purchase price})}{\text{purchase price}} * 100$

Profit margin: Result of discounting the mark-up costs incurred in marketing.
 $PM = \frac{(\text{sale price} - \text{purchase price} - \text{costs})}{\text{purchase price}} * 100$

Modern marketing channel



The modern marketing channel is the second channel of national significance (it represents 43% of the demand). Class 1 cucumbers packaged in classified bulk or in packaging for the final consumer are marketed through this channel. Cucumbers are standardized and packaged in the horticultural centre.

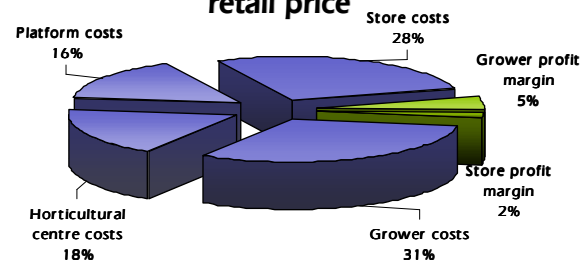
Prices, Costs and margins in the modern marketing channel of cucumbers

Supermarket price. VAT not included (4%): 1.21 €/kg



Grower's price: 0.44 €/kg

Participation of the links in the recommended retail price



- The dimension of vegetables operators in origin is reduced. As demand is concentrated, a higher concentration in origin would allow to increase their bargaining power.
- In the past seasons, some initiatives have been developed in order to boost the integration of horticultural companies in origin.
- The types of cucumbers marketed in each marketing channel are heterogeneous. Pickling cucumbers are the main marketed cucumbers in the Spanish market.
- There is a trend towards increased vertical integration in the value chain in order to reduce the number of operators, especially in the modern marketing channel.
- The trading margin of cucumbers in the traditional marketing channel is lower than in the modern marketing channel due to lower distribution costs.
- The total profit in the traditional marketing channel is higher than in the modern marketing channel due to the intervention of a greater number of operators in the first channel.
- The unit profit obtained by greengrocers is greater than the one obtained by supermarkets in the modern marketing channel.