



Unión Europea
Fondo Europeo Agrícola
de Desarrollo Rural



Study on tomatoes value chain. Season 2008/2009



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OBJECTIVE

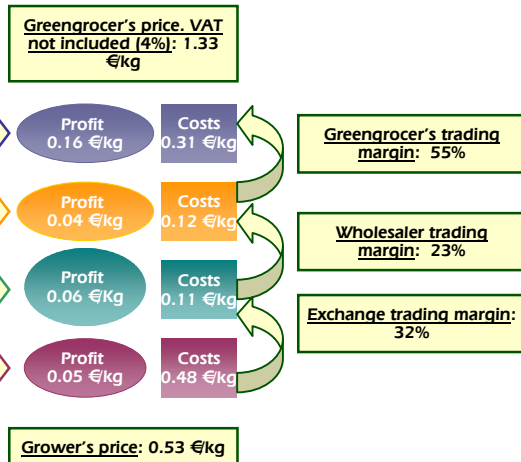
The main objective of “Study on tomatoes value chain” is to increase transparency in the food market. This is done through the knowledge of the mechanisms of price formation, costs and profit margins at each point in the distribution. For this purpose, an analysis of the main marketing channels of tomatoes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

Traditional marketing channel

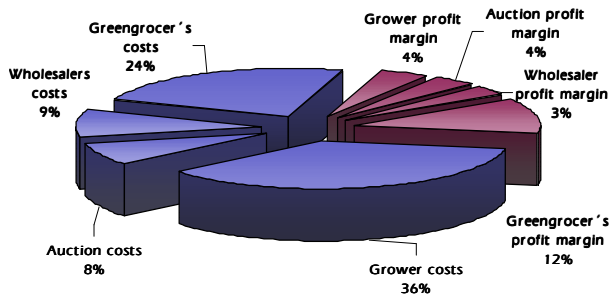


It is the predominant channel in the Spanish market and accounts for 53% of total demand by households. Class 1 and 2 tomatoes in bulk, selected in the farm in returnable packaging are the specific marketed product in this channel.

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



Participation of the links in the recommended retail price



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

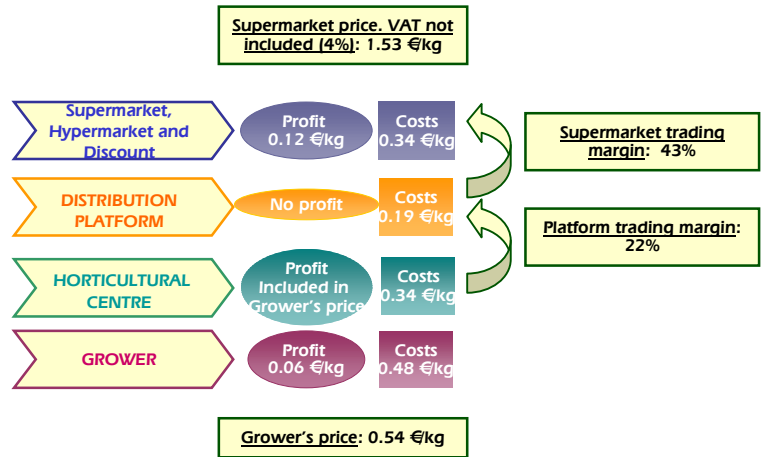
Profit margin: Result of discounting the mark-up costs incurred in marketing.
 $PM = ((\text{Sale price} - \text{purchase price} - \text{costs}) / \text{purchase price}) * 100$

Modern marketing channel

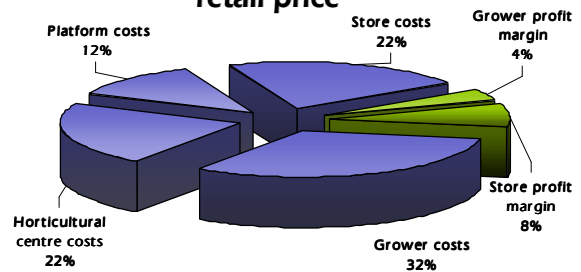


The modern marketing channel is the second channel of national significance (it represents 35% of the demand). Class 1 tomatoes packaged in classified bulk or in packaging for the final consumer are marketed through this channel. Tomatoes are standardized and packaged in the horticultural centre.

Prices, costs and margins in the modern marketing channel of tomatoes



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 importance and specialization of exchange markets where tomatoes standardized in the farm are sold at auction can be highlighted.
- 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 tomatoes in the traditional marketing channel is lower than in the modern marketing channel due to lower distribution costs.
- The unit profit obtained by greengrocers is greater than the one obtained by supermarkets in the modern marketing channel as a direct consequence of its management model.