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Consejería de Agricultura y Pesca

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The value chain in the Spanish tomato industry. Crop year: 2009/2010

Europa
invierte en las zonas rurales

Objective

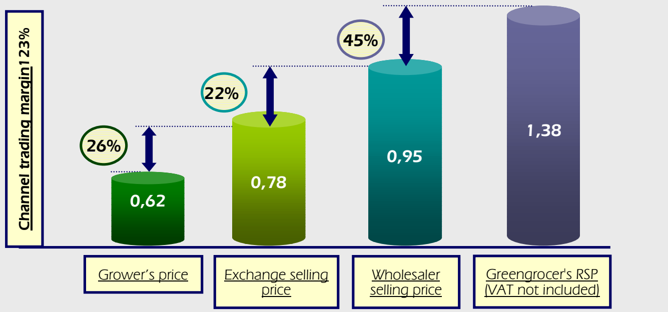
The Regional Ministry of Agriculture and Fisheries of Andalusia has developed, since 2006, some actions aimed at increasing transparency and information about price formation and the functioning of the Andalusian agricultural products' market.

This study on protected horticultural products analyses the results of the value chains of the six main products: tomatoes, peppers, cucumbers, courgettes, aubergines and green beans grown in greenhouses in the province of Almería for the Spanish market between 2009 and 2010.

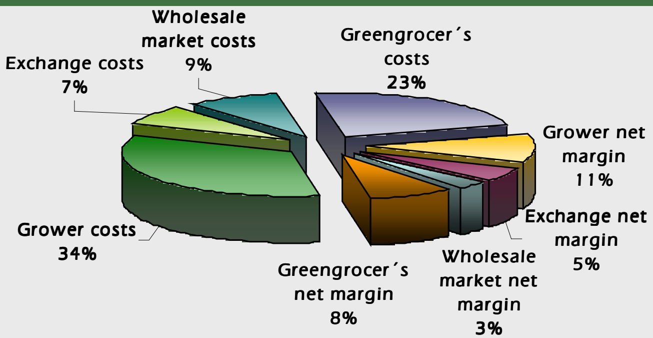
Prices, Costs and profits in the traditional distribution channel

The marketing of vegetables in Spain, unlike in other Central European countries, is characterized by the importance of the distribution through the traditional channel compared to the modern channel.

	Grower	Exchange	Wholesale market	Greengrocer´s
Profit €/Kg	0,15	0,07	0,05	0,12
Costs €/Kg	0,47	0,09	0,12	0,31



Share of the different links of the chain in the RSP*



Net margin or profit: Result of discounting the mark-up costs incurred in marketing de descontar al margen comercial los costes generados en la comercialización. PM=((sale price – buying price - costs)/buying price)*100

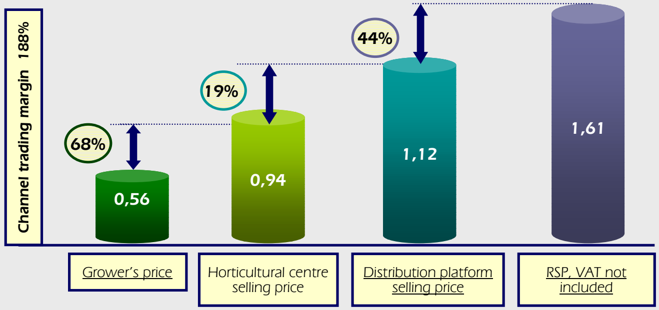
* Retail Selling Price, VAT not included

Prices, Costs and profits in the modern distribution channel

Supermarkets and hypermarkets are considered the organized retailers with the greatest representativity in tomato sales volume at national level.

Prices, Costs and profits in the modern distribution channel

	Grower	Horticultural centre	Distribution platform	Supermarket Hypermarket
Profit €/Kg	0,09	Grower´s profit included	Shop´s profit included	0,14
Costs €/Kg	0,47	0,38	0,18	0,35



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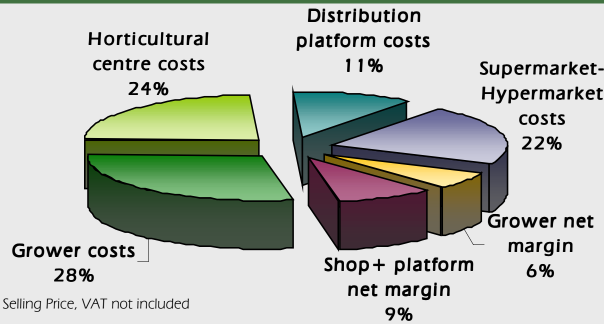

* Retail Selling Price, VAT not included

Conclusions

1. In the 2009/10 crop year, a 7% decrease of the area cultivated of tomatoes took place while production decreased by 8%.
2. In both channels, the greater costs fall in the production link. Tomato production and marketing costs represent between 73% and 85% of the retail selling price, VAT not included, for the traditional and modern distribution channels respectively.
3. The economic crisis requires a model of low prices; a fact that leads to the improvement of the economic efficiency of processes, reducing marketing costs in each link.
4. Marketing costs in origin are expensive in the modern distribution channel due to the handling and packaging processes carried out in the horticultural centre, which represents 24% of the retail selling price, VAT not included.
5. The profit in the greengrocer's, of about 8%, is very similar to the profit of the organised retailers, which represents 9% of the retail selling price, VAT not included.
6. Grower's prices in both channels cover tomatoes production costs.
7. Neither distortions in the market nor an excessive profit in any link involved are detected in the two channels analysed.