



The value chain in the Andalusian peppers market. Crop year 2010/2011

For further information:

Observatorio de Precios y Mercados
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Objective

The Observatorio de Precios y Mercados (Andalusian Observatory for Agricultural products Prices and Markets) has published since 2006 the value chains of the major vegetables under glass.

The update of the value chain in the Andalusian peppers market during the 2010/11 crop year aim to continue providing the market greater transparency and improving the knowledge on marketing chains.

Trade margin: difference between the sale price of a link of the distribution channel and the price it paid for the same good (it is expressed in %).

$T.M. = ((\text{sale price} - \text{purchase price}) / \text{purchase price}) * 100$

Net margin or profit: Result of discounting the mark-up costs incurred in marketing from the trade margin.

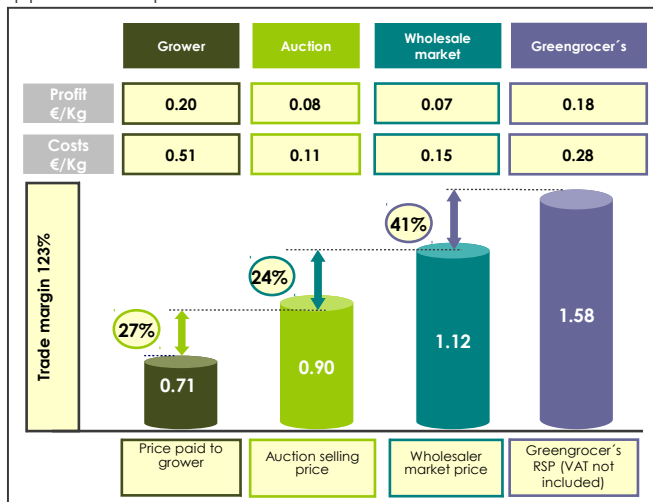
$N.M. = ((\text{sale price} - \text{purchase price} - \text{costs}) / \text{purchase price}) * 100$

Traditional distribution channel

Prices, Costs and Margins

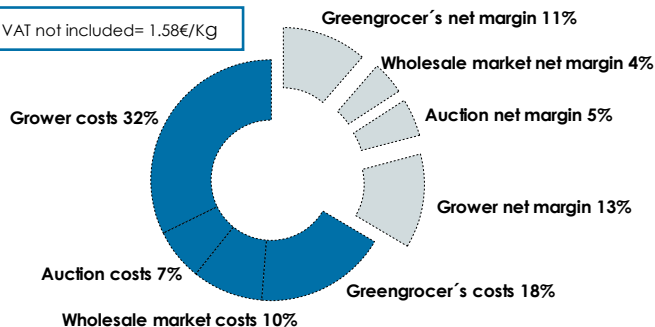
The marketing of vegetables in Spain, unlike in other Central European countries, is characterized by the importance of the distribution through the traditional channel compared to the modern channel.

The traditional retailer represents 46% of the consumption of peppers in the Spanish households.



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

RSP, VAT not included = 1.58€/Kg

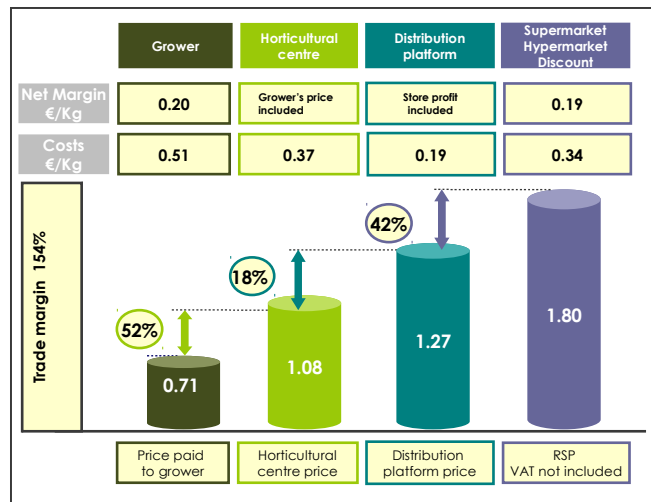


*RSP, VAT not included

Modern distribution channel

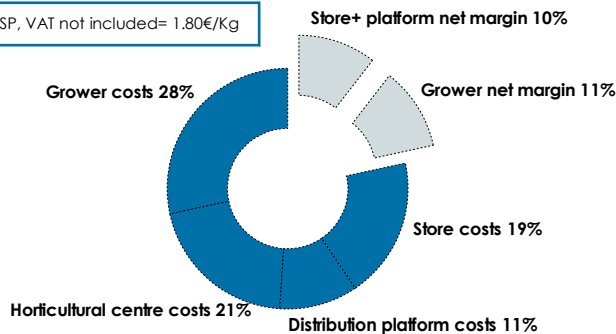
Prices, Costs and Margins

Modern distribution represents 43% of the Spanish peppers consumption in households. Supermarkets highlight with a 27%. Hypermarkets and discounts have a 8% share.



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

RSP, VAT not included = 1.80€/Kg



*RSP, VAT not included

The increase in the consumption of pepper in households of 5.5% in volume and 0.3% in value is due to a context of a lower **spending power** of families. They have returned to a traditional or Mediterranean diet, cheaper and healthier, in which vegetables are basic. The actions carried out by retailers influence numerous factors in origin such as the quality, size, product commercial varieties, prices, packaging formats, etc. as a result of **new patterns of consumption** and the organised distribution strategies.

There is a general **shifting of the Spanish traditional model** in which fruits and vegetables are purchased in the traditional shop and an approach to the European model where the majority of purchases of fresh products take place at points of sale of the organized distribution.