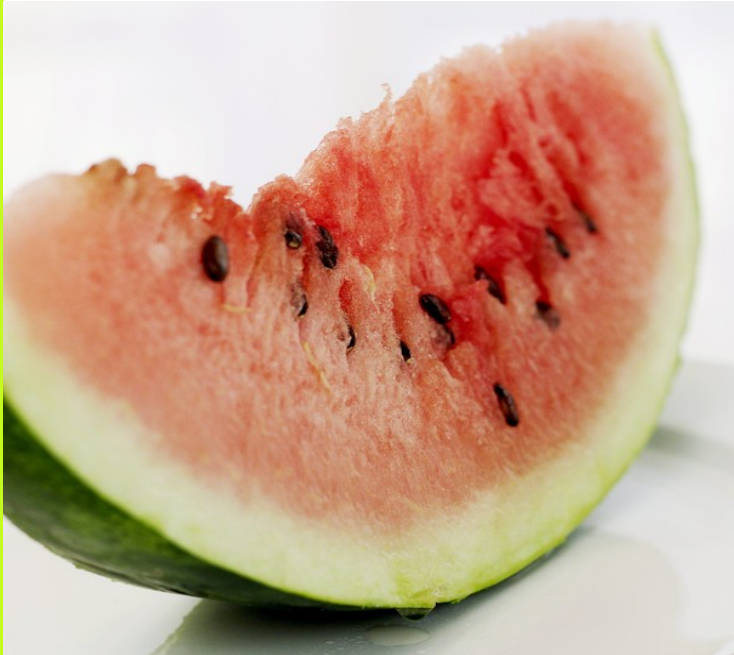
The value chain in the Andalusian watermelons industry. Crop year 2010/2011

Europe investing in rural areas



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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 2006/2007, the value chains of the major vegetables under glass: tomatoes, peppers, cucumbers, courgettes, aubergines and green beans.

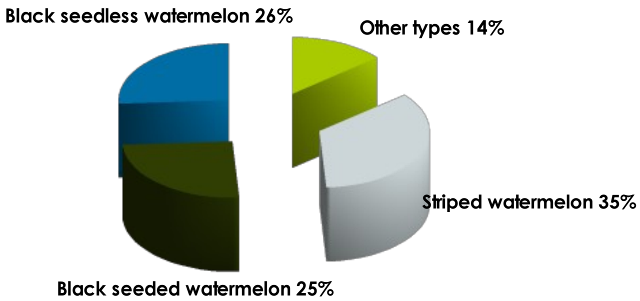
In order to widen the range of products analysed, we have conducted, for the first time, the study on the traditional distribution channel of the watermelons produced under glass in Almeria during the 2010/11 crop year within the Spanish market. This study aims to continue providing the market greater transparency and improving the knowledge on marketing chains.

Trade margin: difference between the sale price of a link of the distribution chanel and the price it paid for the same good (it is expressed in %).
T.M.=((sale price – purchase price)/purchase price)*100
Net margin or profit: Result of discounting the mark-up costs incurred in marketing.
NM=((sale price – purchase price - costs)/purchase price)*100

Traditional distribution channel

Watermelons are harvested from April to June in order to consider the number of months of greenhouse production.

Round watermelon varieties in origin



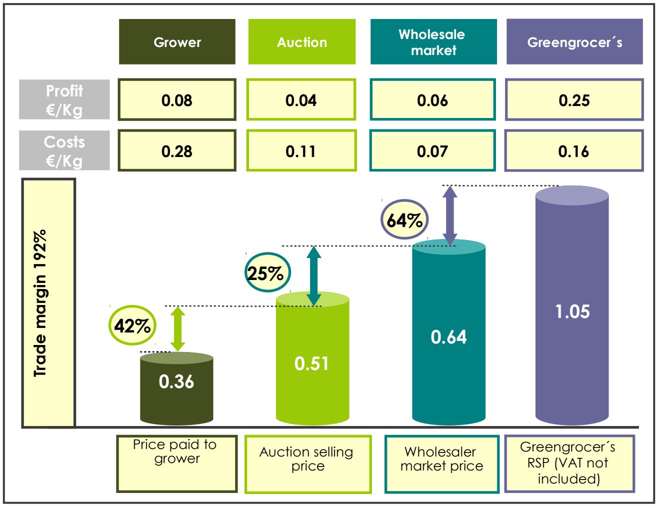
In the Spanish market, the main type of watermelon consumed has traditionally been the watermelon with seeds. In the last decade, there has been an expansion of seedless watermelon varieties.

Marketing of watermelons in the wholesaler market

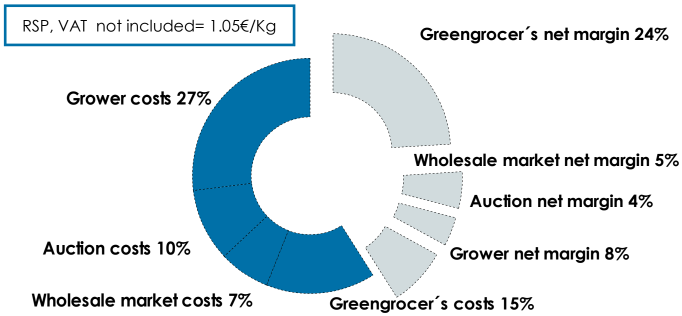
About 20% of watermelons come from abroad, being the main origins Brazil and African countries such as Senegal. From May, there are little imports as the demand is met with the Spanish production.
In April, May and June, watermelons **grown in Almeria** represent 40% of the volume marketed in Mercabarna and 42% in Mercamadrid. As it is a crop cultivated in greenhouse, it is the beginning of the national production. The month of maximum representativeness is the month of May, followed by June. The prices in origin are limited to the analysis to the months of April, May and June due to the early maturing of the production and the importance of the European demand.
In June, **open field watermelons** from Murcia and from other Spanish origins are begining to pick up the baton. However, the main watermelon sales in the markets take place in the months of June, July and August although they are open field watermelons in different places of origin other than Almeria.

Prices, Costs and Margins

The distribution of fruits and vegetables in Spain is characterized by the importance of the distribution through the traditional channel. The traditional retailer represents 42% of the consumption of watermelons in the Spanish households.



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



*RSP, VAT not included

The **price paid to growers** covers production costs, providing 8% **profit** to them. This price is higher than the two previous crop years despite the impact of the cucumber crisis that primarily affected exports.
The greater **costs** fall in the production link. Production costs represent 27% of the retail selling price (VAT not included) in the traditional channel, while marketing costs represent 32%. The convenience of buying a watermelon in a greengrocers next consumer's houses is more expensive than the production costs borne by the farmer.
The **unit margin** in the traditional channel reaches 24% of the retail selling price (VAT excluded). This benefit is less if the product passes to the auction classified, packed and standardized as it happens in some markets of Almeria.
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.