

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



For further information:

Observatorio de Precios y Mercados  
[www.juntadeandalucia.es/agriculturaypesca/observatorio](http://www.juntadeandalucia.es/agriculturaypesca/observatorio)

Email: [obsprecios.capma@juntadeandalucia.es](mailto:obsprecios.capma@juntadeandalucia.es)



## 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: tomatoes, peppers, cucumbers, courgettes, aubergines and green beans.

In order to extend the range of products analysed, we have conducted, for the first time, the study on the traditional distribution channel of the melons grown 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 retail price of a link of the distribution channel and the price it paid for the same good (it is expressed in %).

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

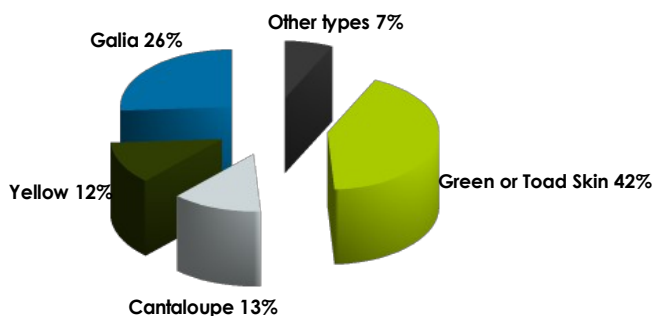
**Net margin or profit:** Result of discounting the mark-up costs incurred in marketing from the trade margin.

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

## Traditional distribution channel

The study considers melons harvested from April to June in order to consider the number of months to greenhouse production.

## Melon varieties in origin



It is important to highlight the gradual decline experienced by the Galia melon and the increase of the share of the green varieties, consumed majority in Spain, in the last 3 crop years.

## Marketing of melons in the wholesaler market

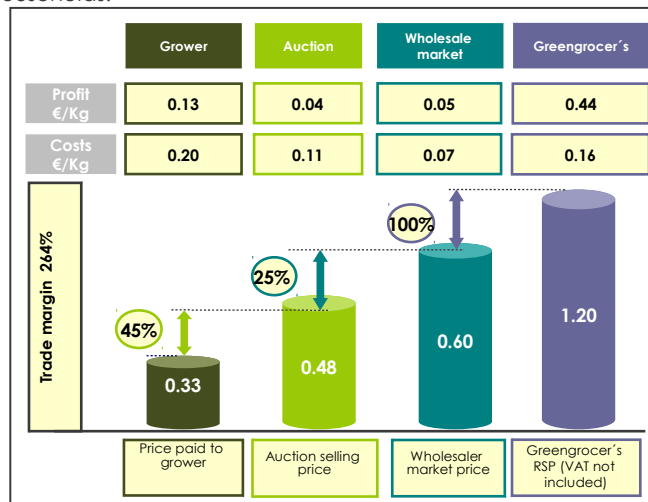
In 2011, there was a strong decrease of the volume of melons marketed compared to the previous year. In Mercamadrid this drop reached 19%.

In April, May and June, melons grown in Almeria usually represent 17.6% of the volume traded of this product. However, if we compare it with the total volume sold in Mercamadrid in 2011, it represented only 4%.

Although it is an origin to take into account, its share is low compared to Murcia, to the rest of Spain and to the melons imported in April.

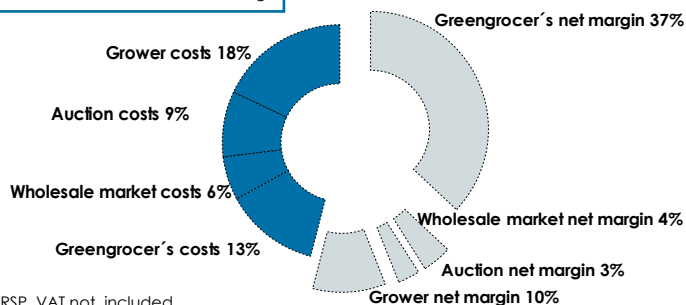
## Prices, Costs and margins

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



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

RSP, VAT not included = 1.20€/Kg



\*RSP, VAT not included

The price paid to growers covers production costs, providing 11% profit to them. This price is higher than the two previous crop years despite the impact of the E. coli crisis that primarily affected exports. The greater costs fall in the production link. Production costs represent 18% of the retail selling price (VAT not included) in the traditional channel, while marketing costs represent 28%. The convenience of buying a melon in a greengrocer's next consumer's houses is more expensive than the production costs borne by the farmer. The unit margin in the traditional channel reaches 37% 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 **shift 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.