



A Comparative Analysis on the Fruit and Vegetable Distribution Structures of Central European Countries

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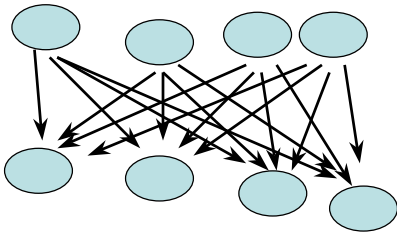
background and purposes

- introduction of the market economy to central European countries .
- entry of large retailers (supermarket chain) from western Europe as a dominant player in grocery market.
- diversity of fruits and vegetables distribution structures in Central Europe.
- efficient distribution, role of wholesaling

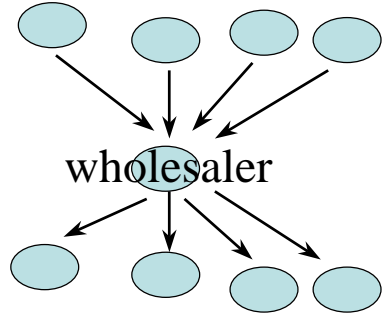
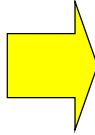
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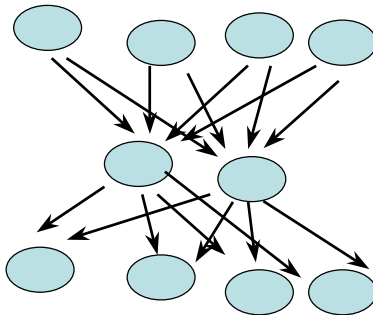
principle of transaction cost minimization; the role of wholesaling



transaction:16



transaction:8

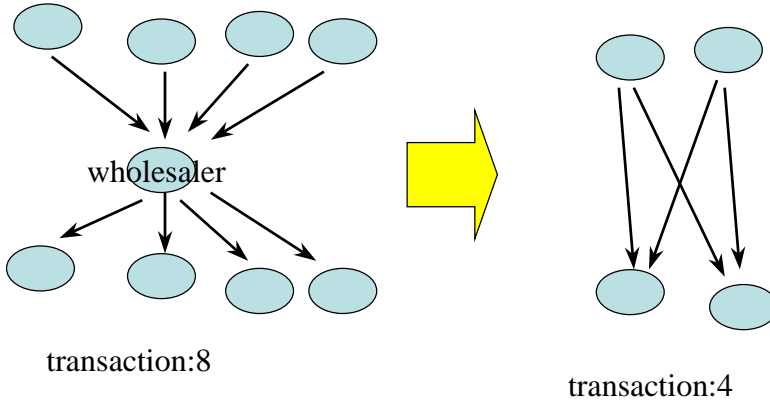


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too many (and small) wholesalers in a market
mass wholesaling is needed for market efficiency.



principle of transaction cost minimization;
size of suppliers and buyers



the functions of wholesaling

- pricing.
- collection of goods.
- dividing and assembling goods.
- information exchange.
- account settlement.

who and how take this functions ?
diversity in each area, country.



the policy and its purpose of the development of wholesale market for agricultural products in Poland

cities of the development plan of wholesale market (1999)



Bronisze market (outside of Warsaw, 2004)





Bronisze market in Warsaw

- established in 1995. operated by a company (stocks are held 60% by the government, 25% by sellers of the market).
- financed by EBRD at the establishment, total area 62ha, includes 33ha of equipments.
- many and small wholesalers, not only wholesaling. retail trade is not declined. Wholesaling and retailing are not divided.
- There are same and old, private markets in Warsaw. Expected customers don't need to come to Bronisze.



the wholesale market in Czech Republic (Lipence s.r.o.)

- outside of Prague, established in 1991, landlord is a former noble.
- the sources of income are rent and hygienic fee from tenants.
- annual trade value, 600-700 million Kcs (including processed food)
- formerly a part of the national farm (sovkhoz) which provided foods to Prague, actual president was the director of the farm.
- independent to the farm in its dissolution in 1997.
- “the mother of dominant logistics companies”

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the wholesale market in 1991



one of the largest logistic companies
(Cerozfrucht, s.r.o.)





outline of Cerozfrucht, s.r.o.

- established in 1990
- actual trading partners: large retailers 60% (Ahold, Tesco, and others), other retailers, wholesalers 40%
- employee 540, 8 logistics center (2004)
- annual sales: 120 million USD (2004)



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a large leased farm - a case of BRAMKO -





- not a company but natural person in low. cultivate 1,000 ha including 25ha of own land.
- employee about 300
- production scale is in the top level in Czech Republic, especially vegetables and potato production.
- providing 60 to 70 % of production directly to retailers.
- 25% of sales are imported or purchased from other farms.
- delivery is available.

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retail market (share of store format)

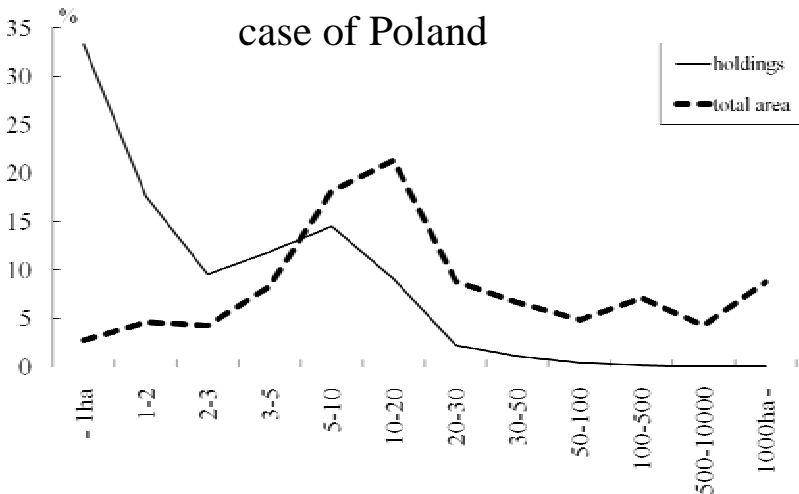
		hypermarket	supermarket	traditional outlets
	France	50%	45%	5%
	UK	45%	45%	10%
	Czech Republic	15%	60%	25%
	Poland	15%	30%	55%

hypermarket: more than 2,500m2 of sales floor

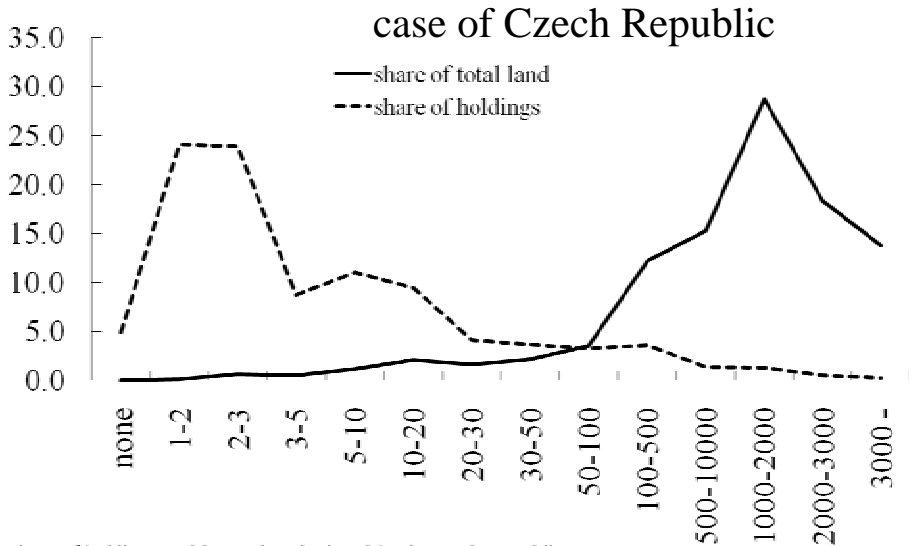
supermarket: more than 400m2 and less than 2,500m2 of sales floor

traditional store: less than 400m2 of sales floor

source) IGD(2001)



share of the number of holdings and its total agricultural area, Poland, 2002
source) Report on the Agricultural Census, Poland



share of holdings and its total agricultural land, Czech Republic 2000
source) Statistical Year Book of The Czech Republic, CSU, Praha, 2002



Comparison Poland and Czech Republic

Poland

- small-scale land ownership (even under planning economy), low development of commodity production, individual production, trade with large retailer is relatively difficult.
- small-scale farms, wholesale and retail market, traditional stores

Czech Republic

- development of large-scale leased farm, large-scale wholesaler, logistics company, enable to trade with large retailers.
- urban citizen, supermarket users, automobile, refrigerator



characterizing factors of distribution structure

factor	Poland	Czech Republic
1) development of agriculture (concentration)	low	high
2) structure of wholesalers (scale / efficiency)	small / inefficient	small - large / ineffct- effcnt
3) structutre of wholesale market (scale / efficiency)	small, many / inefficient	small - many / inefficient
4) retail structure (share of supermarket)	low	high
5) consumers' behaviour (frequence of food shopping)	frequently	not so frequently

Czech Republic: outside wholesalers / logistics companies can provide commodities to large retailers.

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Poland: development of large retailers is relatively difficult.



Individual and accumulating farmer in Poland

- Expanding his production size, purchasing and borrowing farmland
- Shipping his fruits and vegetables to supermarket companies.
- Wholesaling to correspond to the orders from supermarket companies.

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development of farmers in Poland

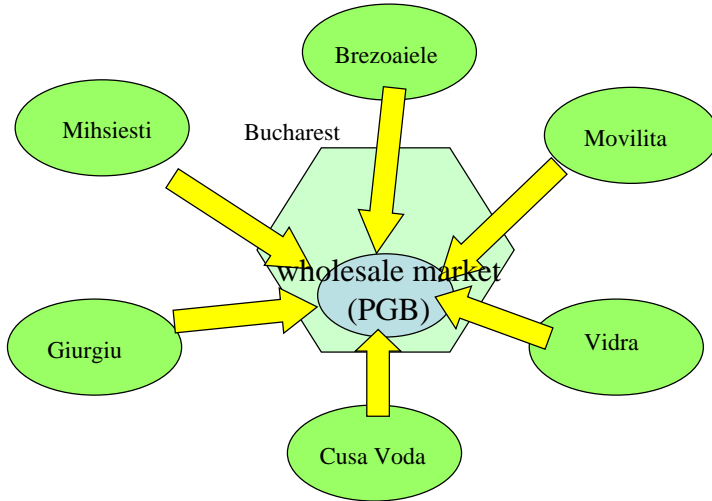


outline of the vegetable farmer in Poland

- 55ha (rented 30ha, own 20ha)
- more than 10 workers.
- change in delivery; few stores, to each stores.
development of supermarket, to distribution center of the retail companies.
- assembling, collection,
- quality of fresh vegetables in supermarket, in future,
- limited possibility of expansion of farm size.



distribution of vegetables and fruits for Bucharest, Romania



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Bucharest, PGB



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No buyers from supermarket.



a collecting facility in "Vidra" village 2004/12



open-air market in Bucharest





reformation of fruits and vegetable distribution and wholesale market in Bucharest

- PGB (Piata de Gros, Bucharest) ; after democratic revolution, consultation by Western Europe, introduction of modern wholesale market supported by EBRD
- many small wholesalers in PGB, no contribution for distribution efficiency.
- 6 collecting station for vegetables around Bucharest were disposed.
- be an open-air market (presidential plan) or a C&C.



wholesaling and distribution area in Voluntari Bucharest



without any public support,

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conclusion

- economic development as a pressure to make distribution efficient.
- who will take the role of mass wholesaling? wholesaler? retailer? producer? farmers group?
- to promote domestic agricultural production to adapt to supermarket formation.
- ‘many wholesalers in a wholesale market’ is not effective, size and concentration are important.

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