



# Local Markets, Global Competition and Cooperative Values: **The case of Almerían Cooperatives exporting F&V**



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17-18th June 2014



C-BIRD (PIAPP-GA-2013-611490)



ТРАКИЙСКИ УНИВЕРСИТЕТ  
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University College Cork, Ireland  
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# IN ALMERIA, THERE ARE TWO FORMS OF SELLING:

- AUCTIONS/ IN ORIGIN
- COOPERATIVE / DIRECTLY TO SPANISH AND FOREIGN CUSTOMERS.
- **Cooperatives represents the EXPORT SECTOR:**
  - **The Cooperatives exports 70% of production**

## **IN ALMERIA, THERE ARE TWO FORMS OF SELLING:**

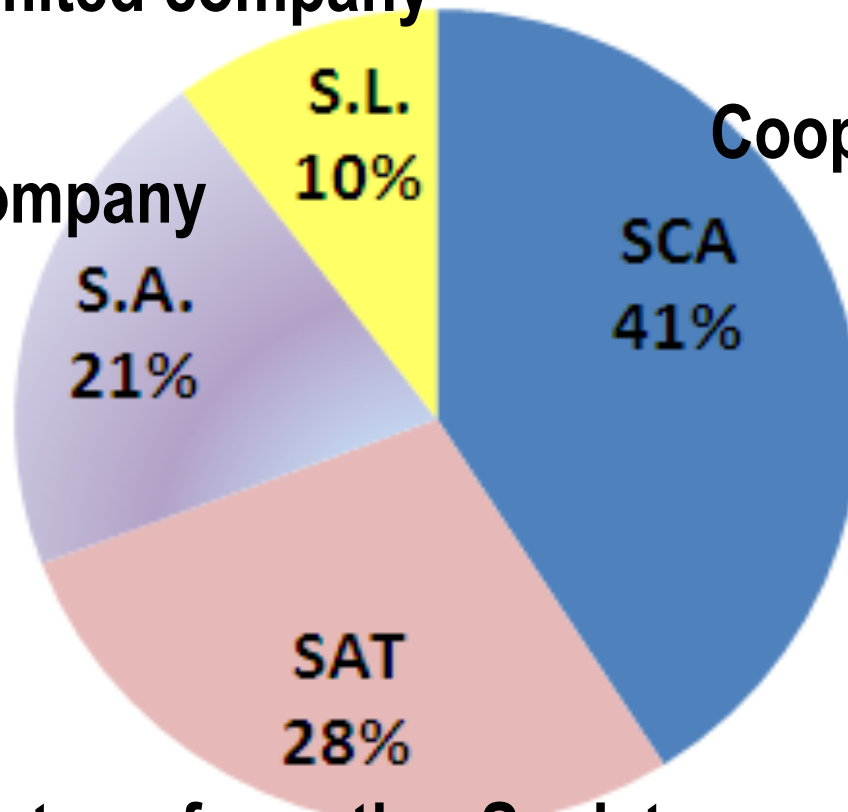
- Therefore, the cooperatives create (open) markets.
- The cooperatives have made a profitable agricultural system:
  - It is profitable because the production is destined for exportation:
    - Looking for the markets which pay better prices.

# CORPORATE LEGAL FORMS

## F&V production sector

**Private limited company**

**Cooperatives**



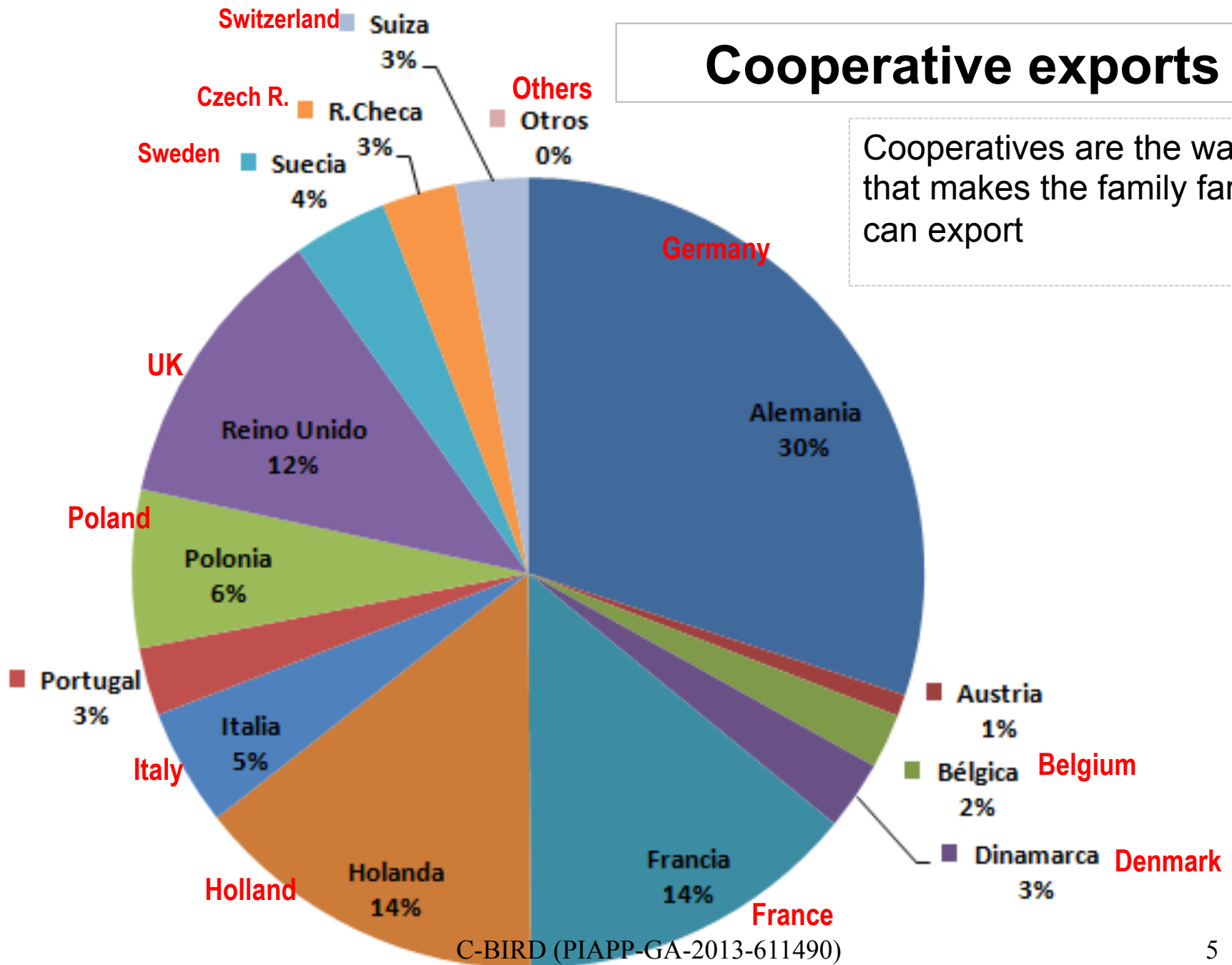
**Agrarian transformation Society**

This is a hybrid structure has some cooperative characteristics, but voting is in relation to number of hectares. Also Less owners (farmers) than Cooperatives.

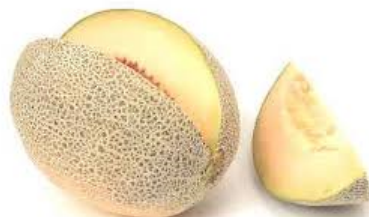
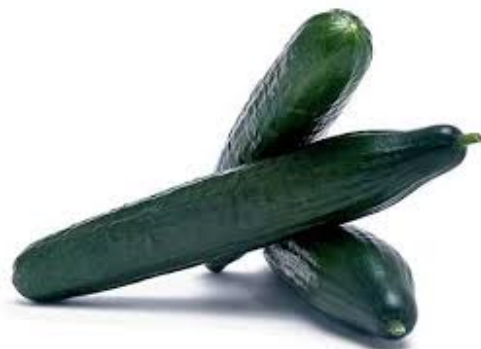
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# Cooperative exports

Cooperatives are the way that makes the family farms can export



# Production that cooperatives are exporting

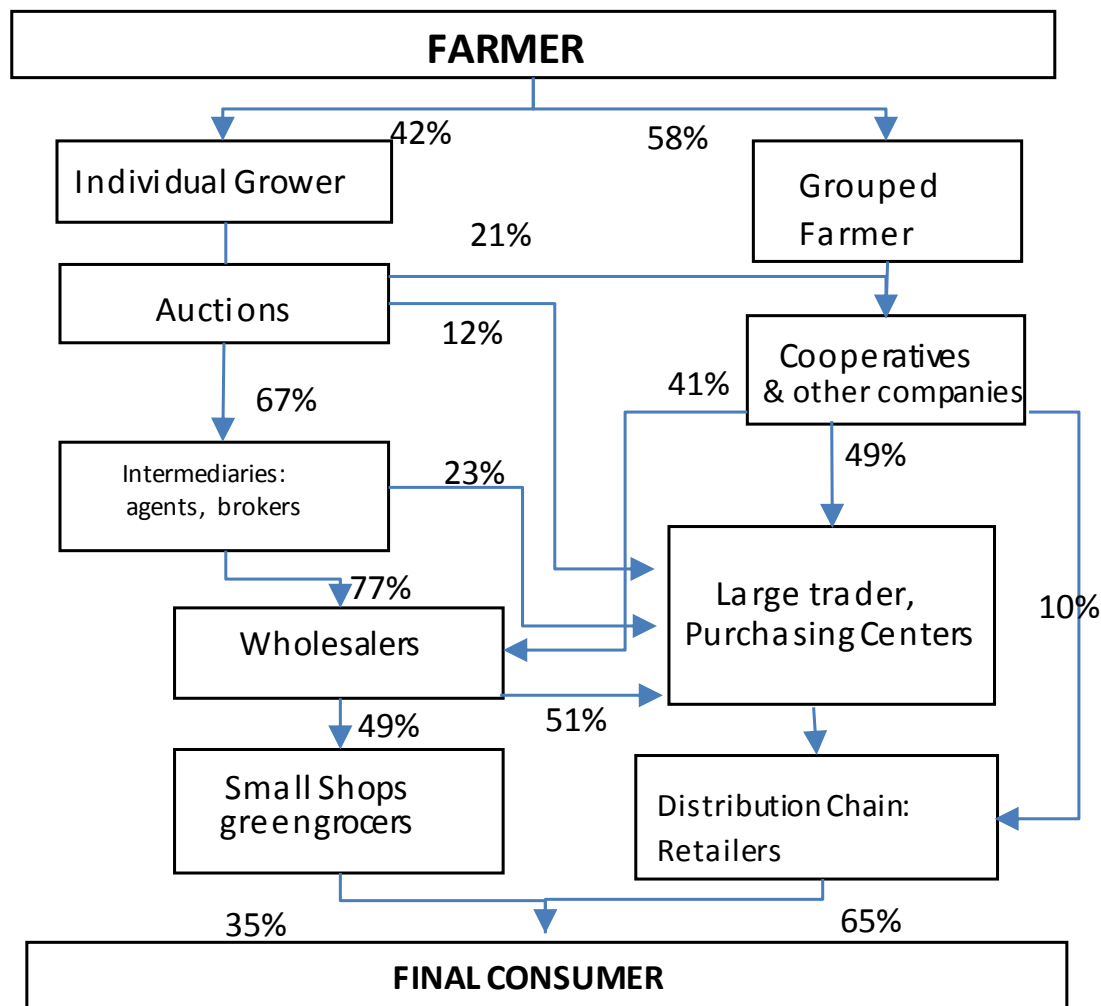


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# **Chapter 1**

## **The context in which cooperatives are competing**

# Summary of the horticultural marketing system.



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# The customers

Top-Europe	Top-Spain (Alimentación)	Name	Mil. Mill.(\$) turnover	Origin
1	2	Carrefour	127,9	France
2	-	Metro	99,0	Germany
3	-	Tesco	96,9	U.K.
4	6	Schwarz (Lidl)	79,9	Germany
5	-	Aldi	66,0	Germany
6	-	Rewe	61,5	Germany
7	5	Auchan	56,8	France
8		Leclerc	47,5	France
9	-	Edeka	40,7	Germany
10	-	Intermarché	40,7	France
18	1 ↑	Mercadona	21,0	Spain
21	4	El Corte Inglés	20,0	Spain
38	3	Eroski	11,5	Spain

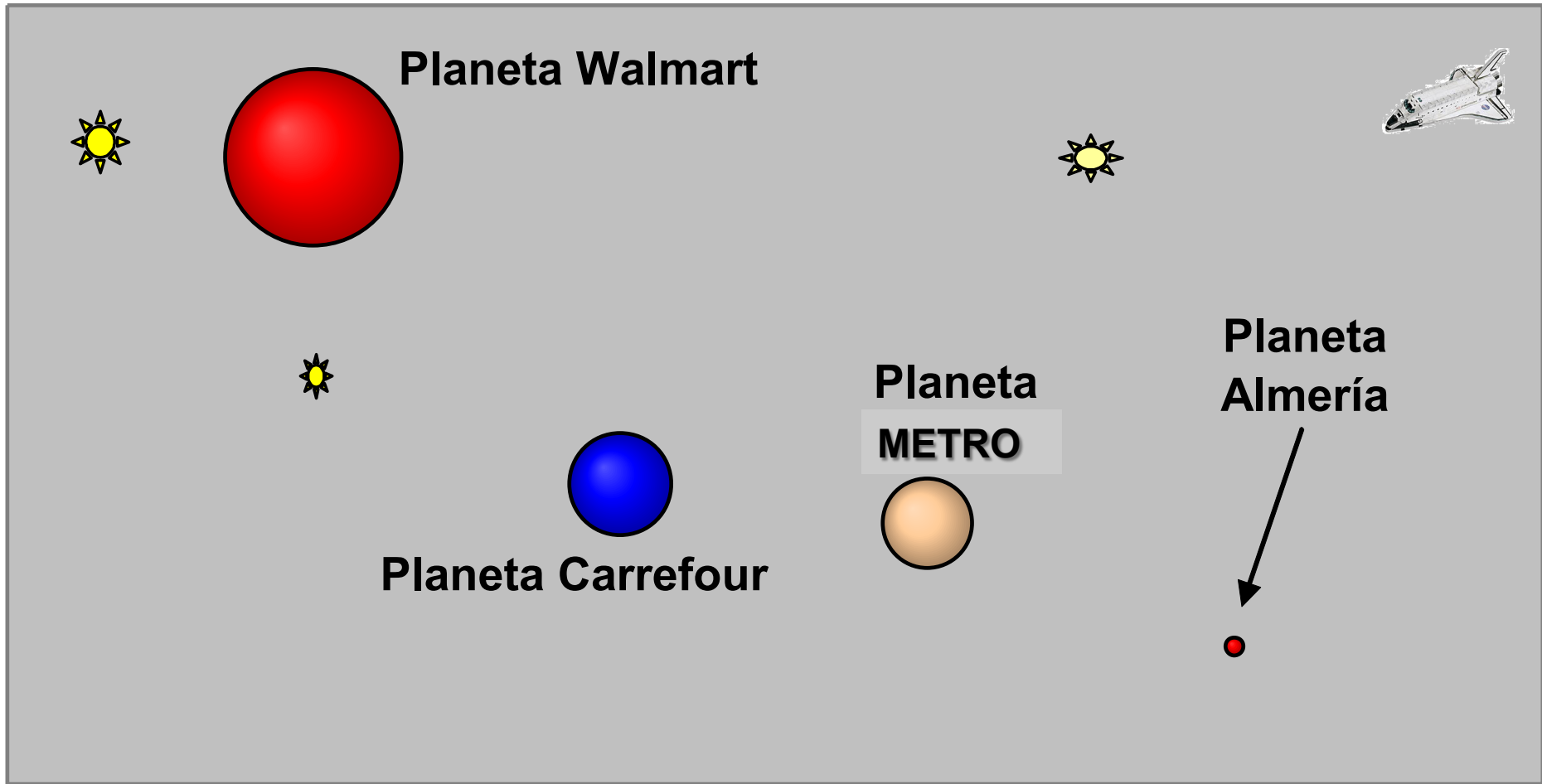
This is a Spanish family owned business-has reputation of best labour conditions in supermarkets.

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This is a Basque Cooperative.

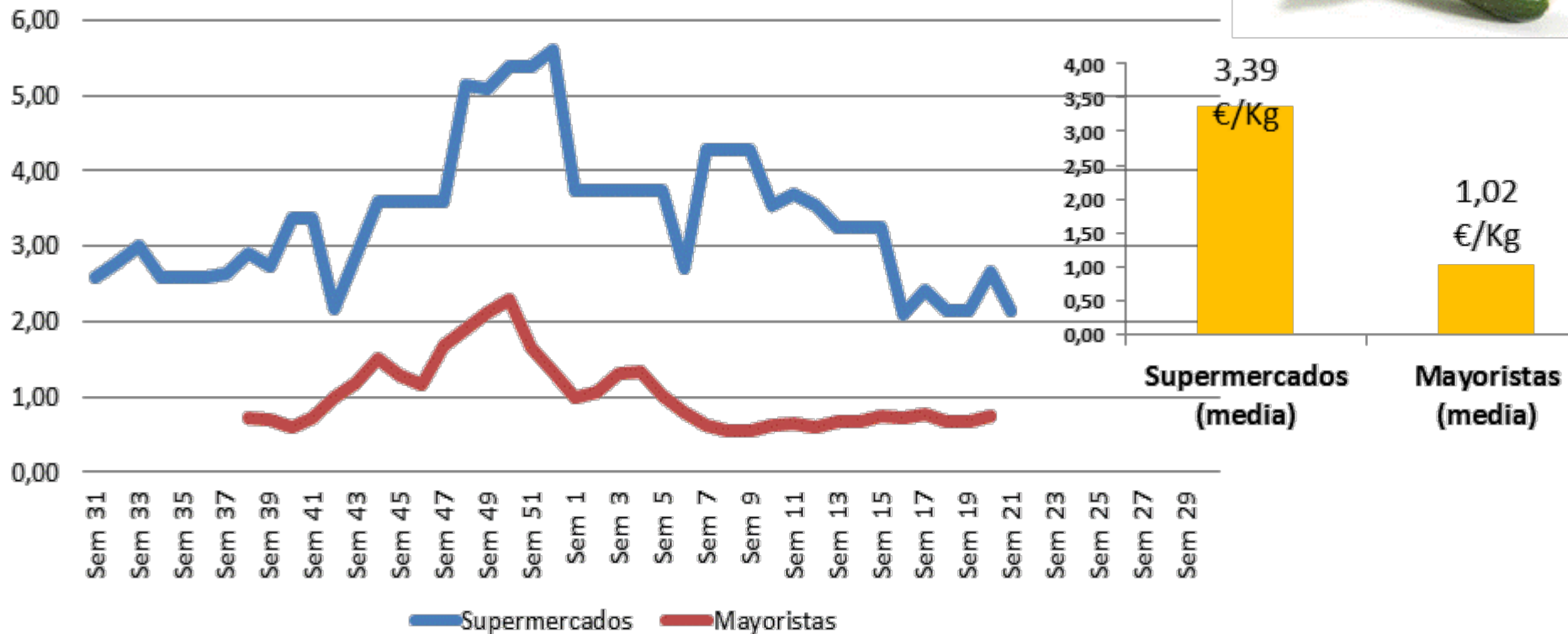
# Business universe: **area=turnover**

Low bargaining power with customers



## AN EXAMPLE:

### Price of Zucchini in FRANCE (€/kg)



# TRENDS in the Relationship between SUPPLIER -RETAILER

TRADITIONAL RELATIONSHIP	NEW RELATIONSHIP
SHORT TERM VISION	LONG-TERM COMMITMENT
MOST IMPORTANT PRICE	MOST IMPORTANT VALUE
MANY SUPPLIERS	FEW SUPPLIERS
DEPENDENT LOW	DEPENDENT HIGH
WITHOUT PROGRAMMING	PRODUCTION BY DEMAND
LOW COMMUNICATION	OPEN COMMUNICATION
NO SHARED INVESTMENT	SHARED INVESTMENT

## **BRIEF DESCRIPTION OF THE CURRENT SITUATION**

- **Increasing supply: competition from countries outside the European Union.**
- **Retailer oligopoly:**
  - **The retailers are increasing requirements: e.g. traceability, supply chain (transport,...)**
  - **Customers are more demanding (including consumer) in health,...**
- **Negative trend in producer prices and sales margins (e.g. cause: the discount retailers growth).**

# COMPETITIVE ADVANTAGES OF COOPERATIVES:

- **Proximity to target markets (EU):**
  - **Market Knowledge.**
- **Strong adaptability (resilience):**
  - **Strong relationship between production and marketing sector.**

# **LIMITATIONS OF GROWTH FOR COOPERATIVES:**

- **Fragmented production and trade structure.**
- **Low level of investment in production and marketing: innovation promotion.**
- **We are sellers of commodities: Do we think that customers will keep coming to buy here?**
  - **They go where there are better conditions of service, quality and price.**

# **Chapter 2**

## **The cooperative answer to the challenging environment**



# 1. Improve implementation of quality/ environmental standards

- GLOBAL-GAP
- British Retail Consortium (BRC)
- International Food Standard (IFS)
- Nature's Choice
- QS
- UNE- EN ISO 9.001
- UNE-EN ISO 14.000



# GLOBAL GAP



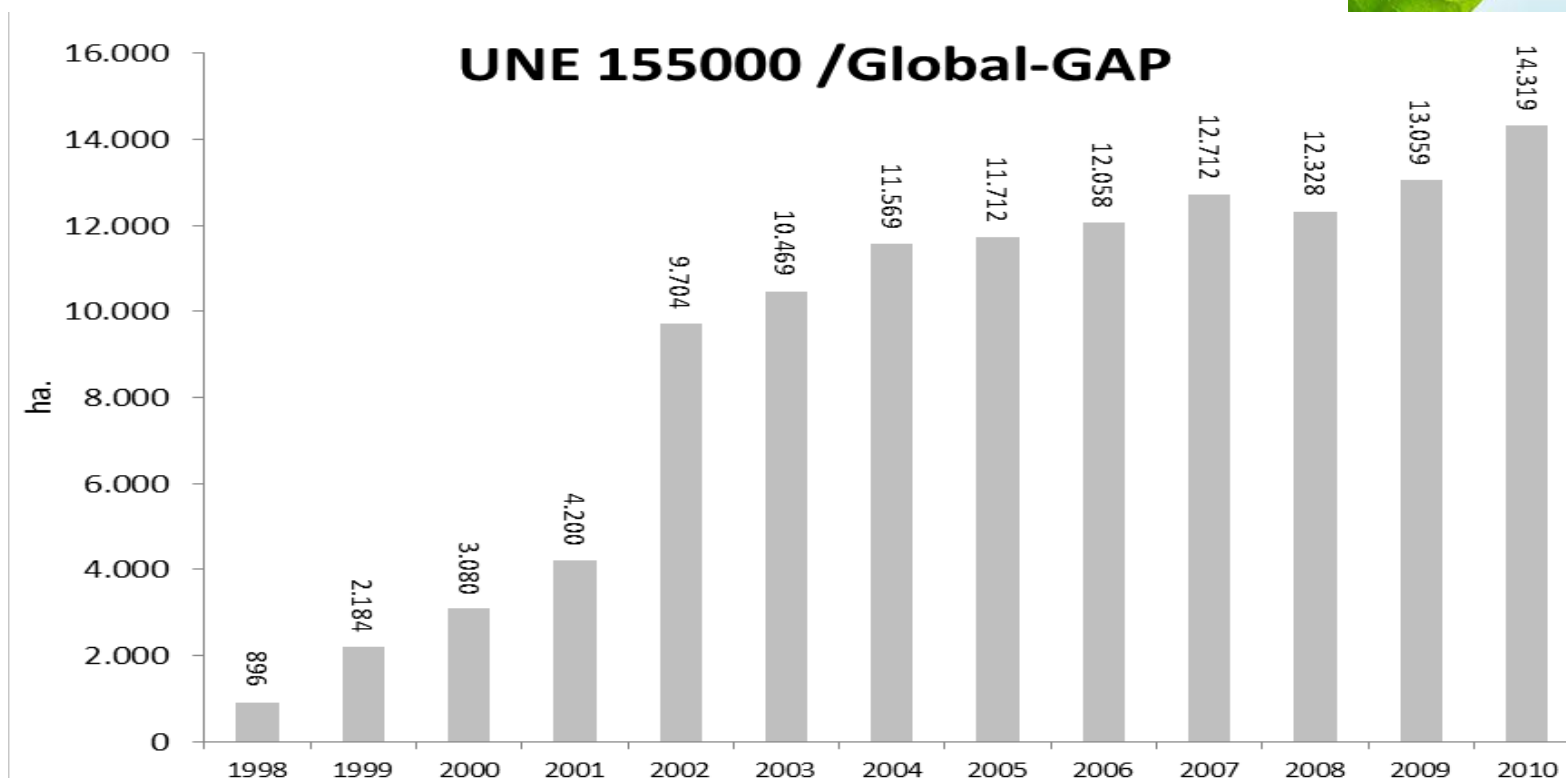
**The Standard covers for Fruits and Vegetables the following controls:**

- Land Management: systems of pest control
- Use of Substrates
- Controls for pre-harvest pesticide applications (limits 50% legal)
- Application of organic fertilizer
- Final product packaged in the harvest
- Handling the product, covering the topic of hygiene
- Handling and storage areas
- Wash postharvest
- Post-harvest treatment.

The cooperative plays an important role in the implementation: for example, the cooperative hires technicians (engineers) available to farmers

**In terms of quality and food safety Almería has made a great effort**

Global GAP in cooperatives. Hectares.



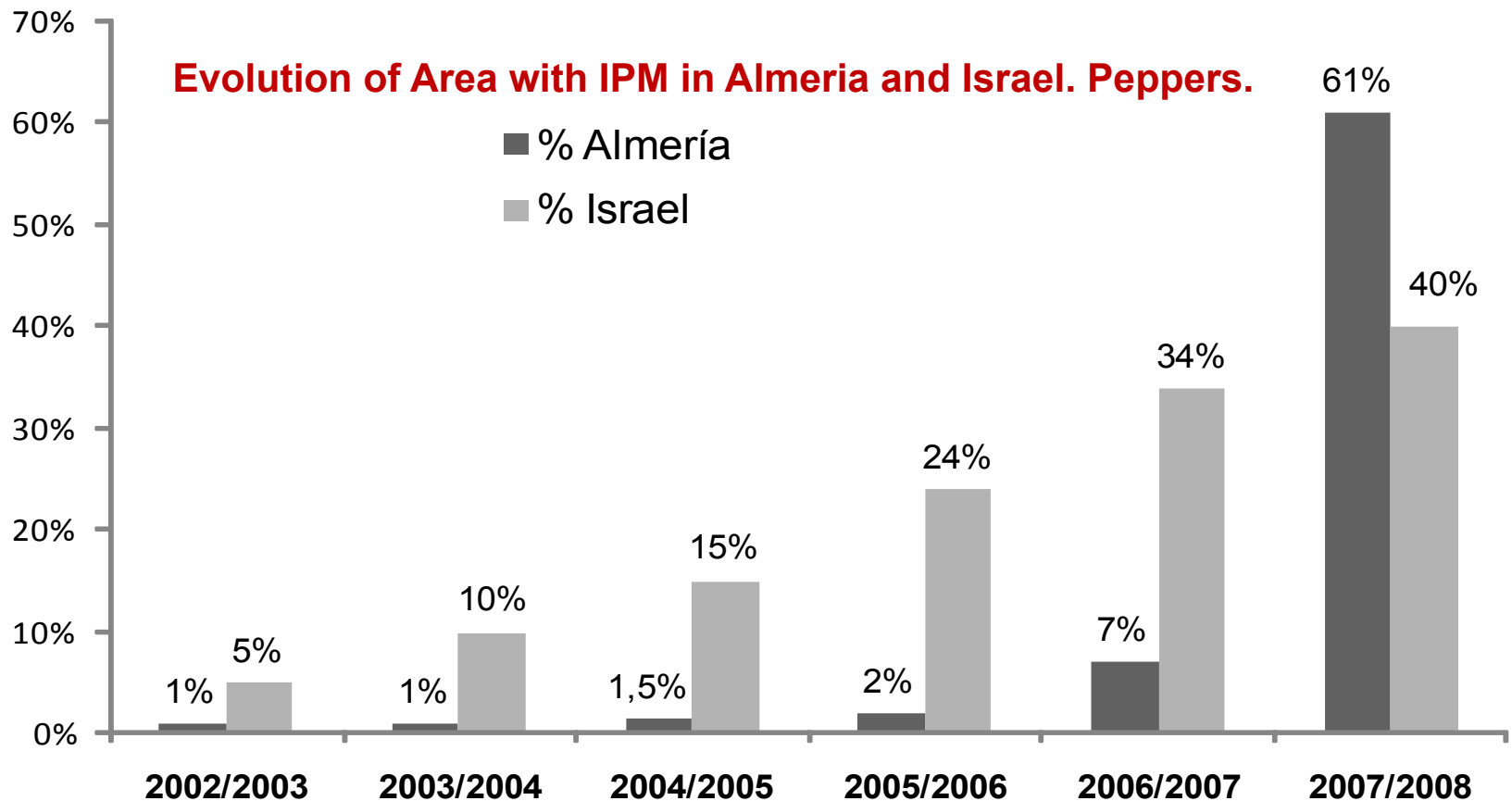
**Now 100% of the production of coops is certified**

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## Other example:

### Use of Integrated Pest Management (IPM)

These crops do not use chemicals to control pests



**Now 80% of cooperatives production (all vegetables) use IPM**

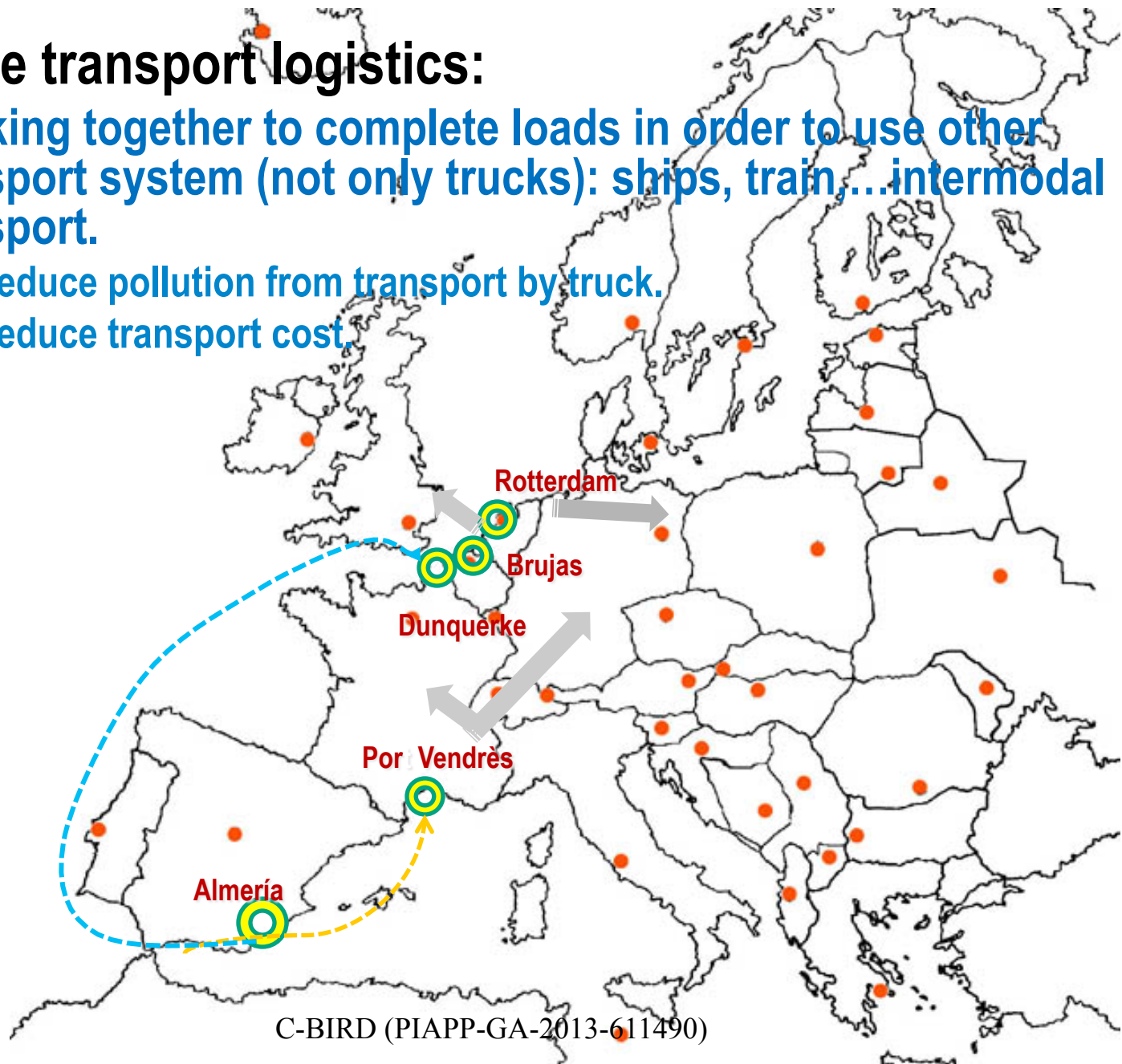
## 2. Collaboration among cooperatives to increase service to customers

- Joint promotional actions to increase consumption and healthy eating habits in EU markets

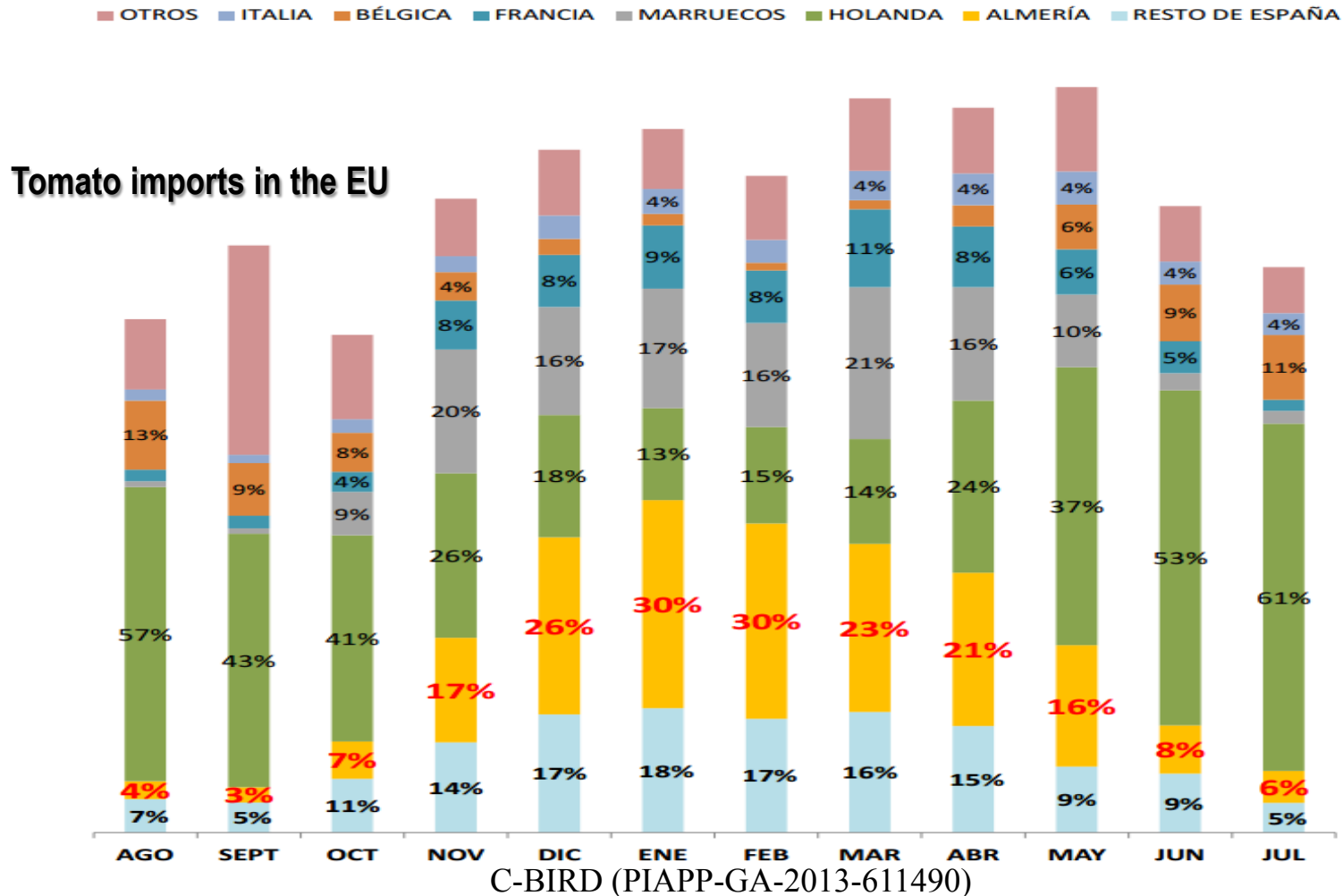


- **Improve transport logistics:**

- Working together to complete loads in order to use other transport system (not only trucks): ships, train,...intermodal transport.
  - Reduce pollution from transport by truck.
  - Reduce transport cost.

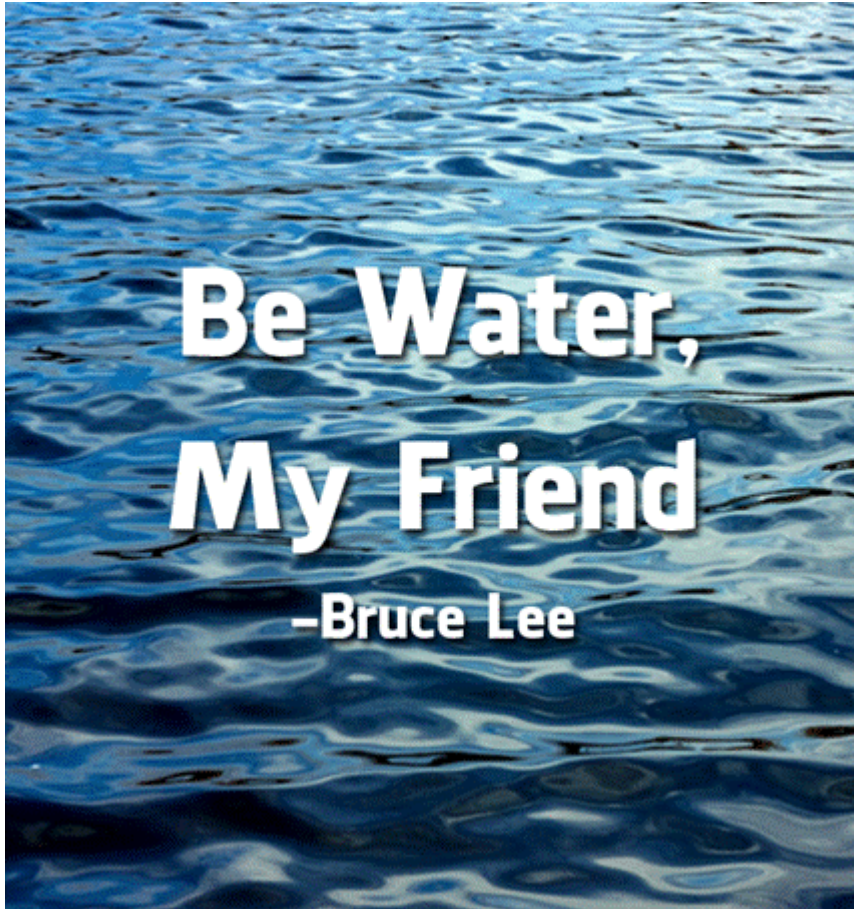


- Establishing agreements with other cooperatives (national and international) in order to provide products to customers 12 months.





# Summary of services strategies for cooperatives



**“being our  
customer”**

**Perez-Mesa, J.C.**



### 3. Try to make larger cooperatives

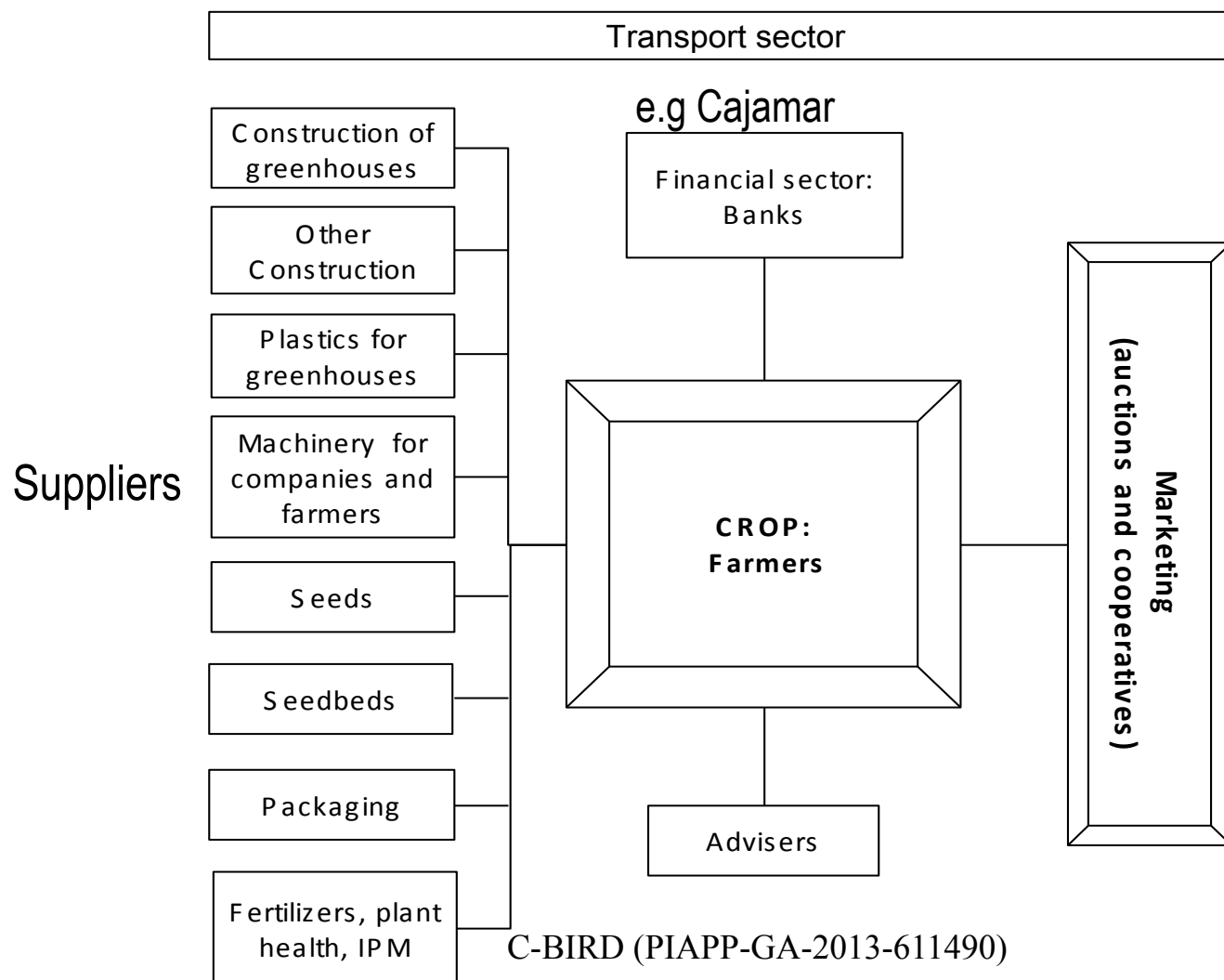
- Creating 2º grade Cooperative



- Creating a unique cooperative absorbing other cooperatives



## 4. Enhancing relationships within the cluster



# Benefits for members:

- The companies that make up this cluster have a collective strategy in line with individual goals.
- There are cooperative ties generating positive effects for the exchange of information, knowledge...
- The cluster is a community where collective innovation is encouraged for the benefit of all.
- Competing against a cluster is more difficult than against one company.

## 5. Optimizing resources through sectorial associations

- For example



- Coexpthal gives to cooperatives different services:
  - Cooperative training.
  - Management of Research Projects.
  - Management of promotional activities.
  - Prevention of labour risks.
  - Laboratory for analysis of residues.
  - Lobby to negotiate with government (local, national,...)
  - ...

# **Chapter 3**

## **Some conclusions and summary**

# TO DISCUSS: THE MAINTENANCE OF COOPERATIVE VALUES?

- **The cooperatives of fruit and vegetables lives in a complex environment.**
- **In this context:**
  - ❑ **can the cooperatives keep the “Autonomy and Independence value”? I think is complicated.**
    - In its relationships within the chain the retailer has the power: is the “hub firm”.
  - ❑ **the cooperative values with more sense are:**
    - “Co-operation” (not only among cooperatives).
    - “Education, training and Information” to understand the market and improve management.