



**Unión Europea**  
Fondo Europeo Agrícola  
de Desarrollo Rural



**JUNTA DE ANDALUCÍA**  
Consejería de Agricultura y Pesca

# Study on the mandarin oranges value chain.

## Season

## 2008/2009



For further information:

Observatorio de Precios y Mercados  
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## OBJECTIVE

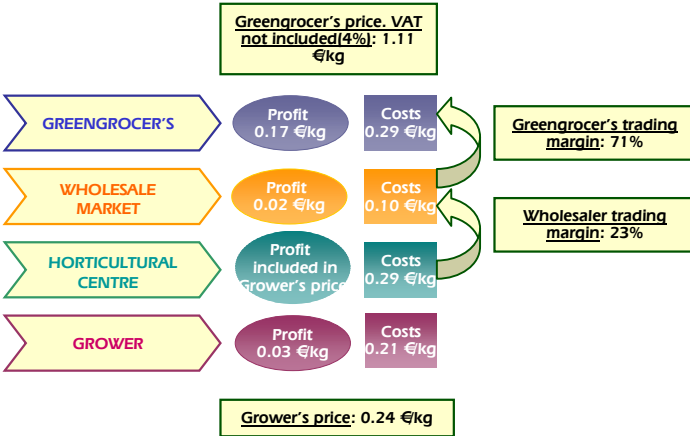
The main objective of "The Mandarin oranges Value Chain" is to increase transparency in the food market. This is done through the knowledge of the mechanisms of price formation, costs and profit margins at each point in the distribution. For this purpose, an analysis of the main marketing channels of mandarin oranges produced in Andalusia for the Spanish market has been carried out.

## Traditional marketing channel



It is the most important channel in the Spanish market and accounts for 54% of total demand by households. The category 1 and 2 mandarin oranges are marketed in bulk and in classified bulk.

## Prices, Costs and Margins in the traditional marketing channel of mandarin oranges



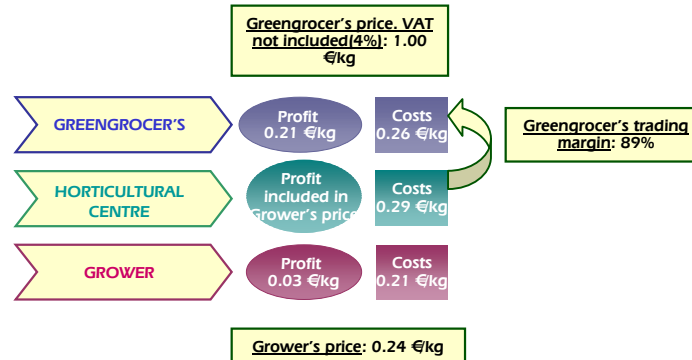
## Traditional marketing channel in production areas

In the areas of production and influence, the traditional channel has been modified into a shorter secondary configuration. In this "new" traditional channel, greengrocer's get their products directly from horticultural centres. This variant has lower costs (intermediaries are eliminated) and consequently, the retail price is significantly lower.

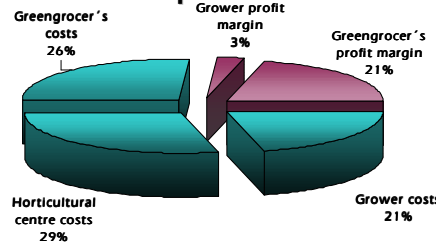


Mandarin oranges characteristics are coincident with the classic configuration: first and second class mandarin oranges are marketed in bulk or in classified bulk.

## Prices, costs and margins in the traditional marketing channel of mandarin oranges in production areas



## Participation of the links in the recommended retail price

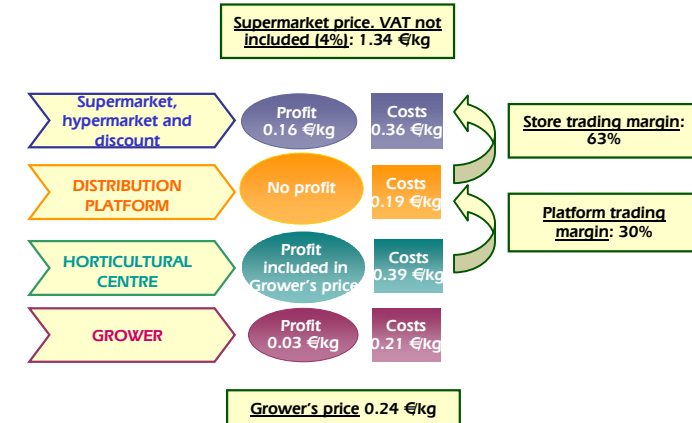


## Modern marketing channel

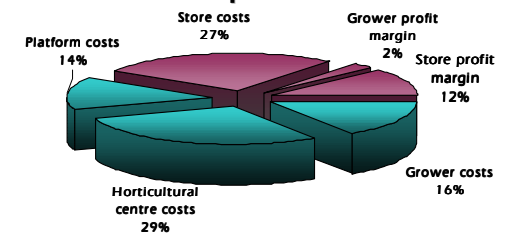


The modern marketing channel accounts of 33% of the Spanish demand of mandarin oranges by households. The class 1 mandarin oranges packaged in classified bulk and in packaging for the final consumer are the specific marketed products in this channel. The cold chain is controlled during the whole process.

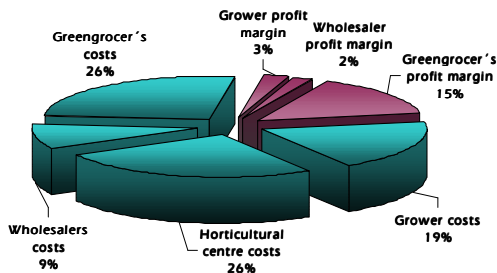
## Prices, Costs and Margins in the modern marketing channel of mandarin oranges



## Participation of the links in the recommended retail price



## Participation of the links in the recommended retail price



- There is a low level of concentration of the citrus Andalusian supply. The higher concentration in origin would allow the increase of the negotiation power and the professionalisation of the value chain.
- Distribution platforms require suppliers of big volumes and specific packaging formats with continuous supply capacity. It could be highlighted the professionalisation of the companies exporting citrus.
- There is a trend towards increased vertical integration in the citrus value chain, specially in the modern channel of marketing, looking for the reduction of the number of operators in order to shorten the chain.
- The modern marketing channel still has the higher retail price due to its higher costs.
- The unit profit obtained by traditional shops with the traditional configuration is similar to that obtained by supermarkets, hypermarkets and discounts.
- The unit profit in the traditional channel in production areas is higher than the unit profit in the classic configuration.
- The joint profit of the different operators of mandarin oranges is higher in the traditional channel.

**Trading margin:** Percentage increasing the purchase price between two links.  
 $TM = ((\text{Sale price} - \text{purchase price}) / \text{purchase price}) * 100$

**Profit margin:** Result of discounting the mark-up costs incurred in marketing.  
 $PM = ((\text{sale price} - \text{purchase price} - \text{costs}) / \text{purchase price}) * 100$