



Wholesale markets in the era of supermarkets and hypermarkets

— Developments in Western and Eastern Europe

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Following transition in CEECs, wholesale markets were promoted to improve food distribution efficiency. However, problems arose:

- delays in constructing markets;
- tendency to “overbuild”;
- competition from private “truck” markets that were often allowed to operate outside the law;
- lack of commitment from municipalities and governments in safeguarding market operations;
- inability to attract important wholesalers;
- insistence on “full-cost” recovery- high rents charged.

Changes in Wholesale Markets in the EU Countries

- Obsolete market structures in 80's in many countries saw new, relocated markets built e.g. Italy under National WM Plans;
- Many markets formerly run by bureaucrats only enforcing regulations; prices on markets low;
- Modernization of markets in Italy, Spain, France (MNI) with government funding; new p-p management structures introduced;
- Large reduction in number of operators on new markets with increasing size and professionalism of remaining operators

The rise of supermarkets

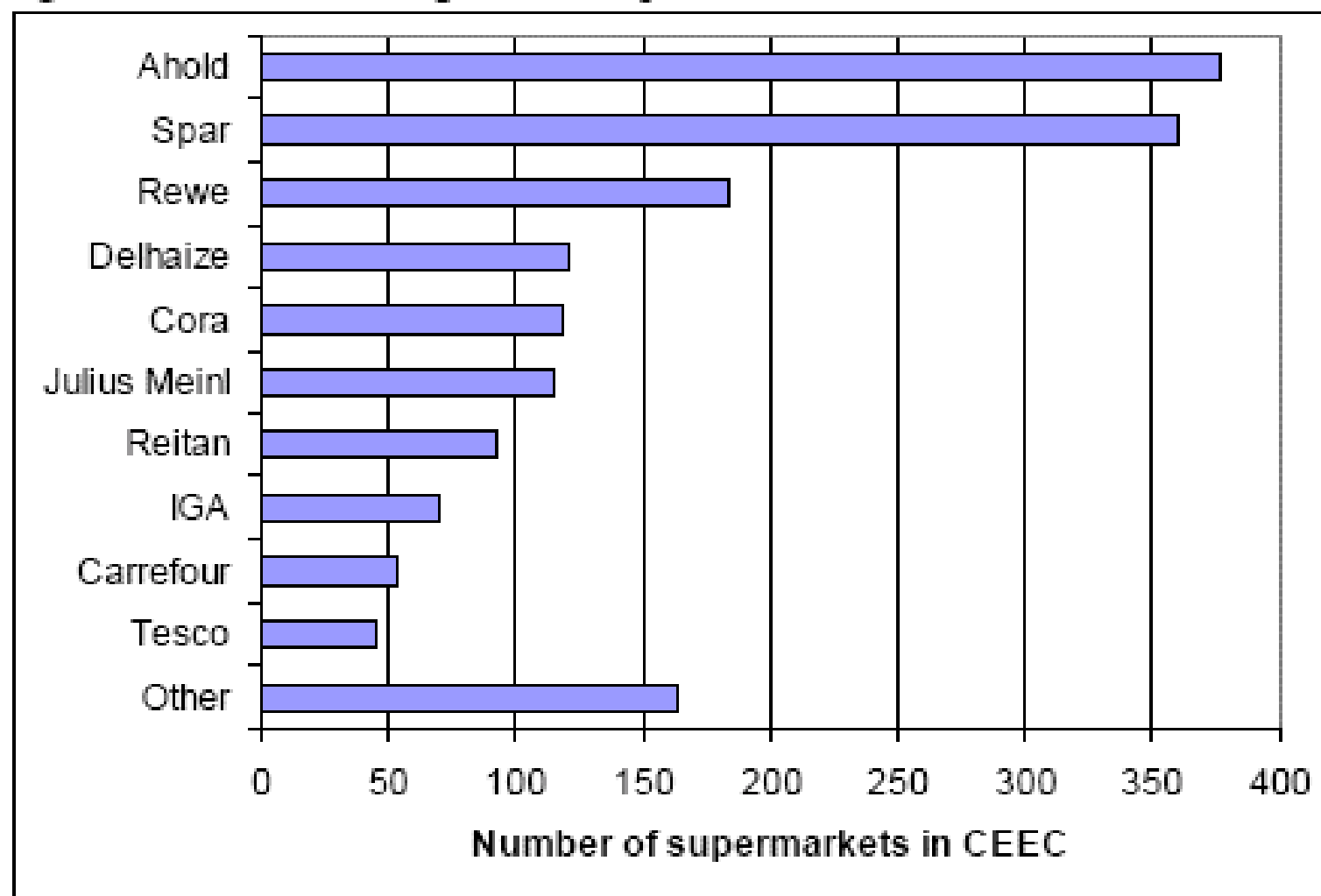


In recent years there have been

- extensive investments by foreign retail chains;
- big rise in retail share of supermarkets;
- Supermarket growth not just in big cities;
- changes in procurement and distribution arrangements that affect wholesale markets.

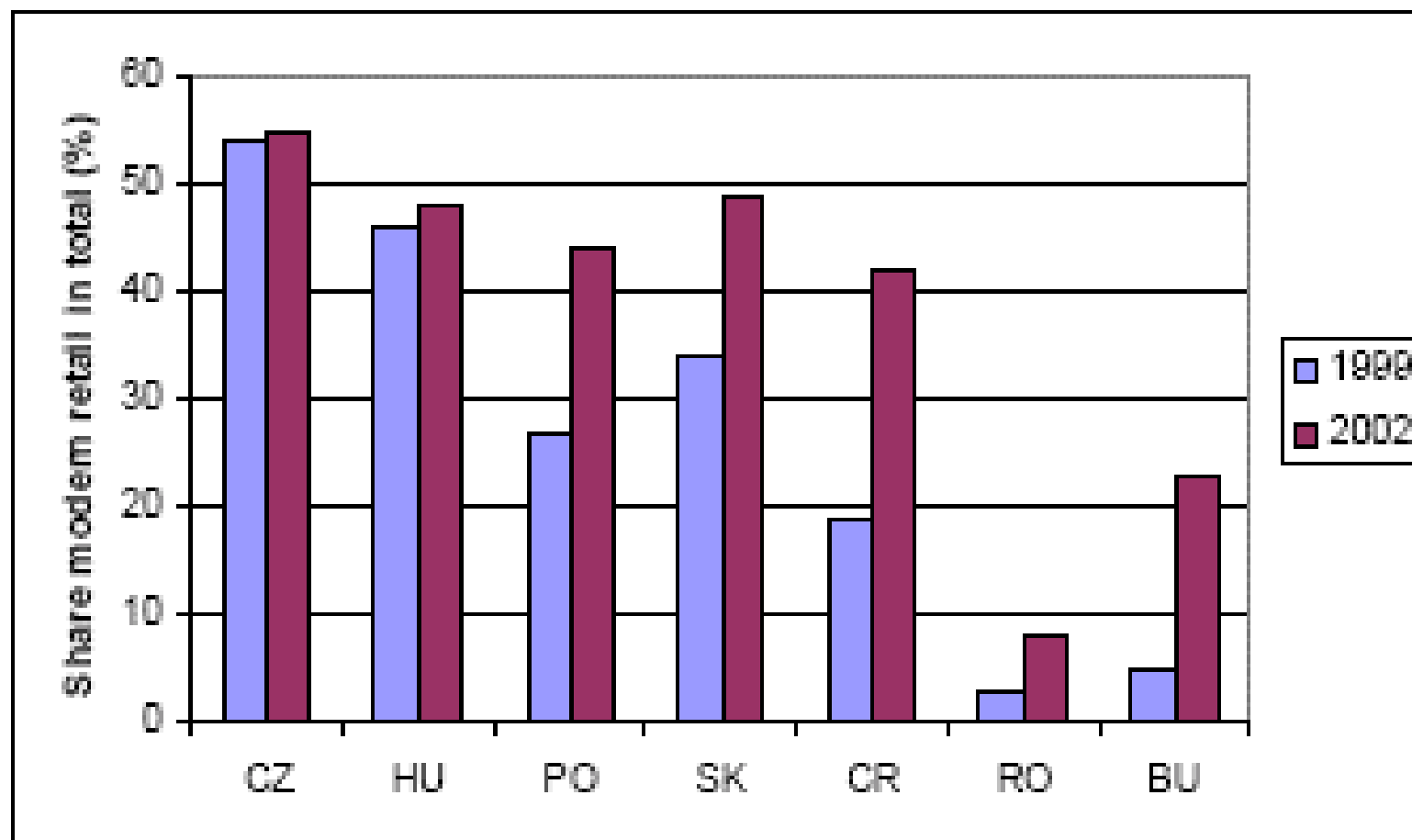


Figure 4: Number of foreign owned supermarket outlets in CEE, 2002



Source: CIES (2003)

Figure 3: Share of the modern retail sector in total retail 1999-2002



Source: Shopping Monitor CE (INCOMA Research)

Some reasons for these trends

- urbanization;
- income growth;
- women's employment;
- lower prices;
- refrigerators and cars;
- travel outside the region, leading to
- changing food habits



Changes in procurement and distribution

- centralised procurement;
- cross-border procurement;
- specialised and dedicated wholesalers;
- preferred suppliers;
- private quality standards.



With this scenario, what is the role for traditional wholesale markets?



Wholesale markets in CEECs need to respond by....

- knowing the needs of non-supermarket customers such as small retailers, specialty ethnic stores, caterers, hotels and restaurants;
- The fast growing but fragmented, small catering sector uses wms;



Wholesale Market Customers

- Looking for higher quality;
- Assurance of supplies
- New products and out of season produce;
- Conserved and packed produce;
- Fresh produce;
- Competitive prices;
- Good service- produce variety +deliveries;
- Efficient logistics- space to handle produce, rapid entry and exit;

Customer Requirements of markets

- Convenience: location and good road links;
- Quality, availability and variety of products;
- Choice: composite markets offering fruit, vegs, meat, dairy produce + catering supplies;
- Good and stable prices;
- Reliability of supply;
- Vehicle parking and loading facilities
- Delivery services to overcome traffic delays of clients

Wholesale Markets need to

- Improve market facilities to meet minimum standards- hygiene, logistics etc
- Create a dynamic market- involve all parties to “sell the market internally and externally”
- Know the economics/ financial health of their:
 - Tenants
 - Alternative F&V suppliers
 - Retailers/ clients

Wholesale markets in CEECs need to respond by....

- identifying possible new services for caterers and restaurants, new convenience stores in city centres, for:
 - meat and dairy ;
 - fish;
 - cash-and-carry facilities;
 - value addition products, such as pre-packing of salads



Wholesale markets can also respond by....

- helping wholesalers to improve procurement arrangements;
 - direct linkages with farmers;
 - preferred suppliers;
 - quality control and traceability;
- promoting fruit and vegetable consumption
- Establishing certification schemes and promoting market produce



How to develop wm clientele

- Company level: increase range of products and services; modernize order taking; delivery services; increase quality and traceability;
- Sector level: increase range of foodstuffs/products on the market;
- Client Level: Serve clients better; database of clients; availability of produce; rapid delivery service; product ripening services; joint promotional events;

Thank you