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## CEI WHOLESALE MARKETS FOUNDATION

### WORKSHOP ON DIVERSIFICATION OF WHOLESALE MARKET COMMERCIAL ACTIVITIES, 8-10 September, 2003, BUDAPEST, HUNGARY

**The objective of the workshop** is to discuss the scope for increasing incomes of wholesale markets by:

- a. strengthening or expanding support services to wholesalers and enhancing the business and reputation of the market,
- b. diversifying or introducing new commercial activities in the market or in adjacent market areas (annex zones),
- c. strengthening advisory and support services and
- d. remaining competitive, strengthening cost/benefit considerations.

**A. SUPPORT TO EXPAND DEMAND FOR WHOLESALE SERVICES.** An active marketing programme by both the wholesale market and its wholesalers is required to attract customers and exploit the full potential of a wholesale market (WM). The following issues should be addressed:

**1. Better serve the needs of Supermarket chains?** How to meet competition from rapidly expanding supermarket chains? An increasing share of produce will in future be marketed through supermarket chains which increasingly have their own wholesale distribution centers. Possible solutions: Wholesale markets can offer space to supermarket chains to facilitate their operations and increase procurement through the market e.g. offer logistic assembly platforms for supermarket chains to purchase and arrange the dispatch of their goods to different locations, example Bologna, Rome.

What else can Wholesale markets do to support or facilitate their wholesalers to better serve supermarkets with fresh produce ?

**2. Truck Sales.** Facilitate truck sales at wholesale markets. In CEE there is a strong demand by farmers, assembly and small wholesale traders to sell directly from trucks to retailers. This could be promoted by providing adequate space and services to these (often seasonal) truck traders at reasonable fees. However, one needs to gauge the impact of such sales on the profitability of the business of full time wholesalers in the market and on the smooth operation of the market ( traffic, parking, waste).

In early years of Market operations Markets should consider ensuring **access of farmers to a designated farmer market** area so to increase the volumes of produce going through the market. Wholesale markets could subsequently establish links with and promote farmers groups to sell their produce through the WM.

**3. Full Assortment.** WM can consider facilitating and promoting a full assortment of fresh food, e.g. meat, dairy products, fish, flowers and ornamental plants for sale on the market, e.g. wm Posnan, Sofia. This is especially needed to cater for the increasing demands of rapidly expanding catering services such as restaurants, hotels who increasingly are looking for 'one stop shopping' for their supplies.

**4. Catering Services.** Facilitate or promote the entry of food catering services to undertake value added preparation/ processing/ packaging of fruits and vegetables within or around the market to meet the increasing demand of restaurants, canteens and other institutions for ready prepared foods.

**5. Flexible Opening hours.** Have flexible opening hours to meet the needs of specific clients.

**6. Use available open space at WMs during weekends,** for second hand car sales, antiques fairs, exhibitions, organisation of festivals and food fairs, ‘car boot’ sales, others?

**7. Other measures to be recommended?** WM can attract wholesalers into the market by offering various services e.g. customs clearance facilities, banana ripening rooms, cold storage facilities. WM by hosting periodic promotional events with exhibitions of local agricultural products, can increase the profile of the market with local consumers. Issuing of plastic carrier bags and promotional posters to retailers which carry the market logo and a message ( “market fresh”) can improve the image of the market with customers and consumers.

## **B. BETTER UTILISATION OF ADJACENT AREAS AND AVAILABLE SPACES (ANNEX ZONE) For:**

**1. general warehouses, cold stores,** depots for banana storage and ripening, cash and carry stores, packaging-production plants, logistics platform, systems for collection of empty crates and differential collection of waste, etc.;

Should banana ripening plants be located at WMs or will location outside the WM result in lower operating costs, e.g. experience in Hungary?

**2. public representation offices:** Ministries, municipalities, chambers of commerce, customs house, inspectorates for control of products for export, statistical offices, etc.;

**3. private representation offices,** especially (i) trade associations of importers, exporters, wholesalers of various product categories (fruit and vegetables, flowers, ornamental plants, nursery products, meat, fish, milk/dairy products, flour and grains, etc.), retailers of various categories of products and (ii) modern distribution companies (purchase offices, in particular) as well as shipping and transport companies;

**4. Food safety testing laboratories** - health control and certification of products; - facilities for vocational training courses.

**5. Associated Activities** with the storage, marketing, and, possibly, the processing of agrifood products, i.e. meat, fish, milk / dairy products, establishment of cash and carry, banana ripening plants, etc.;

**6. Agricultural inputs** supply i.e.:

- sales to producers of equipment and inputs for sowing, cultivation, harvesting, packaging of agricultural products;

**7. General advertising purposes:** posters, displays, etc;

**8. Utilisation of flower-beds and green areas** for the establishment of nurseries by specialised companies.

## **C. STRENGTHENING OF ADVISORY AND SUPPORT SERVICES**

**1. Promotion of the role of wholesale markets.** Role of press and mass media, provide a forum for buyers, suppliers and wholesalers to discuss issues on wholesale market development,

Wholesaler and customer surveys could be carried out, example Hanover (see ANNEX), to define what action programme is needed.

Undertake fruit and vegetable consumption promotion programmes with producer associations, market wholesalers, importers, Ministries of Health/Agriculture/Education to get people to increase their fresh produce consumption (5 a day programmes e.g. UK and Germany)

2. The WM can **generate additional income by providing** the following services:

**2.1. Market prices and other market information** can be accessed by interested parties against the payment of a given fee;

**2.2 Consultant to MAFF.** The WM can become a consultant for the Ministry of Agriculture and for producers by supplying data, information and carrying out studies and research to allow, on one hand, authorities to develop policies and programmes and, on the other hand, farmers to receive some guidance in the choice and scheduling of their production programmes;

**2.3. Consultant to Municipality.** The market can also become a consultant for the municipality in that it can provide useful elements to allow the municipality to develop policies and programmes for the protection of local consumers (identification of the products that have the best price / quality relationship and monitoring of quality and hygiene / health controls);

2.4. The market can provide **consulting services** to local institutions (hospitals, military bases, schools, universities, large companies, etc.) on the issuing of public tenders for the supply of food products, collaborating in the preparation of the calls for tender and judging price offers with reference to the market's price lists.

2.5. Provide space for banks, post office, restaurants, petrol station, truck repair services, others?

#### **D. BE COST CONSCIOUS**

1. The Management of Wholesale Markets has to be aware of the growing competition from alternative marketing channels, in particular re costs of operation of WMs; major WMs in Germany have subcontracted the operation of WMs to users, e.g. Hamburg, Berlin, Hanover, Braunschweig which has given the private management more flexibility in operating the WM and resulted in improved services and reduced operation costs.

2. Improving planning of wholesale market<sup>1</sup>. There is a need to improve planning of new wholesale markets in order to ensure their economic viability and competitiveness. For more details see reference quoted below.

3. Other measures to recommend? Meeting participants are requested to consider what other measures to increase the financial and operational efficiency of their markets should be considered.

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<sup>1</sup> H. J. Mittendorf, Planning viable food wholesale markets in Eastern European cities. review of progress made in recent years, paper presented to the Council Meeting II of the World Union of Wholesale Markets, held at Hamburg, Germany, 8-10 November 2000...

**ANNEX: Wholesale Market of Hanover follows an Active Marketing Strategy<sup>2</sup>**  
**([www.grossmarkt-hannover.de](http://www.grossmarkt-hannover.de))**

The wholesale market (wm) of Hanover (Germany) serves a city of about 500 000 inhabitants and neighbouring small towns and villages located in a radius of about 50-100 km around the wm. The operation of the wm is managed by a private management company, the shares of the operating company are owned by wholesalers and farmers of the wm. The management company has rented the wm from the municipality of Hanover for 75 years.

As a private company the management follows an active marketing strategy which is needed to meet the competition from the rapid expansion of supermarket chains which are mostly bypassing the wm. The main customers of the wm are now the independent fruit and vegetable retailers including those selling at weekly open air retail markets, which are still popular, restaurants and institutions.

A cash and carry company, a flower market and a farmers market operate at the wm (see internet page). The wm company monitors closely in cooperation with the wholesalers the daily purchasing of retailers at the wm. In order to strengthen its marketing strategy it has now initiated, in cooperation with the University of Hanover, a detailed survey of its customers who buy at the wm and of those potential customers who are not purchasing at the wholesale market. A structured questionnaire for retailers has been developed and interviews have started. It is expected that the ongoing market survey will provide detailed information as to how the services of the wm market have to be further improved and adjusted to better meet customers' requirements and to remain competitive with alternative marketing channels. It is expected that the results of the survey will provide information on the assortment of products, size and type of packages required, the demand for convenience products and type of services required. A further objective is to study the scope for different types of voluntary forms and degrees of cooperation between wholesalers and retailers with the objective to improve services and reduce distribution costs for customers.

The wm has offered its parking area at the weekend for monthly flea markets, second hand cars sales.

The wm of Hanover is a member of the German association of wholesale markets and of the World Union of Wholesale markets where an intensive exchange of information and experience takes place on issues related to the improvement in the operations and management of wholesale markets.

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<sup>2</sup> Information kindly provided by F-J. Sievers, managing director and H. Hagen, marketing officer of WM Hannover. For more details see: <[www.grossmarkt-hannover.de](http://www.grossmarkt-hannover.de)>